

2021

**Annual Report &
Financial Statements**



A National Education and Research Network for Shared ICT Services

National Network

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

www.heanet.ie

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

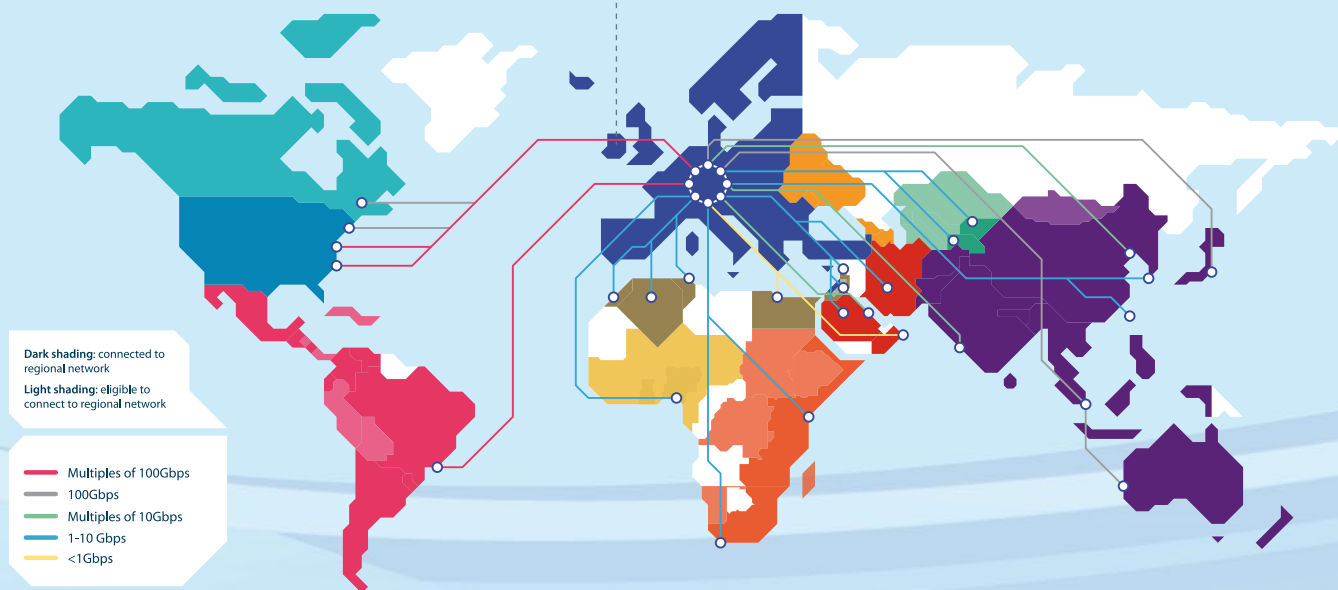
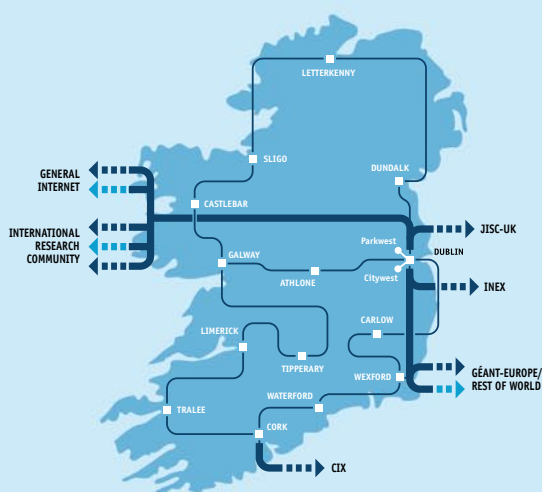
HEAnet provides Internet connectivity and associated services to all primary and post-primary schools in Ireland:

www.heanet.ie/schools

EduCampus

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

www.educampus.ie



August 2021



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



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.

On behalf of the HEAnet Group, it is my privilege to submit a copy of the annual report and financial statements for 2021 to you for your consideration.

As we reflect on another successful year for HEAnet we did not anticipate that we would still be living in the context of the active global pandemic, as 2021 comes to an end. This COVID-19 pandemic has certainly served to highlight the important role that technology and ICT serves in ensuring the continued delivery of our Education & Research agenda.

Despite COVID-19, 2021 has been a significant year of achievement for both HEAnet and EduCampus. Both companies have grown their client community successfully, while maintaining a strong focus on our people. In this context I am pleased to report that HEAnet and EduCampus have won the Best in Wellbeing and Health Award for 2021 from Chambers Ireland. The award recognises organisations that have made a positive impact in the areas of wellbeing and health.

During 2021, the HEAnet team worked closely with clients and various stakeholders on many initiatives which aligned to the HEAnet strategic themes of connectivity, security, identity, brokerage and research engagement. Key activities for HEAnet included the introduction of over 180 new eduroam Wi-Fi locations, significant progress in the Research Engagement space and continued growth of the HEAnet Brokerage Services, which generate savings of approximately €7.34 million annually across the education and research sectors.

HEAnet and its staff have continued to be active participants in the national response to the pandemic. We have extended connectivity beyond the campus, supporting clients in responding to the increased incidents of ransomware over summer 2021.

Following a number of high-profile cyber-attacks nationally during 2021, and in light of the increasing level of cyber security threats facing the sector, HEAnet, in consultation with key stakeholders, are actively investigating additional security services which may assist our clients in mitigating and protecting against cyber-attacks into the future.

As the year 2021 evolved, the profile of HEAnet as a trusted partner continued to grow, highlighting the value HEAnet brings to Ireland while demonstrating the agility of the organisation.

During the year, HEAnet made significant progress in the Research Engagement space, focusing primarily on raising awareness of services, opportunities for collaboration & funding streams available to researchers. Another key area of support was the advancement of Open Science in Ireland, drawing on our work in the European Open Science Cloud Association and European Open Science Cloud Steering Board, which enables HEAnet to inform the librarian and researcher community of developments in the open science arena.

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 2021:

- 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 try to ensure it is fully compliant with public procurement requirements. Further information on procurement compliance is contained in the statement of internal control in this report.

- 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 had a Code of Business Conduct for Directors in place through 2021.
- 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 company 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 2021 was published online.
- 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.
- The gap analysis exercise to ascertain HEAnet's compliance with the 2016 Code of Practice for the Governance of State Bodies was updated late 2021. This included extensive communication with the Department of Education to provide an update on compliance with the Code, as part of the process to finalise the Business Performance & Delivery Agreement between the Department of Education, Department of Further & Higher Education, Research, Innovation & Science, HEAnet and EduCampus. The 2021 gap analysis exercise to review 246 code provisions identified an increase in full or partial compliance to 74% (184). Full compliance has increased from 48% (114) in 2019 to 72% (178) in 2021, and the partial compliance has decreased from 21% (50) to 2% (6). The Gap Analysis report was signed off by the HEAnet Board at its December meeting.

- HEAnet has a single subsidiary company, EduCampus Services DAC, and this company continues to operate for the purpose for which it was established
- As at 31st December 2021, the HEAnet Board had six (46%) female and seven (54%) male members and one vacant position. The Board is guided by and exceeds the Government target of a minimum of 40% representation of each gender in its membership.

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 education and research in Ireland.

Early in 2021, Kerrie Power announced her resignation as HEAnet's Chief Executive Officer to pursue another professional opportunity. The Board of Directors would like to thank Kerrie for her strong, innovative leadership and service to HEAnet since 2017, and wish her well in all future endeavours.

Pending the recruitment of a new CEO, the Board appointed Ronan Byrne, Chief Technology Officer and Deputy CEO, to act as CEO on an interim basis from May 2021.

Following a strong external recruitment process for a new CEO of HEAnet, the Board of Directors appointed Ronan Byrne as HEAnet's CEO from August 2021. Ronan is the third CEO to lead HEAnet since its foundation 25 years ago.

Given Ronan's extensive experience and strong record of accomplishments, the HEAnet Board of Directors is confident in his ability to lead HEAnet. On behalf of the Board of Directors, I would like to congratulate Ronan, as we look forward to working with him over the coming years to lead HEAnet in delivering our commitment to provide clients and customers with excellent service.

2022 will see HEAnet celebrate 25 years since incorporation as a company. With the support of our clients, our Board of Directors, Government funders, and our excellent staff, HEAnet has grown to be a significant national asset, and an exemplar shared service organisation.

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

Professor Anne Scott

Chairperson, Board of HEAnet, and
Professor Emerita, NUI Galway

Message from the Chief Executive



Together with our Government partners as a shared service provider for the sector, we will continue to work on behalf of our clients, and together with our clients to develop and leverage the national asset that is HEAnet.

Like many other organisations, 2021 has essentially manifested as another year for the HEAnet organisation to work remotely.

As health impacts and restrictions related to the COVID-19 pandemic continued into 2021, the past year has proven to be another challenging year, but a very productive year from a HEAnet perspective.

HEAnet has continued to play a meaningful part in supporting the sector in keeping the education system operating during the pandemic, and in support of a safe return to campus from the start of this academic year. HEAnet participates on the DFHERIS Tertiary Education COVID-19 Steering Group and the HEAnet CEO chairs the Connectivity Sub-Group which consists of representatives from across the sector focusing on access and access device issues.

The year commenced with the resignation announcement of our former CEO, Kerrie Power, and we extend thanks to Kerrie for her four progressive years with the organisation. On foot of a Board request, I was very pleased to step in as Interim CEO to manage the CEO transition. I was then very pleased and honoured to be appointed CEO from August of 2021 following an open recruitment competition.

I very much look forward to leading the HEAnet organisation on its next chapter and continuing to work with the great people that make us the exemplar shared service organisation that we are today. Collaboration has always been the key to the success of HEAnet since its inception, and this will be key to its future success.

Together with our Government partners as a shared service provider for the sector, we will continue to work on behalf of our clients, and together with our clients to develop and leverage the national asset that is HEAnet.

I equally look forward to working closely with Paddy Naughton, CEO, EduCampus Services, and his team, as we devise strategies at a HEAnet Group level, leveraging our collective strengths for greater impact.

In addition to challenges presented by the pandemic, early summer 2021 saw a stepped increase in ransomware attacks across Irish educational institutions, warranting HEAnet to further assist clients in mitigating such cyber risks. In response, HEAnet swiftly established a Cyber Security Advisory Group which has identified a client priority for the provision of a Security Operations Centre (SOC) and Security Information & Event Management (SIEM) service, both of which are now under active progression. The ransomware events of summer 2021 have also bolstered our ambition to expand our ICT Security advisory offering and we continue to pursue expansion of this service under our Security strategy pillar.

Driven by an objective of narrowing the digital divide and better enabling remote learning, 2021 has seen great success in the guise of our eduroam Everywhere initiative.





Paddy Naughton, EduCampus CEO, Niamh Dawson, Workplace Experience Coordinator, Susie Leacy, People Operations Director and Ronan Byrne, HEAnet CEO, accepting the Best in Wellbeing and Health Award for 2021 from Chambers Ireland.

Working with various infrastructure providers across the public service, we have expanded the eduroam footprint to public libraries nationwide, in addition to making eduroam available at conference centres, student accommodations, coffee shops, and on bus routes.

I am also happy to report that we formally entered into an ICT Procurement Support Agreement with the Department of Education (DoE), the Department of Further & Higher Education, Research, Innovation and Science (DFHERIS), and the Office of Government Procurement (OGP).

This agreement formally recognises the valuable procurement supports that have been provided by HEAnet to the sector for many years now. This agreement reflects HEAnet alignment with the OGP procurement model, but also recognises that HEAnet creates its own frameworks, and also leverages procurement agreements designed by our international partners including GÉANT and fellow National Research & Education Networks (NRENs). An excellent illustration of our ability to reduce cost being reflected in the findings of a 2020 value for money analysis that reports the HEAnet Brokerage Service generating savings in the order of €7.34 million annually across the education and research sector.

Our people are our greatest strength, and particularly in a time of pandemic, I am proud that HEAnet can evidence that we value each employee, care for their wellbeing, and that this has been recognised in the independent wellness accreditations that we have secured over this past year.

As newly appointed HEAnet CEO, I am very pleased to report that we have successfully chartered the year in an impactful and strategic fashion, with the support of a collegiate team working in an inclusive manner, while further fostering trusted links with Board members, clients, and key external stakeholders.

It is essential that we continue to develop this national resource, to foster high value collaborations across the sector, and to further enable the digital ambitions of the sector.

I am very confident for HEAnet's future and in our ability to truly deliver on our vision of **'Enabling Ireland's Digital Ambition'**.

Ronan Byrne
Chief Executive, HEAnet

Board of Directors and Other Information

Members of the Board of Directors as at 31 December 2021

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

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

Ronan Byrne	Chief Executive
John Creaven	Client Services Director
Brian Boyle	Technical Services Director
Susie Leacy	People Operations Director
Dónal Ó Cearbhaill	Schools Network Director
David Stafford	Head of Finance and Risk

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

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 2021.

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

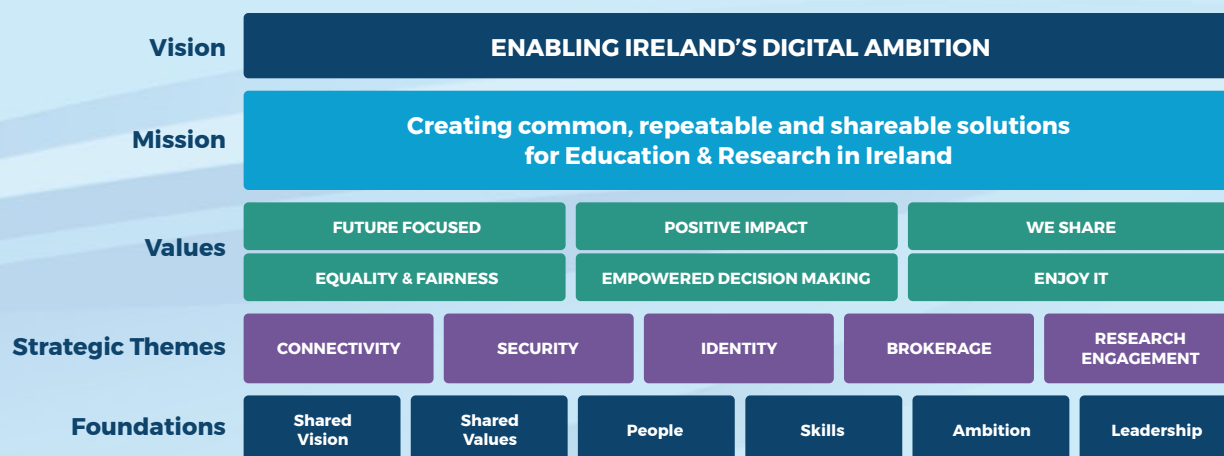
Strategic Direction

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 course of the year.

Notably, our five strategic themes remained relevant as we continued to adjust 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.

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



ACHIEVEMENTS AND PERFORMANCE

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

- Connectivity
- Identity and Access (Authentication)
- ICT Security
- MIS services and solutions
- Brokerage and Procurement
- Schools (Primary and Post-Primary)
- People Operations

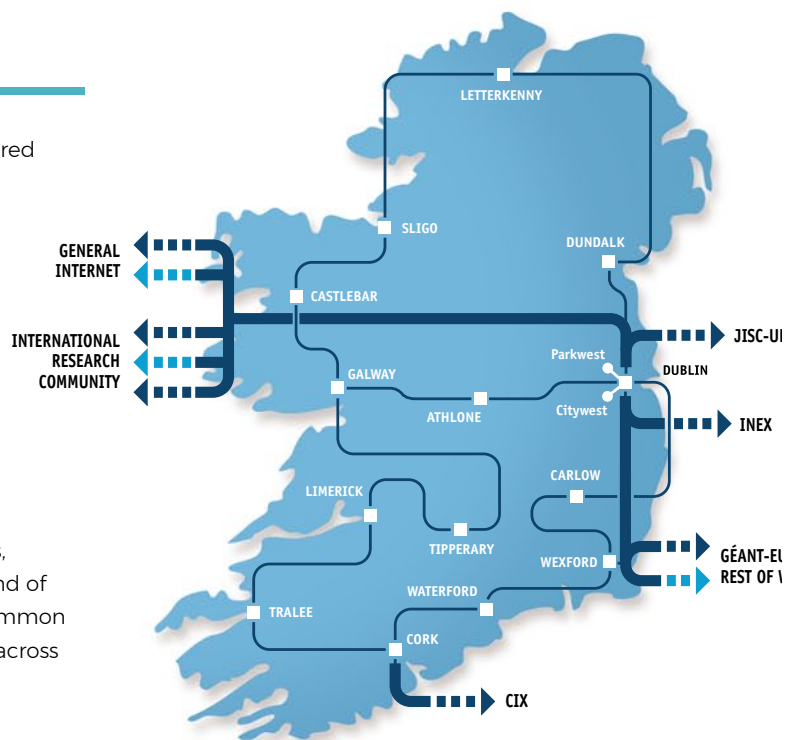
The detail of that work is set out in the following pages, highlighting the value of the collaborative approach and of applying shareable and repeatable solutions to the common challenges of facilitating Irish education and research across multiple locations.

Connectivity

Providing essential infrastructure to enable Ireland's digital ambition

Education is fundamentally about sharing information. The ability to do this effectively, at scale, is realised by the nationwide connectivity that HEAnet provides. It links teachers, learners and researchers to digital resources that enable them to perform their duties across the world stage. Connecting learners and researchers 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 works as an advisor and partner across the first, second, third and fourth level sectors to provide essential daily services to over one million users (learners, researchers and staff) across every publicly funded school, college, university and research lab in the country as well as other organisations. From simple animations in primary school to pioneering international research projects, ultra-high-speed, robust and reliable online connectivity are essential for their success. Our connectivity is used for everything from internet access for students, to connecting high-speed specialist research equipment and laboratories to the wider world. 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.



HEAnet National Backbone Network

We could not deliver this advanced research and education network connectivity without the cooperation and collaborations we enjoy with our stakeholders and partnerships with other government and semi-state bodies. In 2021 we renewed our agreement with ESB Telecoms (ESBT) to support our continued use of over 1300Km of dark fibre in a figure of 8 around the island of Ireland. This backbone allows us to provide our innovative services anywhere in Ireland. HEAnet acknowledges the continued support of Department of the Environment, Climate and Communications (DECC) and ESBT in continuing this agreement into a third 8-year term.

We were also delighted to extend our network to include two new clients - The Marino Institute of Education and the Institute of Bankers. We also engaged with our existing clients to upgrade their connectivity to deal with increasing demands on our infrastructure.

In 2021 we also replaced our Dublin Core Fibre Network. This infrastructure represents a significant investment and replaces equipment that was 12 years old. The new equipment provides significant additional capacity in the core, which will benefit service provision to clients, and to our first and second level schools network.

Research Connectivity Developments

HEAnet is supporting the SFI Connect Centre to collaborate with the GÉANT RARE project and the Federal University of Espírito Santo (UFES) in Brazil to interconnect the three partners' research test networks. The three test networks are the GÉANT RARE test network (Amsterdam, Frankfurt, Poznan and Budapest), the SFI Connect (Open Ireland) test network in Dublin, and the UFES test network in Brazil.

To interconnect these three partner networks, HEAnet made use of the first ever direct submarine cable between Europe and Brazil, EllaLink, which went live in May. A consortium led by GÉANT has invested €25 million in the EllaLink submarine cable system. This provided GÉANT and hence HEAnet with the lowest latency, direct access route to Latin America. HEAnet via GÉANT connected the Open Ireland test network in Dublin at 10Gbit/s to UFES in Brazil via the EllaLink in June.



Our future plans include connecting the COSMOS test lab in New York and collaborating with the Global Network Advancement Group, which is a global collaboration of NRENs who are interconnecting persistent test labs globally.

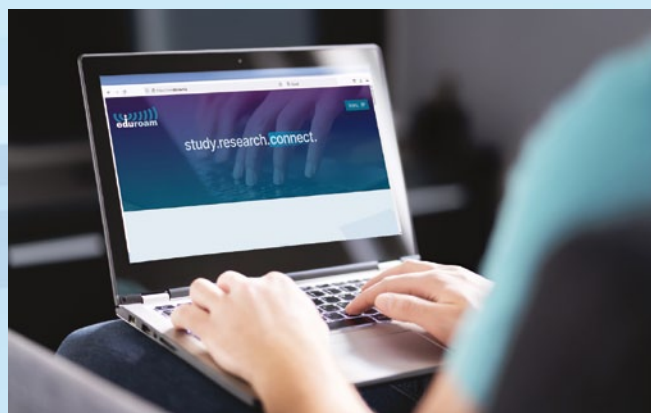
Identity and Access (Authentication)

eduroam Everywhere



eduroam is a Wi-Fi service which enables students, researchers and staff to securely access the internet at their college/university and at any other eduroam enabled location. The eduroam Everywhere project was initiated by HEAnet in 2020 to help address the digital divide – it aims to bring eduroam hotspots closer to students who cannot always access their campus.

Due to the achievements of the eduroam Everywhere project in 2021 eduroam hotspot coverage now extends to over 180 new locations. eduroam has been now enabled at libraries in every county and across 29 out of 31 local authorities, while efforts continue to reach all of the local authorities as resources permit.



The newly redesigned website eduroam.ie is live and getting particularly good traffic statistics following a successful marketing campaign.

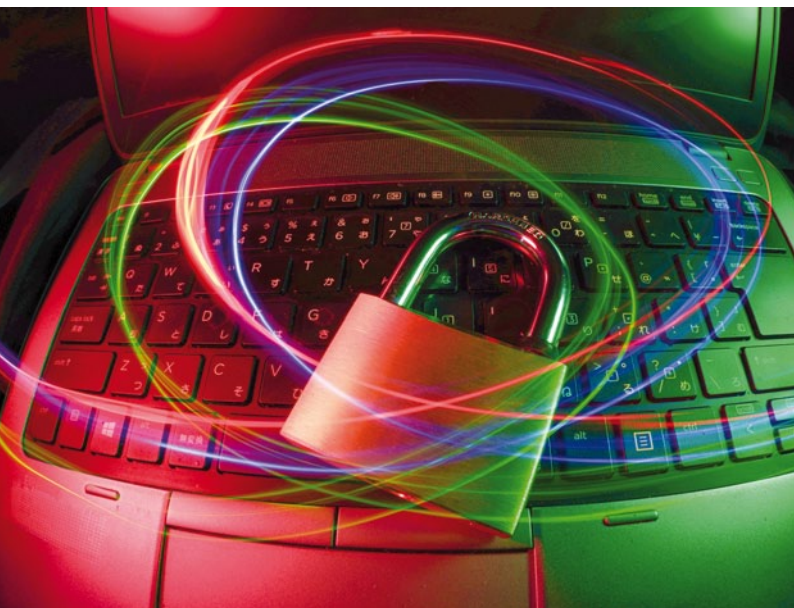
ICT Security

As a trusted shared services provider, HEAnet is uniquely positioned to continue to provide security services to our client community.

The provision of these specific security services on a shared service basis has resulted in an increased value for money proposition due to the following:

- The average cost of an IT security incident typically exceeds the cost of investment
- Reputational loss may result from a data breach or cyber security attack
- Financial loss may result from a data breach or cyber security attack
- Loss of productivity due to the unavailability of IT systems and services

Future-proofing for cyber resilience is key to reducing strategic business risk against the evolving cybersecurity threat landscape.



The ICT Security Services provided by HEAnet continue to evolve to meet the changing ICT security needs of our clients. In 2021 our services saw increased demand from clients for Security Awareness training and Penetration testing. The main drivers for the increased demand in both of these components of the service may be attributed to the ransomware attacks that occurred at several higher education institutes and the Health Service Executive (HSE).

What are the services provided?

HEAnet's ICT Security Services 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

These services are provided through a dedicated HEAnet team, the ICT Security Services team. The team continues to identify ways of creating and maintaining a standardised set of core and complementary security services that are common, repeatable and shareable across the HEAnet client community.

Data Centre Strategy

HEAnet initiated a multi-year Data Centre Consolidation project in 2020, following 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. Additionally, the project will help to reduce costs as data centre rental and associated energy usage represent a significant cost item.

Key optimisation steps identified in the Data Centre Consolidation project are to remove one of the data centres in our footprint, remove equipment that had approached its end of service, and redeploy the remaining networking and server infrastructure to our smaller footprint.

The above steps have been completed, and all the racks and equipment have been removed from the Blanchardstown Data Centre without any disruption to client services.

MIS Services and Solutions

EduCampus Services DAC (EduCampus) was incorporated in April 2015 as a subsidiary of HEAnet. The company is a non-profit organisation and has been awarded charitable status by the Revenue Commissioners. It is governed by a Board, comprised of nominees from the Institutes of Technology (IOTs), Technological Universities (TUs), the Universities, HEA and its parent company, HEAnet CLG.

EduCampus' vision is to "Empower higher education through quality IT shared services". EduCampus operates as a shared service that procures and provides business critical ICT application services and Management Information Systems (MIS) to the Higher Education and Research sectors in Ireland. EduCampus acts as a broker for clients by engaging with relevant service providers in negotiating software licensing, application hosting and support agreements, in addition to providing implementation services and business operations support to the client base. Any Higher Education establishment in Ireland may avail of services from EduCampus by becoming a member of the client community.

2021 proved to be yet another significant year of accomplishment for EduCampus. In addition to expanding the client base, implementing new contracts that harness innovative technology solutions, EduCampus has also led initiatives to support achieving delivery of single systems for the newly formed multi-campus Technological Universities.

By the close of 2021, EduCampus is providing services to over 140,000 students, 20,000 staff across 4 universities, 3 Technological Universities, 7 IOT's, 3 colleges and the Houses of Oireachtas.

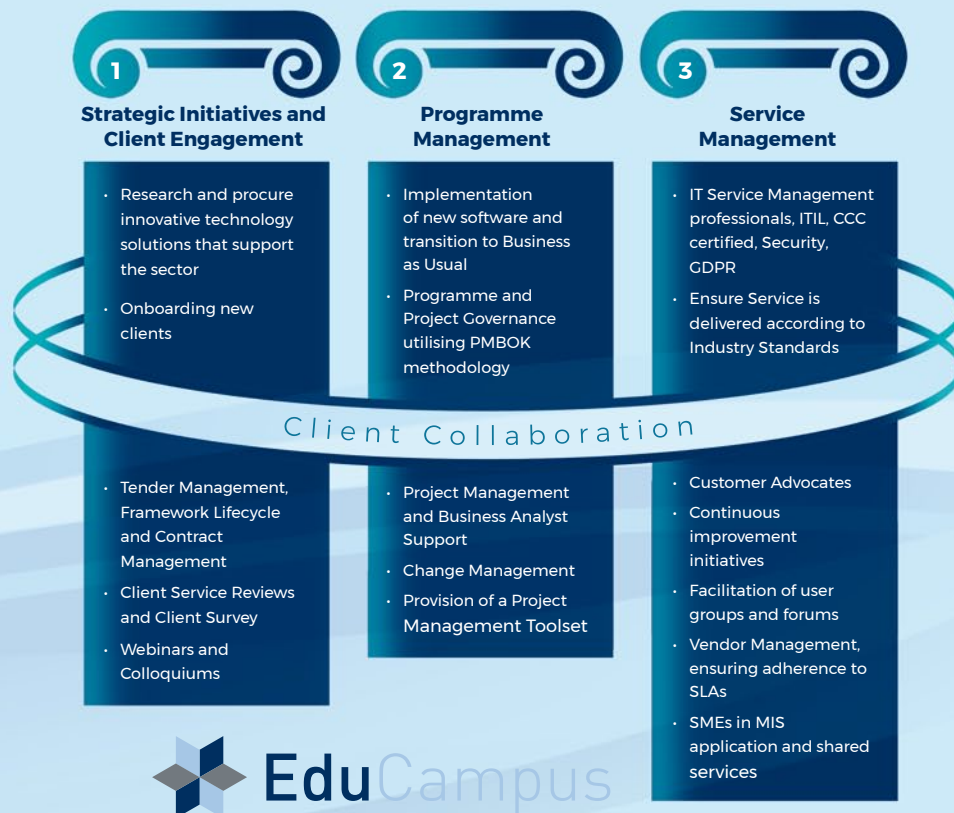


EduCampus continues to follow the strategic direction set out in the Strategic Plan 2020-2024. Key to the successful delivery of this strategy is strong adherence to our core values of Accountability, Innovation, Excellence and Collaboration.

EduCampus engages closely with the leadership, the system users and the subject matter experts across our client community to ensure our services are aligned to achieve delivery of our overall strategy.

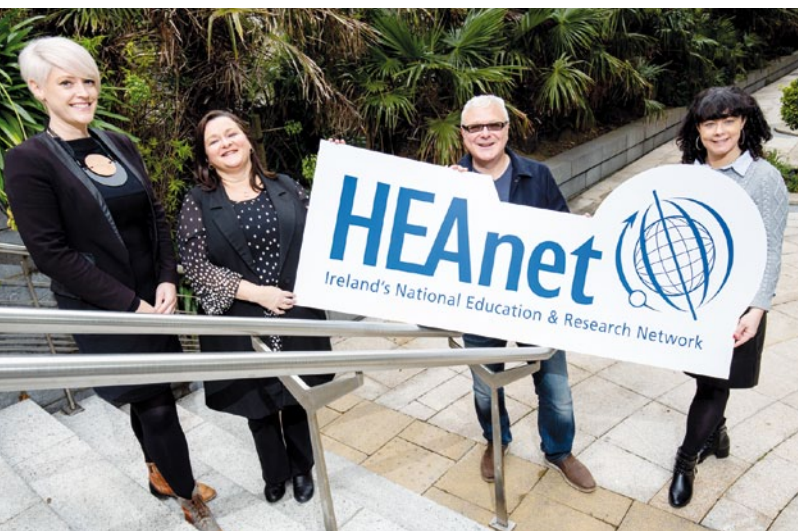
Going forward, EduCampus will continue to evolve and adapt to the changing needs of its ever-expanding client base, providing transformational leadership and harnessing new and emerging concepts to support the Higher Education and Research sectors in Ireland.

EduCampus Core Services



Brokerage and Procurement

2021 was another very active and productive year in terms of brokerage services activity. The continuing COVID-19 pandemic meant supporting new and existing clients throughout a challenging year for them. We welcomed four new clients to our Brokerage services - the Department of Education, the Department of Further and Higher Education Research Innovation and Science, the Educational Research Centre, and the Health & Information Quality Authority. The size of our remit has increased, and with this, the opportunity to leverage even greater opportunities for collective purchasing and cost reductions.



HEAnet Brokerage Services Team, pictured from the left: Leanne Walsh, Fi Coyle, Garvan McFeeley, and Yvonne Murphy.

To help our clients make the best use of our considerable catalogue of brokerage and procurement arrangements, we put in place a comprehensive education and training program this year. In total, we hosted over 30 workshops for brokerage services users during the year over a broad variety of themes. We received very positive feedback from attendees, as the brokerage services greatly simplify their interaction with their key suppliers of services and products.

New agreements were put in place for an additional 20 categories of Educational and IT specialist products and services, covering areas such as desktop equipment and software, specialist laboratory software, video conferencing services, cloud provider services, business support and IT service management services.

Schools (Primary & Post-Primary)

In 2021, the move to online platforms and blended learning continued in schools across Ireland. Despite the disruption to schools at the beginning of 2021, demand for bandwidth increased substantially and required a significant upgrade programme to individual school connections, the schools core network, filtering capacity as well as core network uplinks. The use of Microsoft Teams and Google Classroom has continued to grow in Irish classrooms.

Reliable, secure and high-speed connectivity to Ireland's primary and post-primary schools, 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.

Primary Schools

It has been part of HEAnet's strategy for several years to connect primary schools at greater speeds. In 2021, HEAnet, on behalf of the Department of Education, began a project to provide enhanced broadband connectivity to primary schools in areas where industry provision and the National Broadband Plan (NBP) may not address their requirement. This project is overseen by a Project Steering Group comprising membership from the Department of Environment, Climate and Communications, HEAnet, the Professional Development Service for Teachers Technology in Education, and the Department of Education. The intention is to align this project with the implementation of the NBP, which will see improved broadband infrastructure in place for some 700 primary schools between 2022-2023.

In addition to schools connected through the NBP, HEAnet have begun the process of connecting an additional 900-1100 primary schools in a programme similar to the existing High-Speed Post-Primary Programme. HEAnet will be the contracting authority for almost 1,900 schools, a significant increase on the existing 800 post-primary programme. All primary schools connected through this programme will be connected by a 100 Mbit/s symmetrical connection.

Post-Primary Schools

Procurement - In Q4 2021, HEAnet issued a mini competition for 327 post-primary schools in counties Carlow, Kilkenny, Offaly, Longford, Louth, Laois, Westmeath, Wexford, Wicklow, Cork, Kerry, Limerick, Tipperary, and Waterford. The connections range from a minimum of 200 Mbit/s up to 600 Mbit/s, representing a significant increase in bandwidth available to schools. The 326 post-primary schools will be connected in 2022.

Upgrades - To ensure that bandwidth is available to meet schools' increasing demands, HEAnet also undertook a programme of upgrades to post-primary school connections in Q1 2021. This resulted in 219 schools being identified for bandwidth upgrades. From 2021 onwards, any new post-primary schools will have a minimum of a 200 Mbit/s symmetrical connection.

Connectivity - Out of 832 post-primary school connections, 92% have already had their connection upgraded to 200 Mbit/s or above (up from 47% in 2019). The remaining schools will be upgraded throughout 2022.

Reliable, ubiquitous broadband continues to transform the educational experience across the country allowing teachers and students to develop their digital skills. The HEAnet Schools Network continues to underpin the Government's Digital Strategy now and into the next decade.

PEOPLE OPERATIONS

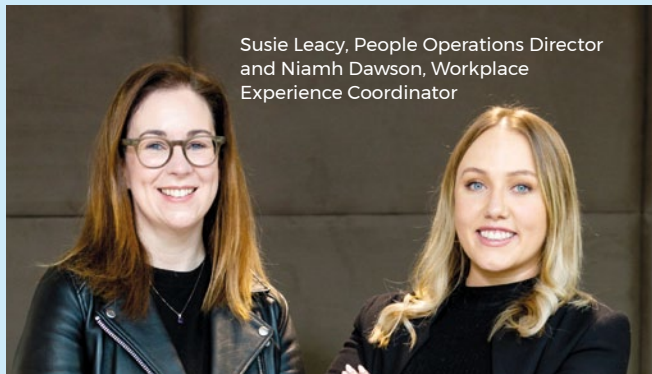
Keepwell Mark & Wellbeing



The HEAnet Group achieved accreditation with the Keep Well Mark in 2020 and we had our mid-term audit in 2021. The purpose of the audit is to review progress and recommendations, satisfy that the accreditation is being maintained and provide guidance and support.

The mid mark meeting was successful, and the report noted that the HEAnet Group demonstrated “adeptness in implementing a wide range of wellbeing initiatives during lockdown” and that the “ability for a wellness plan to meet unforeseen circumstances demonstrates its depth robustness in the face of change.”

The HEAnet Group was put forward for three wellbeing awards in 2021. We were nominated for Best in Leadership and Medium Company of the year in the KeepWell Mark Awards, where we placed as runners-up for the medium company of the year. In addition to this, we won the ‘Best in Health and Wellbeing’ for 2021 through Chambers Ireland.



Susie Leacy, People Operations Director
and Niamh Dawson, Workplace
Experience Coordinator

Our key focus for wellbeing in 2021 was to support the wellbeing of all while at home due to the pandemic. Throughout 2021, we reiterated that we are not ‘working from home, we are all at home during a crisis trying to work’.

Our wellbeing initiative plan in 2021 was based around a calendar that focused on different themes throughout the year, with monthly newsletters outlining the initiatives and supports in place over the coming weeks.

Covid Supports and Return to the Office

HEAnet continued to support our people while at home and as we began to open our workplace in phases.

A small project team was developed to support our return to the office. In parallel to this, we were working with our COVID-19 response team of employee representatives to develop our covid response plan and ensure the office met the requirements of the work safety protocol. All staff were required to complete mandatory Health & Safety training before returning to the office.

HEAnet was mindful of our people’s Health and Safety during 2021 and successfully completed online ergonomic assessments for our colleagues’ remote work setups.

Group Policies Consolidation Project

A number of HEAnet and EduCampus policies were consolidated into Group policies, reviewed and signed off by the Executives in both HEAnet and EduCampus, to support and strengthen the unified approach as well as implement the recommendations from the HR Audit in 2020.

Future of Work

A cross-functional group was established in 2021 to explore and understand our position on the future of work in a post-pandemic environment. This group represented many different perspectives across both HEAnet and EduCampus and was supplemented with insights from our people on their hopes and expectations for the future of work.

The output was a Flexible Working Framework which supports a hybrid working model into the future.

Our New CEO

In 2021, we had a change of CEO. During this time, there was support required to manage the transition between our Interim CEO to our newly appointed CEO. This involved an extensive recruitment and selection process, which resulted in Ronan Byrne being appointed as CEO.

HEAnet Holistic Review

One of the first initiatives which was carried out following the appointment of the new HEAnet CEO was a holistic review of the HEAnet company structure. The holistic review was completed during Q2 – Q4 2021 and recommendations were implemented from Q4 2021 and into 2022.

People Managers Programme

A bespoke development programme was implemented during 2021 for our people managers. This had 3 modules and was designed to support our people managers in building their management and leadership skills.

- Managing Self
- Managing Others
- Managing the Business

Enhancing Knowledge Sharing tools during remote and hybrid working

In support of knowledge transfer and learning, a Learning Management System was implemented. Through staff engagement it is called Eolas. The objective of the platform is to encourage employees to share their skills and knowledge with one another through a central platform. The platform is intuitive and allows sharing of different types of content such as videos, training modules, documents, podcasts, quizzes, and links.

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

In 2021 Group turnover increased by approx. 19% compared to the prior year, with year-on-year growth in both the parent (12%) and the subsidiary company (29%) for a fully year reported income of €44,000,227 (2020: €36,883,120). The majority of Group income continues to be earned from a combination of State grants via the Department of Education, and client charges including membership fees and income earned from chargeable services. The total State grant funding recognised in income in 2021 was €32,343,168 (2020: €28,004,609) and as a proportion of total income this was consistent compared to the prior year. 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 €12,182,141 (2020: €9,492,282), an increase of 29%. This represents a number of clients being signed up for connectivity services but, as in the prior year, the greatest rate of growth came from the provision of MIS services to new clients, where income earned increased to €5,590,049 (2020: €3,109,985).

There was a small deficit recorded in the year of €29,814 (2020: surplus of €1,424,026). This was a slightly smaller deficit than was budgeted, so was largely in line with expectations. The prior year also included a one-off exceptional gain of €1.3M. 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 €29,118,406 (2020: €27,894,466). Tangible fixed assets at year-end were €2,228,410 (2020: €2,371,979). While there was investment in fixed assets of €950,042 (2020: €2,002,282) the net book value decreased following a depreciation charge of €1,093,611 (2020: €1,024,470) and total asset disposals amounted to €285,093 (2020: €346,500). Practically all of the fixed asset investment in 2021, in the amount of €914,217, was on the school's network that is used to provide internet connectivity to primary and secondary schools. This included a periodic investment in the web-filtering service for the internet connections provided to schools, as well as allowing capacity in line with network growth, and for planned expansion of connectivity to a greater number of schools in the coming years.

Within current assets, debtors and grants receivable increased to €4,268,760 (2020: €1,512,818) reflecting more invoicing to the expanded client base, and a grant receivable at year end of €1,669,240 (2020: €475,530). There are no collectability concerns associated with this and no provision for impairment against trade debtors is recognised in the accounts. The cash balance at year end was €17,504,018 (2020: €19,482,332). Trade creditors decreased by approx. €1.7M to €1,704,960 (2020: €3,352,404) although this is offset by an increase in accruals of €3.6M to €6,565,625 (2020: €2,877,455).

All cash is held in demand deposit accounts. HEAnet paid negative interest on deposits during 2021 and its subsidiary company did not, but this charge was removed in early 2022 for all organisations with charitable status.

The group does not have any loans or other borrowings outstanding. (2020: €0m)

Key performance indicators

HEAnet CLG	2021	2020
Non-direct exchequer income/ total income	26.4%	28.3%
Additional services income/ total invoiced income	25.3%	24.4%
Debtors days at year end	48	18.8
Capital expenditure/ total expenditure	8.8%	10.8%
Payroll cost/total cost	29.7%	29.4%
Staff turnover in %	7.1%	2.9%
Training days per staff member per year	2.9	2
Cash reserves	€12.4M	€13.9M
Number of clients	82	77
Average number of employees	84.4	76
Customer satisfaction (Net Promoter Score)	+63	+71

EduCampus Services DAC	2021	2020
Project expenditure/ total expenditure	32%	20.12%
Payroll cost/total cost	20%	17.1%
Staff turnover in %	11%	0%
Training days per staff member per year	1.5	1.5
Cash reserves	€5.1M	€5.55M
Number of clients	20	20
Average number of employees	27.98	23.7

Principal risks and uncertainties

The directors continue to 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 pre-defined 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 board defined risk categories are:

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

Risk to staff recruitment and retention

The highest rated risk on the corporate risk register relates to the challenge of attracting and retaining staff at all levels, and the impact that this may have on achieving strategic and operational objectives. Staff turnover rates increased in both group companies in 2021 compared to the prior year, and the recruitment market for high quality technical staff, particularly with experience in cyber or ICT security is very competitive. There is an added dimension to this risk emerging in 2022 as increasing inflation pushes up the cost of living with knock on inflationary pressure driving up wages, further eroding the ability to compete for staff.

The business continuity category includes the risk relating to the adequacy of cyber-attack preparedness, specifically a ransomware attack

The directors consider cyber risks, including but not limited to a ransomware attack, to be most dangerous business continuity risk facing the organisation. This follows recent high profile cyber-attacks within the education and research sector, as well other high-profile targets within the wider public sector and globally. The impact could be manifested as data loss or exfiltration, reputational or financial loss, or an inability to serve the needs of the community that depend on the Group's services.

The internal audit in 2021 was a business continuity activation and in 2022 the Group internal audit plan is based around cyber security risk management.

HEAnet continues to prepare insofar as possible. This includes providing security awareness training for all staff members with emphasis on phishing. There has also been a focus on vulnerability scanning of specific systems within the HEAnet network.

Funding risks

As organisations primarily reliant on State Funding, the risk exists that any reduction in allocated funding, or unsuccessful requests to fund new business proposals, will impact the organisations' abilities to achieve their strategic objectives. Relations with the funding organisations are very strong, and the directors are satisfied that HEAnet Group companies are considered by the funders to be part of the essential services supporting the education and research sectors. However, there is a reality to be acknowledged that State funding must be re-awarded every year, and Government Department budgets can be impacted by other national priorities, such as housing and healthcare.

The current inflationary spike being experienced is also likely to increase pressure on the funding needs in 2022 and beyond, and this will be felt most severely in wage pressure and energy costs. HEAnet had completed a significant project in 2021 to reduce its commercial data centre footprint by about one quarter from February 2022, so the impact of higher energy costs is being partially offset, however an increase of approximately 20% in energy costs is being budgeted for.

In 2022 HEAnet will commence a project to fit-out a new head office in advance of the end of the lease on the current office location in March 2023. The directors note that inflation in the construction sector is running particularly hot at present, and the project costs will need to be managed quite closely.

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

Within the business continuity category the potential impact of the Covid-19 global pandemic is still addressed. The directors are satisfied that the Group companies have responded excellently to the challenges of remote working, and services are being delivered to clients seamlessly even as the return to office only begins in earnest during 2022. The risk is recognised that at any time one or a number of key staff could take absence due to sick leave, with knock-on impact on services. This risk also extends to resource availability across key suppliers.

Additionally, there is a potential impact of 'fatigue / weariness' among staff as the pandemic continue to ebb and flow for a long time and people adjust to the impacts.

The war in Ukraine

The directors, like most people, are monitoring the situation in Ukraine with revulsion and grave concern for the Ukrainian people. HEAnet is a member of GÉANT, along with our Ukrainian sister-NREN, "URAN". GÉANT have been very proactive in supporting our URAN colleagues. The GÉANT position is to maintain network connectivity to Ukraine and Russia where possible, while only restricting Russian access to certain research systems where advised.

HEAnet are liaising with the relevant Government bodies re provision of HEAnet services to support relocation of Ukrainian students into the Irish education system. HEAnet will continue to monitor the impact that the war is having on inflation, and on the availability of goods and services.

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. Both companies have charitable tax status and are registered with the Charities Regulator.

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.

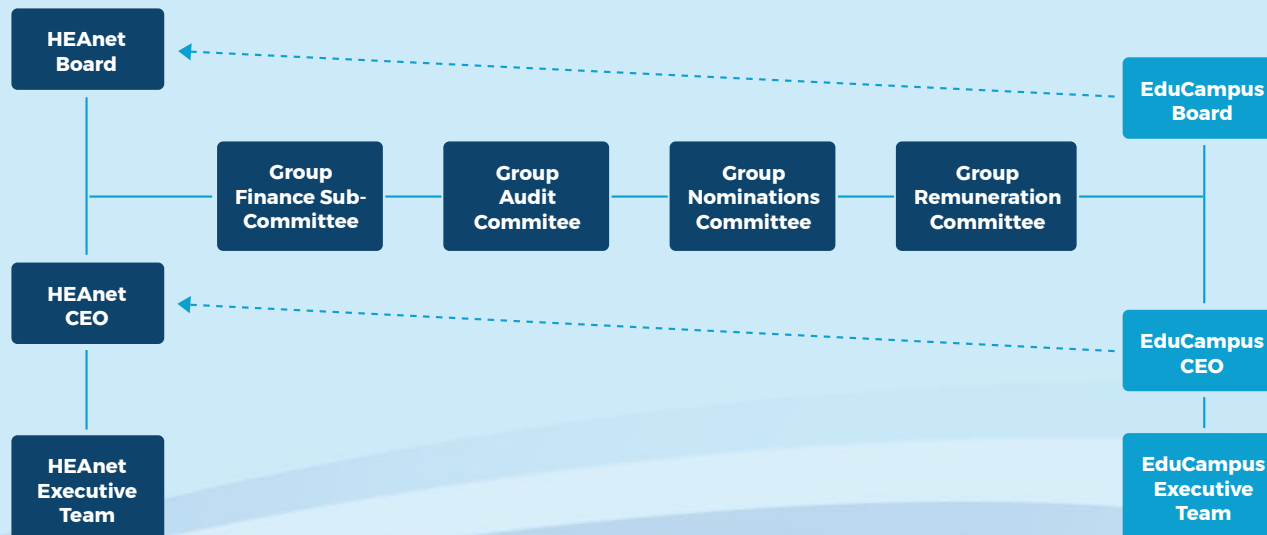
As registered charities, HEAnet and EduCampus comply with the Charities Act 2009, make an annual return to the Charities Regulator, file annual financial statements, and comply with the Charities Governance Code.

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 2021:

Name	Resigned/Retired	Appointed
Dr Billy Bennett		
Dr Gerard Culley		
Ms Sheena Duffy		
Dr Paul Feldman ¹	June 2021	Sept. 2021
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	May 2021	
Ms Dearbhla O'Reilly		
Professor Anne Scott (Chairperson)		

As at 31st December 2021, the HEAnet Board had six (6) / 46% female and seven (7) / 54% male members², with one (1) vacant position.

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 work with the HEAnet and EduCampus Boards to maintain and support gender balance, diversity and inclusion on the Boards and its group committees in 2022.

Board Responsibilities

The HEAnet Board met seven times during 2021 - in February, March, May, July, September, November and December.

All 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 Chief Executive 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.

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

- Appointed Mr Ronan Byrne as HEAnet Chief Executive Officer in September 2021 following the resignation of Ms Kerrie Power in May 2021.
- Considered and approved the company budget for 2021 to 2023 and approved the 2022 Client Contribution model.
- Reviewed and approved capital grants projects application for 2021 and 2022.
- Approved the Group audited statutory accounts for financial year ending 31st December 2020 and met with the external auditors.
- Noted progress made on implementing recommendations from internal audits prior to 2021.
- Received the Group Audit & Risk Committee's quarterly and Annual Report for 2021 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 2019 to 31st August 2020.
- 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."
- Mr David Burke, Data Protection Officer, HEAnet provided the annual update on Compliance and Data Protection with a focus on Online Safety and Intermediary Liability to the Board at its meeting in March 2021.
- Ms Susie Leacy, People Operations Director, HEAnet attended the November Board meeting to provide an annual update on Wellbeing and Health and Safety Matters in the company.
- The Board and Group Finance Sub-committee have reviewed proposals and budget to secure new office premises for HEAnet as the current lease at 5 George's Dock expires in 2023. EduCampus with support from their Board have expressed their desire to co-locate their office with HEAnet on the expiry of their current lease.
- Dr Joseph Ryan, Chair of the EduCampus Board of Directors and Mr Paddy Naughton, Chief Executive Officer EduCampus attended the HEAnet Board meetings in May and December 2021 to present a strategic update on the work undertaken by EduCampus during the year.

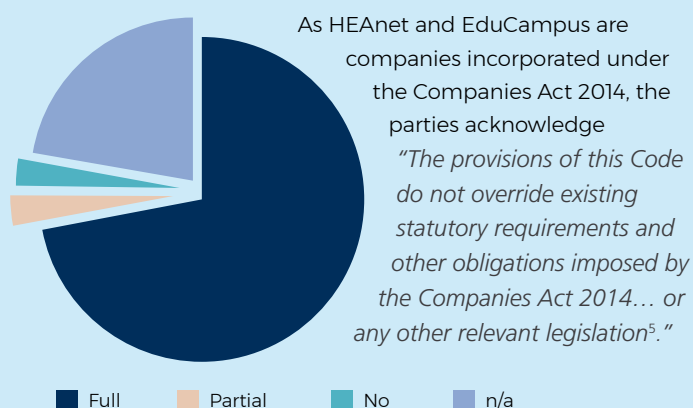
Corporate Governance

Governance Codes

Code of Practice for the Governance of State Bodies

A gap analysis exercise to ascertain HEAnet and EduCampus's compliance with the Code of Practice for the Governance of State Bodies was completed in November 2021, and reviewed by the respective Boards at their December meetings.

The exercise reviewed compliance with 246 code provisions and identified an increase in full compliance to 72%/178 code provisions (2019: 48%/114 code provisions).



As part of the exercise to update the gap analysis, there was extensive communication with the Department of Education (DoE) on HEAnet and EduCampus' compliance with the Code of Practice, and this contributed to the process to finalise the Business Performance & Delivery Agreement between the Department of Education, Department of Further & Higher Education, Research, Innovation & Science (DFHERIS), HEAnet and EduCampus.

The Business Performance & Delivery Agreement was formally agreed by both Boards⁶ and signed by all parties by December 2021.

Charities Governance Code

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

During 2021, HEAnet and EduCampus Directors completed the Charities Governance Code Compliance Form. The HEAnet and EduCampus Boards approved their respective Compliance Forms at the December Board meetings. A copy of the compliance form is available on each company's website.

HEAnet and EduCampus confirm their compliance with the Charities Governance Code in 2021.

⁵ Code of Practice for the Governance of State Bodies, page 6

⁶ Business Performance & Delivery Agreement was approved by the HEAnet Board at its meeting in November 2021, and approved by the EduCampus Board at its meeting in December 2021

Strategy

HEAnet Group Strategy

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 2022 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).

Company Objectives for 2021 in HEAnet were approved by the HEAnet Board in February 2021, and a review of progress against Strategic Objectives took place at the November Board meeting. The Board commenced discussion on the 2022 Company Objectives in December 2021 and these were approved at the February 2022 Board meeting.

EduCampus Strategy

The EduCampus Strategy 2020-2024 was formally approved by the EduCampus Board at its April 2020 meeting and set 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 quarterly 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 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 Appetite⁷ 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 (OGP) frameworks are utilised extensively as required.

In October 2021, HEAnet entered into a new ICT Procurement Support Agreement with DoE, DFHERIS, and the OGP.

The Agreement formally recognises HEAnet's ICT Procurement Support role in the context of the Brokerage services it provides to the education and research sector. In addition, it clarifies that HEAnet can leverage OGP frameworks whilst also recognising that HEAnet create their own frameworks and, further, that HEAnet leverage the procurement conduits of GÉANT and fellow NRENs on behalf of its clients.

This agreement reflects confidence on the part of DoE/DFHERIS/OGP in HEAnet's ability to add value and reduce cost for the sector.

⁷ 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"

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 Chair 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 2021.

Name	Resigned/Retired	Appointed
Mr Ronan Byrne		Sept. 2021
Mr David Denieffe		Nov. 2021
Ms Sheena Duffy		
Mr John Gill		Feb. 2021
Ms Mary Kerr		
Ms Barbara McConalogue	Dec. 2021	
Dr Aidan McGrath		
Professor Mike Murphy	Sept. 2021	
Ms Kerrie Power	May 2021	
Dr Joseph Ryan (Chairperson)		
Professor Anne Scott		
Mr David Smith		

As at 31st December 2021, the EduCampus Board had three (3) / 33% female and six (6) / 67% male members⁸. As per the EduCampus Constitution a maximum of 12 directors may be appointed to the Board⁹.

The Board is guided by the Government target of a minimum of 40% representation of each gender in its membership and unfortunately fell below the minimum representation due to the resignation of a female director during the month of December¹⁰.

The EduCampus Board met five times during 2021 - in February, March, April, September, and December. In addition to its usual oversight of company matters, the Board focused on the following major activities in 2021:

- Approved the EduCampus Services audited statutory accounts for financial year ending 31st December 2020 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 2021 to 2023.
- Mr Ronan Byrne, HEAnet CEO presented a strategic update on the work undertaken by HEAnet during 2021 to the EduCampus Board at its December meeting¹¹.

⁸ Code of Practice for the Governance of State Bodies - Annex on Gender Balance, Diversity & Inclusion - Code Provision 2.6

⁹ EduCampus Constitution - Article 46

¹⁰ As per guide for State Boards in the Code of Practice for the Governance of State Bodies

¹¹ The HEAnet CEO update to the EduCampus Board will be a biannual standing agenda item

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 controls, 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 2021, the Committee met on four occasions and considered the following matters:

- Reviewed the audited annual statutory accounts for the period ending 31st December 2020 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.
- Against the background of recent ransomware attacks on the HSE and client institutions, cyber security risk management was discussed at the August Committee meeting, including the recommendations and approach adopted by the National Cyber Security Centre and the requirement to secure funding on a group basis. Both companies recognise that collaboration on cyber security preparedness is paramount to ensure enhanced awareness across the education sector. At the November meeting, a Group Report on Security Framework and Business Continuity Plan was presented by Mr Brian Boyle, Technical Services Director, HEAnet and Ms Beth Doherty, Service Management Director, EduCampus.
- The Committee reviewed and agreed the Internal Audit Plan 2021-2023.
- The Internal Audits scheduled for 2021 took place in Q3 but the reports were not finalised in time for the November 2021 Committee meeting and subsequently were presented by Internal Auditors at the February 2022 meeting.

- Following the Committee discussion on the C&AG publication: "OCAG insights: The impact of COVID-19 on your control environment" at the November 2020 meeting, a paper on the HEAnet & EduCampus updates to the control environment in respect of COVID-19 was tabled at the August Committee meeting. The report focused on office IT, people operations and finance, which were the functions that experienced significant disruption considering the pandemic. The Committee agreed that the report was comprehensive and provided a good level of assurance in respect of internal controls.
- As part of the Assurance Development Process, the Internal Controls Questionnaire completed by the CEO in each organisation was reviewed and allowed the Committee to evaluate internal controls across a broad range of areas.
- The Committee commissioned a new Group Anti-fraud Management Policy in 2020 to ensure the effectiveness of fraud management in HEAnet and EduCampus as described in the Code of Practice for the Governance of State Bodies (2016). The Board of HEAnet approved the group policy in March 2021 and it was adopted by the EduCampus Board at its meeting in April 2021. In addition, a Group Protected Disclosure Policy was introduced and approved by the HEAnet Board at its May 2021 meeting and adopted by the EduCampus Board at its September 2021 meeting.

Members of the Group Audit & Risk Committee:

HEAnet:

- Dr Billy Bennett
- Dr Gerard Culley
- Dr Michael O'Malley (Ordinary member Maynooth University)
- Ms Dearbhla O'Reilly - Chairperson

EduCampus:

- Ms Mary Kerr

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."

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 2021 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 2020.
- Reviewed and approved the HEAnet budget for the period 2021 to 2023, and EduCampus budget for 2021 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 2022.
- Reviewed HEAnet and EduCampus's reserves statements.

Members of the Group Finance Sub-committee:

HEAnet:

- Ms Sheena Duffy - second three-year term completed in May 2021
- Ms Rosemary Fogarty - Chairperson
- Ms Colette McKenna
- Professor Anne Scott
- Professor Mike Murphy - appointed as a HEAnet nominee December 2021

EduCampus:

- Professor Mike Murphy - EduCampus Directorship completed September 2021

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
- Ms Dearbhla O'Reilly - Chairperson of the Group Audit & Risk Committee
- Ms Sheena Duffy - member of the Group 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 (resigned May 2021)

Joint Implementation Steering Group

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 1 "to enhance the current group structure".

As reported in last year's Annual Report, Mr Tom Boland, of BH Associates, was appointed in June 2020 to conduct a review of progress to implement governance recommendations from the Deloitte Governance Review Report (December 2018) 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 twelve 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 (JISG) and meetings commenced in November 2020, with representation from each Board and the Chief Executives of each company, to progress the implementation of the twelve recommendations.

The following are the members of the Joint Implementation Steering Group:

HEAnet:

- Professor Anne Scott, Chairperson, HEAnet Board of Directors (Joint Implementation Steering Group Chairperson)
- Mr Patrick Magee, HEAnet Director
- Mr Ronan Byrne, Chief Executive, HEAnet (Ms Kerrie Power prior to May 2021)
- Dr Paul Feldman, HEAnet Director

EduCampus:

- Dr Joseph Ryan, Chairperson, EduCampus Board of Directors
- Ms Barbara McConalogue, EduCampus Director
- Dr Aidan McGrath, EduCampus Director
- Mr Paddy Naughton, Chief Executive, EduCampus

Seven recommendations were completed and integrated during 2021, and two recommendations are in train.

There are three recommendations that remain outstanding and are deemed beyond the control of the Joint Implementation Steering Group to implement:

- Recommendation 1:
The same person should chair both boards.
- Recommendation 5:
Funding for both companies should be made by the Department of Education to HEAnet.
- Recommendation 12:
The composition of the Boards of both companies should be reviewed.

The implementation of Recommendations 1 and 12 are being progressed via the Group Nomination Committee, whilst Recommendation 5 on funding is dependent on decision by the Department of Education.

Given the current status of implementation and integrating of the various Boland Recommendations, the HEAnet and EduCampus Boards of Directors agreed at year end that the JISG should be stood down as its work was considered completed.

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.

Members of the Group Nomination Committee:

HEAnet:

- Ms Sheena Duffy - appointed November 2021
- Dr Orla Flynn - appointed September 2021
- Mr Patrick Magee - Chairperson, appointed September 2021
- Professor Noel O'Connor - appointed September 2021

EduCampus:

- Mr John Gill - appointed September 2021

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 on their appointment.

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 2021 was €nil (HEAnet : €nil; EduCampus : €nil).

The attendance of directors at HEAnet Board meetings during 2021 is noted below:

Meetings Attended 2021

HEAnet	HEAnet Board Meeting	Group Audit & Risk Committee	Group Finance Sub-Committee	Group Nomination Committee
Dr Billy Bennett	3/7	3/4		
Dr Gerard Culley	7/7	4/4		
Ms Sheena Duffy	7/7		2/2	0/2
Dr Paul Feldman	5/6			
Mr Phillip Fischer	5/7			
Dr Orla Flynn	5/7			3/3
Ms Rosemary Fogarty	5/7		4/4	
Mr Patrick Magee	7/7			3/3
Ms Colette McKenna	6/7		4/4	
Professor Mike Murphy	7/7		1/1	
Professor Noel O'Connor	6/7			3/3
Mr Sean O'Farrell	3/3			
Ms Dearbhla O'Reilly	6/7	4/4		
Professor Anne Scott	7/7		3/4	
Dr Michael O'Malley (external)	n/a	3/4		

EduCampus	EduCampus Board Meeting	Group Audit & Risk Committee	Group Finance Sub-Committee	Group Nomination Committee
Mr Ronan Byrne	2/2			
Mr David Denieffe	1/1			
Ms Sheena Duffy	5/5			
Mr John Gill	4/5			3/3
Ms Mary Kerr	4/5	4/4		
Ms Barbara McConalogue	3/5			
Dr Aidan McGrath	5/5			
Professor Mike Murphy	4/4		3/3	
Ms Kerrie Power	3/3			
Dr Joseph Ryan	5/5			
Professor Anne Scott	5/5			
Mr David Smith	5/5			

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:

- 2 persons to be members to represent the Technological Higher Education Association; and
- 1 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 2021.

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:

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

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

- i. 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;
- ii. 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
- iii. 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 2021.

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 2021 (2020: €nil).

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 2021. 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:

	2021	2020
Tax and Financial advisory	€20,423	€52,903
Consultancy other	€117,242	€70,964
Pension and Human resources	€37,273	€28,671
Legal	€18,951	€11,944
Public relations and Marketing	€95,165	€4,268
Total	€289,054	€168,750

Travel and Subsistence and Hospitality Expenditure

Travel and subsistence and Hospitality expenditure are categorised as follows:

	2021	2020
International Travel	€1,020	€7,161
National Travel	€12,769	€10,938
Hospitality	€40,382	€16,388
Total	€54,171	€34,487

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 2021 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 2021.

Research and development

The company did not engage in research and development activities during the financial period ended 31 December 2021.

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

Professor Anne Scott
Dr Gerard Culley

12 May 2022

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 2021 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 2021 two targeted internal audit reviews took place.

Review of the system of internal financial controls

This review took place during May 2021 and the final report was presented by the internal auditor at the Audit and Risk Committee meeting in February 2022

Business continuity review

The outcome of the review was that “audit results indicate that reasonable assurance can be placed on the adequacy and operating effectiveness of internal controls to mitigate and / or manage those inherent risks to which the activity under review is exposed.”

1. Existence and adequacy of controls to ensure that both the business continuity risk assessment and business impact assessment (BIA) documents are kept up to date and in line with the current business requirements.
2. Existence and adequacy of BCP document management controls to ensure that the plan is kept up to date and in line with HEAnet requirements.
3. Existence and adequacy of process to ensure that any issues identified during BCP tests are remediated and where required plans and supporting documents are updated.
4. Existence and adequacy of contractual and service level agreements in place between the HEAnet and third-party service providers that detail HEAnet business continuity and disaster recovery requirements.
5. Existence and adequacy of monitoring controls to ensure that HEAnet maintain oversight of their key third-party service providers business continuity and disaster recovery capability. (where it is relevant to HEAnet).
6. Existence and adequacy of communication plans to ensure that stakeholders and clients are kept aware during a disaster scenario.
7. Existence and adequacy of the Claw BCP test scenario. Mazars will observe the table-based test and provide feedback, where required on the process.

4. Annual review of controls

I can confirm that for the year ended 31 December 2021 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. One instance of non-compliant procurement was identified relating to the provision of statutory audit services, and the amount of non-compliant expenditure in 2021 was €31,700.

On behalf of the board

Anne Scott

Chairperson, Board of HEAnet, and
Professor Emerita, 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

Professor Anne Scott

Dr Gerard Culley

12 May 2022

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 2021 and of the group's and the company's loss and 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 balance sheet as at 31 December 2021;
 - the Consolidated and company statements of comprehensive income and expenditure for the year then ended;
 - the Consolidated statement of cash flows for the year then ended;
 - the Consolidated and company statement of changes in equity 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 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 the 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 2021 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 the 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 set out on page 31, 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 consolidated 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**

12 May 2022

- The maintenance and integrity of the HEAnet CLG Group website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Chartered Accountants

Consolidated and Company Statement of Comprehensive Income & Expenditure

Financial Year Ended 31 December 2021

		2021		2020	
	Notes	Consolidated €	Company €	Consolidated €	Company €
Income					
Funding body grants	5	32,343,167	18,664,019	28,004,646	16,147,870
Client connectivity income	6	4,206,473	4,217,146	4,006,714	4,017,388
Other client income	7	7,438,287	2,374,946	4,870,326	2,364,908
Investment income	8	12,300	11,351	1,434	792
		44,000,227	25,267,462	36,883,120	22,530,958
Expenditure					
Staff costs	9	(9,811,934)	(7,443,821)	(8,638,310)	(6,598,284)
Direct costs of delivering services	10	(21,200,191)	(15,148,737)	(17,398,934)	(13,587,482)
Administration expenses	10	(2,346,344)	(1,761,481)	(1,786,685)	(1,318,651)
Other operating expenses	10	(10,672,276)	(943,941)	(7,635,125)	(979,552)
		(44,030,745)	(25,297,980)	(35,459,054)	(22,483,969)
(Deficit)/Surplus before other gains/(losses)		(30,518)	(30,518)	1,424,066	46,989
Gain on disposal of fixed assets	12	704	704	-	-
Total comprehensive (loss)/income for the year		(29,814)	(29,814)	1,424,066	46,989
Represented by:					
- Restricted comprehensive loss/income for the year		-	-	-	-
- Unrestricted comprehensive loss/income for the year		(29,814)	(29,814)	1,424,066	46,989
- Attributable to the organisation		(29,814)	(29,814)	1,424,066	46,989
		(29,814)	(29,814)	1,424,066	46,989

All items of income and expenditure relate to continuing activities.

Consolidated and Company Statement of Changes in Equity

Financial Year Ended 31 December 2021

	Income and expenditure Account		Total excluding non-controlling interest	Non-controlling interest	Total
	Restricted	Unrestricted			
	€	€	€	€	€
CONSOLIDATED					
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
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
Balance at 1 January 2021	-	4,870,102	4,870,102	8	4,870,110
Loss from the income and expenditure statement	-	(29,814)	(29,814)	-	(29,814)
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(29,814)	(29,814)	-	(29,814)
Balance at 31 December 2021	-	4,840,288	4,840,288	8	4,840,296
COMPANY					
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
Balance at 1 January 2021	-	3,493,025	3,493,025	-	3,493,025
Loss from the income and expenditure statement	-	(29,814)	(29,814)	-	(29,814)
Release of restricted funds spent in year	-	-	-	-	-
Total comprehensive income for the year	-	(29,814)	(29,814)	-	(29,814)
Balance at 31 December 2021	-	3,463,211	3,463,211	-	3,463,211

Consolidated and Company Balance Sheet

As at 31 December 2021

		2021		2020	
	Notes	Consolidated €	Company €	Consolidated €	Company €
Non-current assets					
Intangible assets	11	74,053	74,053	17,892	17,892
Tangible assets	12	2,228,410	2,217,273	2,371,979	2,338,028
Financial assets	13	-	92	-	92
		2,302,463	2,291,418	2,389,871	2,356,012
Current assets					
Trade and other receivables (including €nil (2020: €nil) due after more than one year)	14	9,311,925	4,053,259	6,022,263	3,495,144
Cash and cash equivalents		17,504,018	12,415,249	19,482,332	13,935,375
		26,815,943	16,468,508	25,504,595	17,430,519
Less: Creditors (amounts falling due within one year)	15	(14,061,649)	(7,171,826)	(12,334,075)	(6,987,443)
Net current assets		12,754,294	9,296,682	13,170,520	10,443,076
Total assets less current liabilities		15,056,757	11,588,100	15,560,391	12,799,088
Creditors (amounts falling due after more than one year)					
Deferred grants	17	(7,921,435)	(5,841,000)	(8,303,267)	(6,953,000)
Capital grants	17	(2,295,026)	(2,283,889)	(2,387,014)	(2,353,063)
		(10,216,461)	(8,124,889)	(10,690,281)	(9,306,063)
Total net assets		4,840,296	3,463,211	4,870,110	3,493,025
Restricted reserves					
Income and expenditure reserve - restricted reserve	19	-	-	-	-
Unrestricted reserves					
Income and expenditure reserve - unrestricted	19	4,840,288	3,463,211	4,870,102	3,493,025
		4,840,288	3,463,211	4,870,102	3,493,025
Non-controlling interest	19	8	-	8	-
Total reserves		4,840,296	3,463,211	4,870,110	3,493,025

The financial statements were approved by the Governing Body on 12 May 2022 and were signed on its behalf on that date by:

On behalf of the board

Professor Anne Scott
Dr Gerard Culley

Consolidated Statement of Cash Flows

Financial Year Ended 31 December 2021

	2021 €	2020 €
Cash flow from operating activities		
(Deficit)/Surplus for the year	(29,814)	1,424,066
Adjustment for non-cash items		
Amortisation of intangible assets	45,453	15,815
Depreciation on tangible assets	1,093,611	1,024,471
Profit on sale of tangible assets	(704)	-
Investment income	(12,300)	(1,434)
(Increase) in prepayments	(522,771)	(696,642)
(Increase) in debtors	(2,766,891)	(828,545)
(Decrease)/Increase in creditors	(1,727,573)	4,562,716
(Decrease)/Increase in long term creditors	(473,820)	1,967,686
Net cash generated from operating activities	<u>(939,663)</u>	<u>7,468,133</u>
Cash flows from investing activities		
Proceeds from sales of tangible assets	704	-
Purchases of tangible fixed assets	(950,042)	(2,000,283)
Purchases of intangible assets	(101,614)	(27,955)
Interest received	12,300	1,434
Net cash used in investing activities	<u>(1,038,652)</u>	<u>(2,026,804)</u>
Cash flows from financing activities		
Issue of ordinary share capital	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents in the year	(1,978,315)	5,441,329
Cash and cash equivalents at beginning of the year	19,482,332	14,041,003
Cash and cash equivalents at end of the year	<u>17,504,017</u>	<u>19,482,332</u>
Components of cash and cash equivalents		
Cash and cash equivalents comprised:		
Cash at bank and in hand	17,504,018	19,482,332
Short term deposit accounts	-	-
Cash equivalents	<u>17,504,018</u>	<u>19,482,332</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 (FE/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 2022 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 2021.

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 FE/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
-------------------	---------

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.

Grant receivable

In the directors view, all grant receivables at the balance sheet date are recoverable in full.

5. Funding body grants

		2021		2020	
	Notes	Consolidated €	Company €	Consolidated €	Company €
(a) Recurrent grant					
HEAnet recurrent grants		8,334,355	8,334,355	6,799,508	6,799,508
Schools network infrastructure recurrent grants		1,605,036	1,605,036	1,541,643	1,541,643
Schools high speed recurrent grants		7,461,805	7,461,805	6,616,442	6,616,442
Schools Primary Broadband recurrent grants		75,177	75,177	-	-
EduCampus operational recurrent grants		10,931,679	-	9,066,477	-
		28,408,052	17,476,373	24,024,070	14,957,593
(b) Specific grants					
European Commission grant		74,267	74,267	223,568	223,568
MIS refresh project grant		998,378	-	2,261,416	-
TU Merge Project		1,673,876	-	402,306	-
e-Invoicing funding		52,402	-	54,174	-
		2,798,923	74,267	2,941,464	223,568
Total non-capital funding body grants	16(a)	31,206,975	17,550,641	26,965,534	15,181,161
(c) Capital grants					
Core HEAnet infrastructure capital amortisation	17(a)	805,037	805,037	714,392	714,392
Schools network infrastructure capital amortisation	17(a)	20,274	20,274	53,294	53,294
Schools Primary Broadband amortisation	17(a)	61,223	61,223	-	-
Schools high speed capital amortisation	17(a)	226,844	226,844	199,023	199,023
Operational capital amortisation	17(a)	22,814	-	35,698	-
Transition capital amortisation	17(a)	-	-	36,705	-
		1,136,192	1,113,378	1,039,112	966,709
Total funding body grants		32,343,167	18,664,019	28,004,646	16,147,870

6. Client connectivity income

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Unrestricted client contribution charges	4,044,084	4,054,757	3,861,113	3,871,787
Unrestricted income from client connectivity charges	162,389	162,389	145,601	145,601
	<u>4,206,473</u>	<u>4,217,146</u>	<u>4,006,714</u>	<u>4,017,388</u>

7. Other client income

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Client service income	6,760,976	1,179,247	2,830,892	1,100,857
ICT Procurement	677,311	946,285	663,000	971,774
Proceeds of liquidation of predecessor company	-	-	1,376,434	-
Intercompany SLA support	-	249,414	-	292,277
	<u>7,438,287</u>	<u>2,374,946</u>	<u>4,870,326</u>	<u>2,364,908</u>

8. Investment income

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Interest received	<u>12,300</u>	<u>11,351</u>	<u>1,434</u>	<u>792</u>

9. Staff costs

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
(a) Staff costs				
Salaries	7,819,490	6,060,284	6,902,541	5,377,171
Seconded costs	192,609	-	189,000	-
Social security costs	854,375	659,896	747,557	587,711
Retirement benefit costs	762,682	584,822	658,788	522,073
Company sponsored health insurance	103,636	80,441	88,052	69,285
Company sponsored risk	79,142	58,378	52,372	42,044
	<u>9,811,934</u>	<u>7,443,821</u>	<u>8,638,310</u>	<u>6,598,284</u>

9. Staff costs (continued)

(b)	Remuneration	2021	2020
		Number	Number
	Remuneration of other higher paid staff (company):		
	€60,000 - €69,999	11	7
	€70,000 - €79,999	11	13
	€80,000 - €89,999	7	5
	€90,000 - €99,999	6	5
	€100,000 - €109,999	7	5
	€110,000 - €119,999	2	2
	€120,000 - €129,999	3	3
	€130,000 - €139,999	-	-
	€140,000 - €149,999	-	1
	€150,000 - €159,999	1	1
		48	42
	Remuneration of other higher paid staff (consolidated, including secondees):		
	€60,000 - €69,999	18	11
	€70,000 - €79,999	16	19
	€80,000 - €89,999	9	7
	€90,000 - €99,999	6	7
	€100,000 - €109,999	8	5
	€110,000 - €119,999	3	3
	€120,000 - €129,999	3	3
	€130,000 - €139,999	1	-
	€140,000 - €149,999	-	2
	€150,000 - €159,999	2	1
		66	58
(c)	Average staff numbers by major category (HEAnet):		
	Management	8	8
	Administration	16	17
	Technical/engineers/service delivery	60	51
		84	76
	Average staff numbers by major category (consolidated, including secondees):		
	Management	14	13
	Administration	20	21
	Technical/engineers/service delivery	78	67
		112	101

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 FE/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 (12 personnel) (2020: 11). The total compensation paid to these personnel in 2021 was €1,637,481 (2020: €1,525,058) and this includes salary, pension contributions and health insurance contributions.

10. Analysis of total expenditure by activity

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Staff costs (note 9 (a))	9,811,934	7,443,821	8,638,310	6,598,284
Direct cost of delivering services	21,200,191	15,148,737	17,398,934	13,587,482
Administration expenses	2,346,344	1,761,481	1,786,685	1,318,651
Other operating expenses	10,672,276	943,941	7,635,125	979,552
	<u>44,030,745</u>	<u>25,297,980</u>	<u>35,459,054</u>	<u>22,483,969</u>
Administration expenses include:				
Rent, rates, service charge and office support	1,153,230	820,345	973,458	750,582
Consultancy and professional fees	340,603	288,031	274,794	188,478
Depreciation and amortisation	22,814	-	72,403	-
External auditors' remuneration in respect of audit services*	63,591	38,991	57,416	37,841
External auditors' remuneration in respect of non-audit services*	7,626	5,043	7,374	4,889
Foreign exchange (gain)/loss	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other operating expenses include:				
IT service costs	8,943,437	-	5,923,260	-
Service continuity	1,072,867	-	998,545	-
HEAnet Conference	7,349	7,349	4,511	4,511
	<u>10,023,653</u>	<u>7,349</u>	<u>6,926,316</u>	<u>4,511</u>

*Auditors remuneration is inclusive of VAT

11. Intangible assets

	2021		2020	
	Consolidated	Company	Consolidated	Company
	€	€	€	€
Cost				
At 1 January	560,705	390,036	532,750	362,081
Additions in the year	101,614	101,614	27,955	27,955
Disposals	(26,393)	(26,393)	-	-
At 31 December	<u>635,926</u>	<u>465,257</u>	<u>560,705</u>	<u>390,036</u>
Accumulated depreciation				
At 1 January	(542,813)	(372,144)	(526,998)	(356,329)
Charge for the year	(45,453)	(45,453)	(15,815)	(15,815)
Disposals	26,393	26,393	-	-
At 31 December	<u>(561,873)</u>	<u>(391,204)</u>	<u>(542,813)</u>	<u>(372,144)</u>
Net book value				
At 31 December	<u>74,053</u>	<u>74,053</u>	<u>17,892</u>	<u>17,892</u>

12. Tangible assets

	Fixtures fittings and equipment €	Computer hardware €	Total €
CONSOLIDATED			
Cost			
At 1 January 2021	455,678	14,565,595	15,021,273
Additions	-	950,042	950,042
Disposals	(27,220)	(257,873)	(285,093)
At 31 December 2021	428,458	15,257,764	15,686,222
Accumulated depreciation			
At 1 January 2021	(421,727)	(12,227,567)	(12,649,294)
Charge for the year	(22,814)	(1,070,797)	(1,093,611)
Disposals	27,220	257,873	285,093
At 31 December 2021	(417,321)	(13,040,491)	(13,457,812)
Net book value			
At 31 December 2021	11,137	2,217,273	2,228,410
At 31 December 2020	33,951	2,338,028	2,371,979
COMPANY			
Cost			
At 1 January 2021	48,933	14,478,360	14,527,293
Additions	-	950,042	950,042
Disposals	(27,220)	(257,873)	(285,093)
At 31 December 2021	21,713	15,170,529	15,192,242
Accumulated depreciation			
At 1 January 2021	(48,933)	(12,140,332)	(12,189,265)
Charge for the year	-	(1,070,797)	(1,070,797)
Disposals	27,220	257,873	285,093
At 31 December 2021	(21,713)	(12,953,256)	(12,974,969)
Net book value			
At 31 December 2021	-	2,217,273	2,217,273
At 31 December 2020	-	2,338,028	2,228,028

12. Tangible assets (continued)

	Consolidated		Company	
	2021	2020	2021	2020
	€	€	€	€
Disposal figure includes the following:				
Cost				
Hardware	257,873	346,500	257,873	346,500
Software	26,393	-	26,393	-
Fixtures and fittings	27,220	-	27,220	-
Accumulated depreciation				
Hardware	(257,873)	(346,500)	(257,873)	(346,500)
Software	(26,393)	-	(26,393)	-
Fixtures and fittings	(27,220)	-	(27,220)	-
Profit on disposal				
Hardware	704	-	704	-
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	
	2021	2020	2021	2020
	€	€	€	€
Amounts falling due within one year:				
Trade debtors	2,596,460	1,021,778	724,159	606,894
Amounts owed by group companies	-	-	637,883	48,643
Other debtors	2,899	4,580	1,895	3,725
Grant receivable	1,669,420	475,530	357,291	23,704
VAT receivable	-	-	-	-
Deferred expenditure	5,043,146	4,520,375	2,332,031	2,812,178
	<u>9,311,925</u>	<u>6,022,263</u>	<u>4,053,259</u>	<u>3,495,144</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	
	2021	2020	2021	2020
	€	€	€	€
Trade creditors	1,704,960	3,352,403	781,711	2,577,184
Accruals	6,565,625	2,877,445	2,970,221	542,725
Taxation and social insurance	407,161	501,014	337,062	437,429
Deferred grants	4,049,677	4,082,928	2,532,677	2,331,547
Deferred income	1,200,535	1,220,813	458,166	848,618
Other accruals	133,691	299,472	91,989	249,940
	<u>14,061,649</u>	<u>12,334,075</u>	<u>7,171,826</u>	<u>6,987,443</u>
Included in the above taxation and social insurance liability are the following:				
VAT payable	130,071	248,218	128,859	240,659
RCT payable	2,980	100	2,980	100
PAYE	133,280	122,954	98,766	95,112
PRSI	97,506	91,055	74,242	70,900
Local property tax	252	368	218	251
Universal social charge	26,277	24,054	19,884	19,058
Company sponsored health insurance	16,795	14,265	12,113	11,349
	<u>407,161</u>	<u>501,014</u>	<u>337,062</u>	<u>437,429</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	
		2021	2020	2021	2020
		€	€	€	€
(a) Grants					
Balance at beginning of the year		12,386,195	11,618,322	9,284,547	9,085,639
Grants received/receivable during the year		31,836,098	29,758,621	17,683,975	17,405,283
		44,222,293	41,376,943	26,968,522	26,490,922
Less:					
Recurrent grant released to revenue	5(a), (b)	(31,206,975)	(26,965,534)	(17,550,641)	(15,181,161)
Transfer to capital grants	17	(1,044,204)	(2,025,214)	(1,044,204)	(2,025,214)
Transfer to designated fund		-	-	-	-
Deferred grants at end of year		11,971,114	12,386,195	8,373,677	9,284,547
(b) Grants due within/after one year					
Thereof:					
Amounts falling due within one year		4,049,679	4,082,928	2,532,677	2,331,547
Amounts falling due after one year		7,921,435	8,303,267	5,841,000	6,953,000
		11,971,114	12,386,195	8,373,677	9,284,547
(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. for operational costs 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 relate 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 2021

Name of grantor	Name of grant	Purpose of grant	Opening Deferral 1 January 2021 €	Grant Received 2021 €	Income and Expenditure 2021 €	Closing Deferral 31 December 2021 €	Reason for Closing Deferral
Department of Education	Vote 26 C.16	HEAnet Capital and Recurrent Research Grant	-	411,649	(411,649)	-	
Department of Education and the European Commission	Vote 26 C.12	HEAnet Capital and Recurrent Research Grant	8,225,853	7,654,932	(8,114,660)	7,766,125	Commitments in 2021 for 2022 expenditure
Department of Education	Vote 26 C.04	Schools Broadband Network Capital and Recurrent Grant	500,031	1,465,815	(1,605,036)	360,810	Commitments in 2021 for 2022 expenditure
Department of Education	Vote 26 C.04	Schools Post-Primary Capital and Recurrent Grant	558,663	7,329,423	(7,641,344)	246,742	Commitments in 2021 for 2022 expenditure
Department of Education	Vote 26 C.04	Schools Primary Broadband intervention programme Capital and Recurrent Grant	-	809,856	(809,856)	-	
Department of Further and Higher Education, Research, Innovation and Science		Fund membership of European Open Science Cloud (EOSC)	-	12,300	(12,300)	-	
HEAnet Closing Balance			9,284,547	17,683,975	(18,594,845)	8,373,677	

Name of grantor	Name of grant	Purpose of grant	Opening Deferral 1 January 2021 €	Grant Received 2021 €	Income and Expenditure 2021 €	Closing Deferral 31 December 2021 €	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	1,241,014	11,448,000	(10,931,678)	1,757,336	Commitments in 2021 for 2022 expenditure
Department of Education	Vote 26 C.16	Funding the refresh of the remaining Managed Information Systems	1,858,526	962,714	(998,378)	1,822,862	Future capital purchase commitments for the MIS refresh project
TU Merge Projects		Funding the Merging of Technological Universities	(28,258)	1,702,134	(1,673,876)	-	
IT Sligo		Funding the e-Invoicing project	30,366	39,275	(52,402)	17,239	Future capital purchase commitments for the e-Invoicing project
EduCampus closing balance			3,101,648	14,152,123	(13,656,334)	3,597,437	
HEAnet Group closing balance			12,386,195	31,836,098	(32,251,179)	11,971,114	

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

	Notes	Consolidated		Company	
		2021	2020	2021	2020
		€	€	€	€
Deferred grants	16(b)	7,921,435	8,803,267	5,841,000	6,953,000
Capital grants	17(a)	2,295,026	2,387,014	2,283,889	2,353,063
		<u>10,216,461</u>	<u>10,690,281</u>	<u>8,124,889</u>	<u>9,306,063</u>
(a) Capital Grants					
Balance at beginning of the year		2,387,014	1,400,912	2,353,063	1,294,558
Grants received/receivable during the year	16(a)	1,044,204	2,025,214	1,044,204	2,025,214
		<u>3,431,218</u>	<u>3,426,126</u>	<u>3,397,267</u>	<u>3,319,772</u>
Amortisation for the year		<u>(1,136,192)</u>	<u>(1,039,112)</u>	<u>(1,113,378)</u>	<u>(966,709)</u>
Balance at end of year		<u>2,295,026</u>	<u>2,387,014</u>	<u>2,283,889</u>	<u>2,353,063</u>
Included in the amortisation of capital grants for the year is amortisation in respect of:					
Core HEAnet infrastructure		805,037	714,392	805,037	714,392
Schools network		20,274	53,294	20,274	53,294
Schools high speed		226,844	199,023	226,844	199,023
Schools Primary Broadband Project		61,223	-	61,223	-
EduCampus		22,814	72,403	-	-
		<u>1,136,192</u>	<u>1,039,112</u>	<u>1,113,378</u>	<u>966,709</u>

18. Operating lease commitments

	Consolidated		Company	
	2021	2020	2021	2020
	€	€	€	€
Minimum lease payment under operating leases recognised as an expense during the year	<u>1,678,113</u>	<u>1,495,883</u>	<u>1,578,705</u>	<u>1,396,485</u>
At period end, the company has outstanding commitments under non-cancellable operating lease that fall due as follows:				
Within one year	1,293,591	1,242,496	1,194,194	1,143,093
Later than one year and not later than five years	2,095,832	1,007,616	1,820,843	633,219
Later than 5 years	-	-	-	-
Total lease payments due	<u>3,389,423</u>	<u>2,250,112</u>	<u>3,015,037</u>	<u>1,776,312</u>

19. Funds note

	Unrestricted funds - general reserve €	Designated funds - general reserve €	Total €
Consolidated			
Opening balance	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
Net movement in statement of comprehensive income	(29,814)	-	(29,814)
Movements between funds	-	-	-
Closing balance at 31 December 2021	2,040,288	2,800,000	4,840,288
Company			
Opening balance	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
Net movement in statement of comprehensive income	(29,814)	-	(29,814)
Movements between funds	-	-	-
Closing balance at 31 December 2021	1,663,211	1,800,000	3,463,211

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 (2020: €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 €249,414 (2020: €292,277).

On 1 March 2016 EduCampus Services became a client of HEAnet. Client contribution charges for 2021 were €10,674 (2020: €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 €8,320 (2020: €3,517). The balance receivable in respect of all services from EduCampus Services at the year-end was €249,414 (2020: €64,614).

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

Ms Kerrie Power, Chief Executive in HEAnet CLG and director of GÉANT until her resignation in May 2021. 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 (2020: €12,000). At the year-end, the amount due from GÉANT was €Nil (2020: €Nil).

During the year, HEAnet CLG received grant income from GÉANT, and this amounted to €85,062 (2020: €299,504). The grant receivable in respect of GÉANT at year-end was €Nil (2020: €Nil). The deferred grant in respect of GÉANT at year-end was €350,755 (2020: €460,610).

During the year, HEAnet CLG received services from GÉANT, and this amounted to €397,256 (2020: €609,331). At the year-end, the amount due to GÉANT was €86,525 (2020: €Nil). Deferred expenditure in respect of GÉANT at year-end was €181,289 (2020: €150,549).

Mr David Burke, Legal Counsel - Data Protection and Compliance in HEAnet, is a director of INEX (Internet Neutral Exchange Association Limited). 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 €37,147 (2020: €41,082). At the year-end, the amount due to INEX was €Nil (2020: €Nil). Deferred expenditure in respect of INEX at year-end was €Nil (2020: €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). During the year, HEAnet CLG received services from ISPAl. The services provided by ISPAl to HEAnet CLG were subject to normal commercial terms and amounted to €18,000 (2020: €18,000). At the year-end, the amount due to ISPAl was €Nil (2020: €Nil). Deferred expenditure in respect of ISPAl at year-end was €Nil (2020: €Nil).

Limited by guarantee

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

21. 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 2021 amounted to €762,682 (2020: €658,786).

22. 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.

23. Non-controlling interests

The movement in non-controlling interests was as follows:

	2021 €	2020 €
At 1 January	8	8
Total comprehensive income attributable to non-controlling interest	-	-
At 31 December	8	8

24. 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

25. Subsequent events

There were no subsequent events to report.

26. Comparatives

Certain comparative figures have been re-classified for presentation purposes.

27. Approval of the financial statements

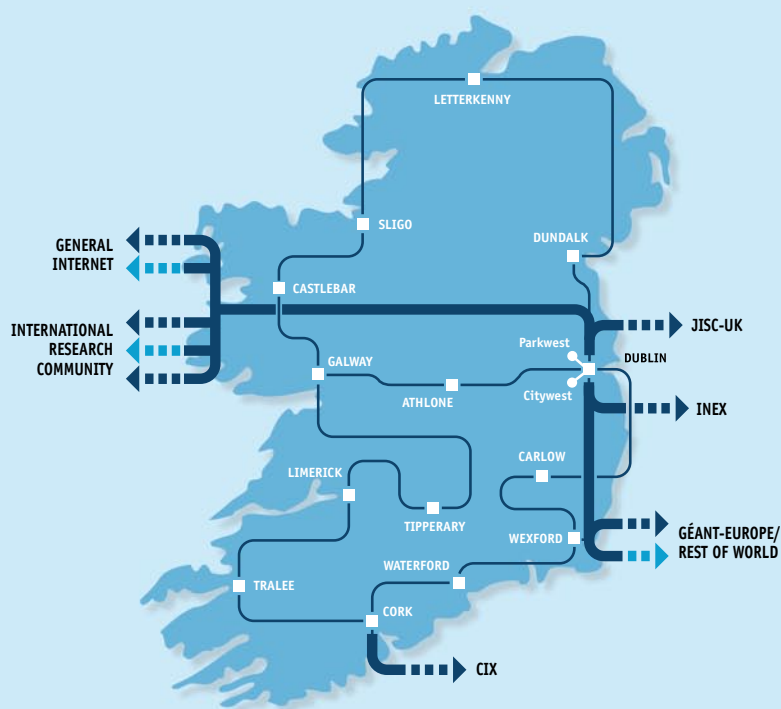
The directors approved the Group and Company financial statements on 12 May 2022.

HEAnet Network Infrastructure and Client List

- Atlantic Technological University
- Ballyfermot CFE
- Cavan & Monaghan ETB
- Central Applications Office
- City of Dublin ETB
- College of Anaesthetists of Ireland
- Cork ETB
- CORU
- Department of Education
- Department of Further and Higher Education, Research, Innovation and Science
- 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
- Educational Research Centre
- EduCampus Services
- Education & Training Boards Ireland
- Education Shared Business Service
- Environmental Protection Agency
- Eurofound
- Galway & Roscommon ETB
- Grangegorman Development Agency
- Health Research Board
- Health Information and Quality Authority
- Higher Education Authority
- Houses of the Oireachtas
- IADT, Dun Laoghaire
- Inland Fisheries Ireland
- Irish College of General Practitioners
- 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
- Kerry ETB

- Kildare & Wicklow ETB
- Kilkeny & Carlow ETB
- Laois & Offaly ETB
- Limerick & Clare ETB
- Longford & Westmeath ETB
- Louth & Meath ETB
- Marine Institute
- Marino Institute of Education
- Mary Immaculate College
- 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
- SOLAS
- South East Technological University
- St Patrick's College, Thurles, Co. Tipperary
- Teagasc
- Technological Higher Education Association
- Technological University Dublin
- Technological University of the Shannon
- Tipperary ETB
- Trinity College Dublin
- University College Cork
- University College Dublin
- University of Limerick
- Waterford & Wexford ETB
- .IE



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