



**Driving Business,
People and Innovation
Forward through Talent**



Annual Report 2021





CONTENTS

About Skillnet Ireland	2–3
Chairperson and Chief Executive Overview	4–7
Skillnet Ireland High Level Outputs 2021	8–13
Skillnet Ireland Statement of Strategy	14–15
Developing Ireland's Workforce 2021	16–27
Skillnet Ireland Board 2021	28
Corporate Governance and Financial Statements	29–67
Skillnet Ireland Business Networks 2021	68–71

Skillnet Ireland

A YEAR IN REVIEW

We partner with

57 industry bodies

across a broad range of sectors and regions to drive excellence in learning and development for the Irish workforce. Through our

72 Skillnet Business Networks

and in collaboration with employers, we delivered upskilling and training programmes to the value of **€60.2m** to the Irish workforce in 2021.



22,500
Companies



86,570
People trained



664,267
Training days delivered



9,853
Training programmes

About SKILLNET IRELAND

Skillnet Ireland is the national agency responsible for the promotion and facilitation of workforce development. Our deep roots with enterprise allows us to respond to policy and skills challenges in a proactive and agile manner. In partnership with industry, we offer demand-led upskilling programmes that are innovative and flexible, to enhance the productivity, competitiveness and sustainability of the Irish economy.

OUR MISSION:

Helping businesses in Ireland to be the best they can be, **through innovative and enterprise-driven people development.**



Chairperson and Chief Executive Overview

Foreword

We are pleased to present the Skillnet Ireland Annual Report for 2021. Reflecting on 2021, it was a year where businesses showed extraordinary resilience and innovation, and where record employment and export levels were achieved. During this period Skillnet Ireland prioritised agility, responding with market-led upskilling programmes that enabled business leaders to quickly mobilise the talent needed for recovery.

The current economic realities signal further uncertainty in the time ahead with headline inflation now at elevated levels across the advanced economies. Significant challenges are faced by both SMEs and multinationals operating in Ireland including further technological disruption, increased costs, talent shortages, supply chain difficulties, the impact of the climate crisis and of course the tragic circumstances in Ukraine. Developing the talent to meet these challenges requires constant horizon scanning, policy action, collaborative system-wide partnerships and smart investments that leverage the National Training Fund reform agenda.

Statement of Strategy 2021-2025

Substantial progress was made in achieving objectives set out in Skillnet Ireland's Statement of Strategy 2021-2025. The strategy puts forward an ambitious roadmap for future-proofing Irish businesses through talent development. In 2021, Skillnet Ireland focused on addressing the upskilling challenges associated with increased technological advances, boosting SME productivity, supporting the FDI sector, fostering innovative industry and academia collaboration and meeting the talent demands for building a low-carbon and sustainable economy.

Helping to ensure that our workforce remains the vital source of competitive advantage for Ireland is the central mission of Skillnet Ireland.

Accelerating Business Competitiveness

We are proud of the deep roots we have built with the SME sector since our establishment in 1999, and how we combine those roots with a dedicated regional focus. 93% of the companies we supported in 2021 were small to medium enterprises with 80% of that total number of businesses supported being small or micro enterprises. SMEs are the backbone of private sector employment in Ireland. However, we are seeing productivity levels within the sector drop below OECD and EU norms.

Management development is a powerful remedy for the productivity and innovation challenges of SMEs, with Skillnet Ireland playing a leading national role on this agenda. Delivered in partnership with the Small Firms Association, our award-winning MentorsWork scheme provided tailored supports to over 1,000 SME owners and managers with an emphasis on staff development, business processes and strategy, finance for growth and digitalisation.

Within an increasingly competitive global environment, ensuring Ireland has a robust talent pipeline is instrumental to sustaining and growing FDI investment for the long term. Skillnet Ireland works closely with the FDI sector and IDA Ireland to develop the talent needed to compete globally, supporting over 1,100 FDI companies across a wide range of sectors in 2021.

Promoting higher education and industry collaborations is also an important aspect of our work and the contribution we make to the innovation ecosystem in Ireland. In 2021, Skillnet Business Networks engaged with the higher education sector to deliver over 430 programmes, which all address important future skills needs. In total 4,100 learners participated in these programmes last year, many of which were developed in close collaboration between Skillnet Business Networks, academic institutions and industry.

Addressing the challenges and opportunities associated with climate action was a core focus for us in 2021. Skillnet Ireland launched its Climate Ready initiative, a five-year national climate initiative that is equipping businesses of all sizes with the skills they need to respond to climate change. We partnered with Chambers Ireland, Wind Energy Ireland and Sustainable Finance Ireland in delivering this new enterprise-led initiative, upskilling more than 3,200 participants in 2021. Climate Ready leverages Skillnet Ireland's well established talent partnerships in the renewable energy and green technology sectors, water conservation, SME sustainability and in sustainable finance.

Continued

2021 Performance Outputs

Working with our 57 enterprise partners we are pleased to report a record year in terms of target outputs and the investment we made in talent development. Skillnet Business Networks provided upskilling programmes to 22,500 businesses in 2021, upskilled 86,570 workers and delivered a total of 664,267 training days, exceeding targets set with the Department of Further and Higher Education, Research, Innovation and Science.

Our cost-sharing approach with employers has been a cornerstone of the success of the Skillnet Ireland model and 2021 saw record growth in our joint investment model amidst challenging conditions for employers. In 2021, employers made a total contribution of €22.5 million towards the cost of upskilling programmes, a €4.6 million increase on 2020, and a remarkable achievement in the context of the pandemic. We greatly appreciate the commitment from so many employers to the upskilling of their teams through Skillnet Ireland. A fulsome report on our 2021 outputs can be found on page 8 of this report.

Supporting Government Policy

Together with our industry partners, we delivered substantial actions across the key Government enterprise and skills strategies in 2021. We supported the Government in meeting

its goal of exceeding pre-Covid employment levels, with a record 2.5 million people now in employment. Skillnet Ireland is heavily engaged in the major cross-Government strategies including the National Skills Strategy, National Digital Strategy, the Climate Action Plan, SME Productivity Strategies, National Competitiveness Plans and Regional Development Plans. In addition, Skillnet Ireland has key actions assigned in the sectoral strategies including Finance for Ireland, Food Vision 2030, the National Design Strategy, and the National Space Strategy for Enterprise amongst others.

The National Digital Strategy will position Ireland as a global digital leader, with Skillnet Ireland playing a key role in supporting the talent dimension of the strategy. 12,000 workers benefited from Skillnet Ireland supported digital skills programmes in 2021, with a two-pronged focus on specialised talent for new or emerging technologies, and in enabling digital transformation within the SME sector.

In 2021, Skillnet Ireland deepened its contribution to the EU Skills Agenda through participation in a number of EU programmes and by supporting the development of EU skills policy. Our focus on digitalisation and the green transition aligns closely with the foundations of the EU Recovery plan.


CHAIRPERSON AND CHIEF EXECUTIVE OVERVIEW

Conclusion

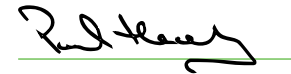
The ongoing commitment and progress made on the Government's Economic Recovery Plan 2021 is helping to drive a jobs-rich recovery. Skillnet Ireland is looking forward to playing its fullest part in responding to a pro-enterprise policy framework which enables investment in the skills required to enhance competitiveness and support wider economic growth.

We wish to acknowledge the support of the Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris T.D. and the Minister of State for Skills and Further Education, Niall Collins T.D. and all our colleagues in the Department of Further and Higher Education, Research, Innovation and Science and the Department of Education and Skills. We also wish to thank colleagues in the Department of Enterprise, Trade and Employment, IDA Ireland, Enterprise Ireland, the Higher Education Institutes and the many Government agencies and Departments that Skillnet Ireland collaborated with in 2021.

Finally, we extend our deep appreciation to our Network Managers and their teams, our enterprise partners, the Skillnet Steering Groups, and the Board and Staff of Skillnet Ireland for their dedication in 2021.



Chairperson
Skillnet Ireland



Chief Executive
Skillnet Ireland

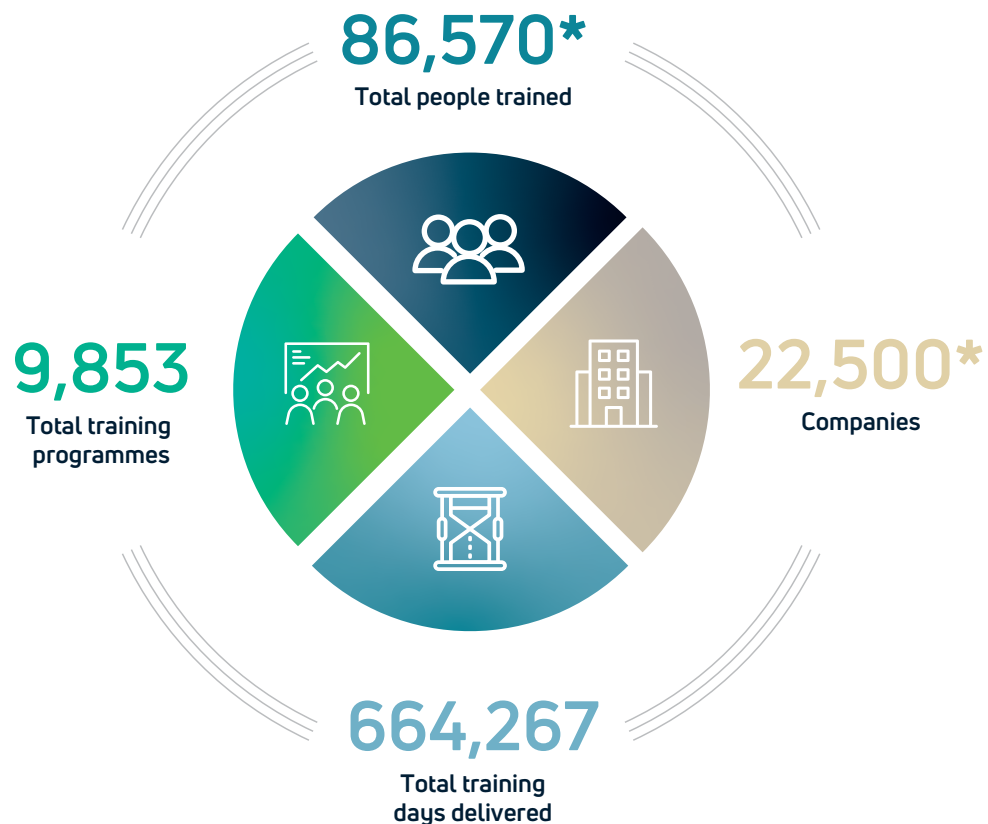


Skillnet Ireland High Level Outputs 2021

Skillnet Ireland programmes contribute to the development of a skilled workforce, ensuring the growth and sustainability of Irish enterprise in an increasingly competitive environment.

*An additional 1,601 companies and 4,621 trainees participated in a series of Information Briefings throughout 2021, across all programmes. In total, Skillnet Ireland supported a record 24,101 companies through both formal upskilling and information briefings.

Note: These outputs are for both employed and unemployed trainees across all programmes.



Total No.
of Networks

72

Skillnet Ireland
Funding

€37.7m

Enterprise
Contributions

+ €22.5m

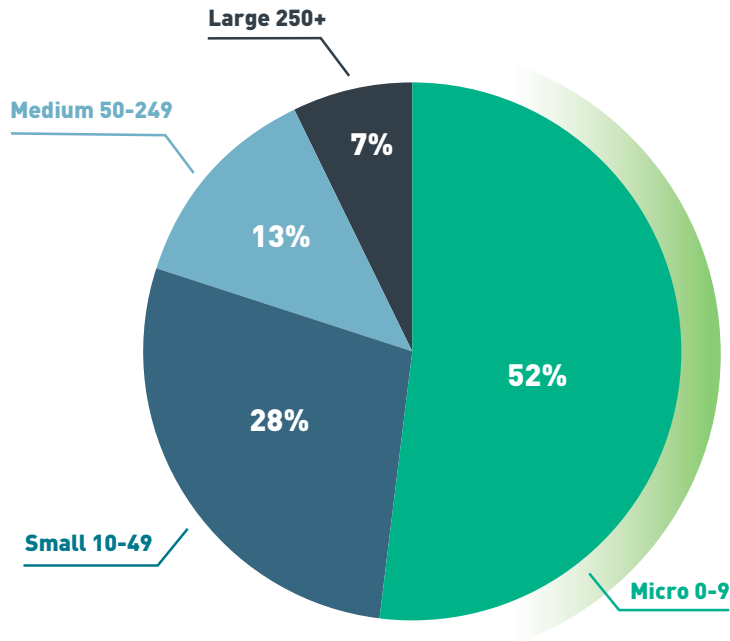
Total
Investment

= €60.2m

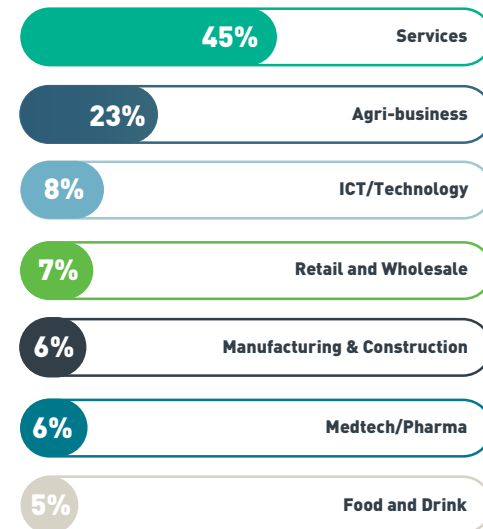
COMPANY PROFILE



Companies by Size



Companies by Sector



TRAINEE PROFILE

In 2021,
86,570

people undertook training.
Of these trainees,

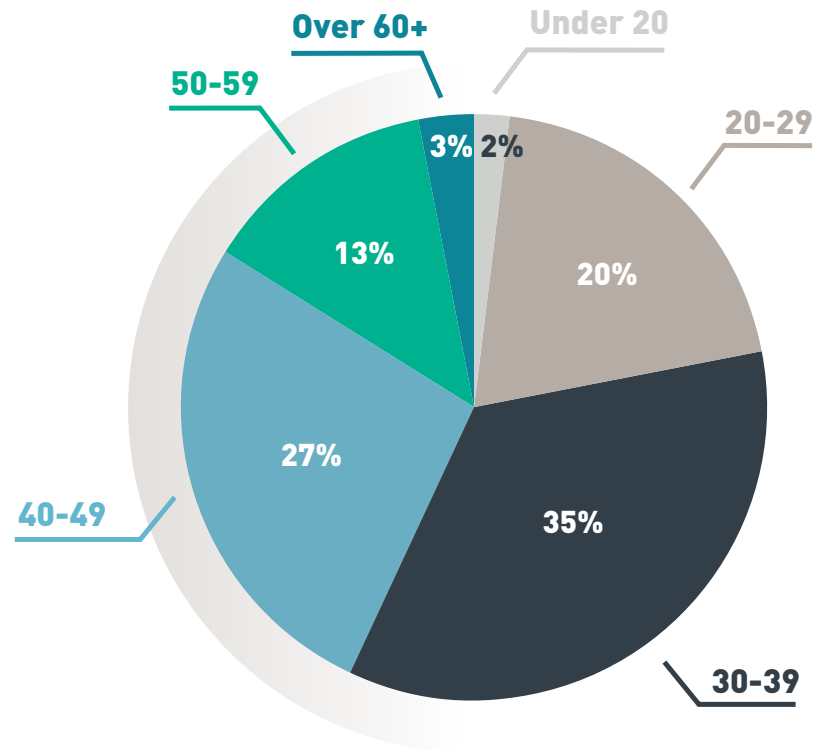


52%
Male

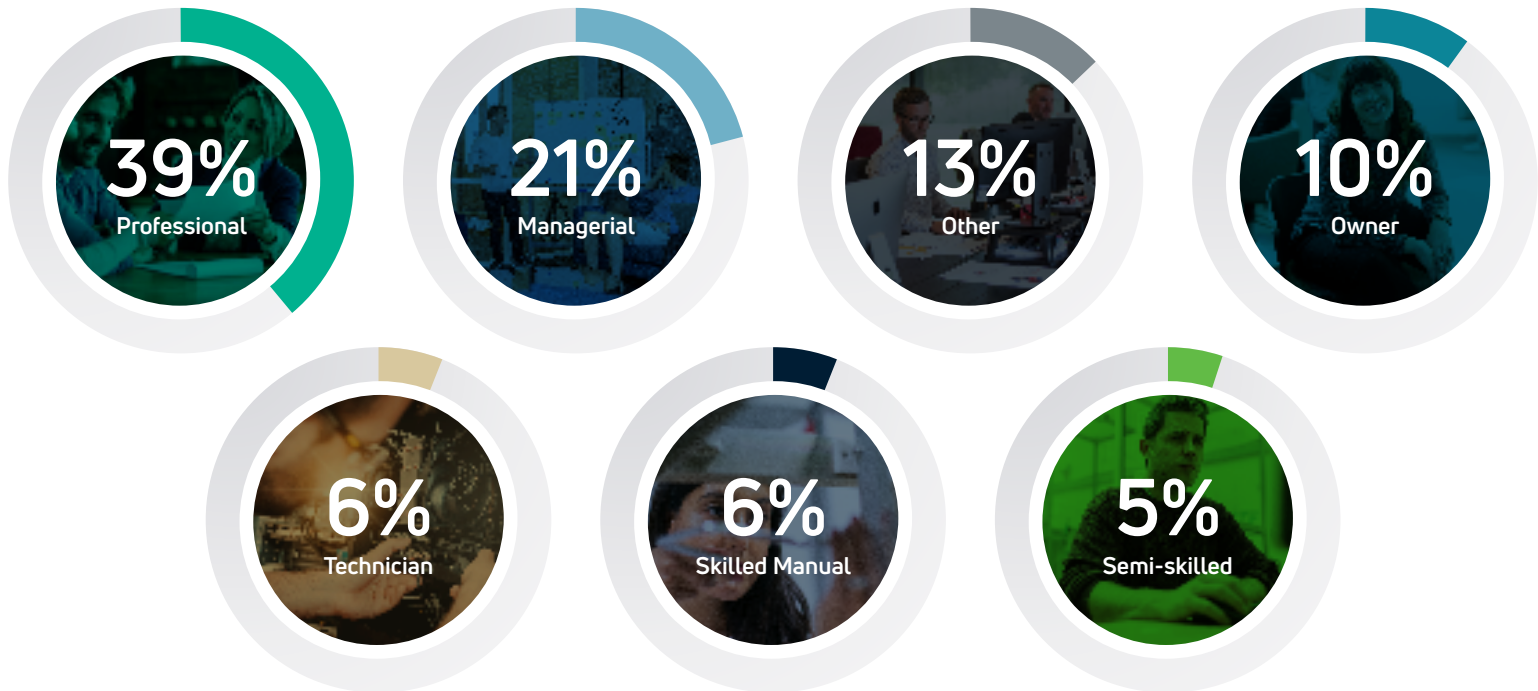


48%
Female

Trainees by Age

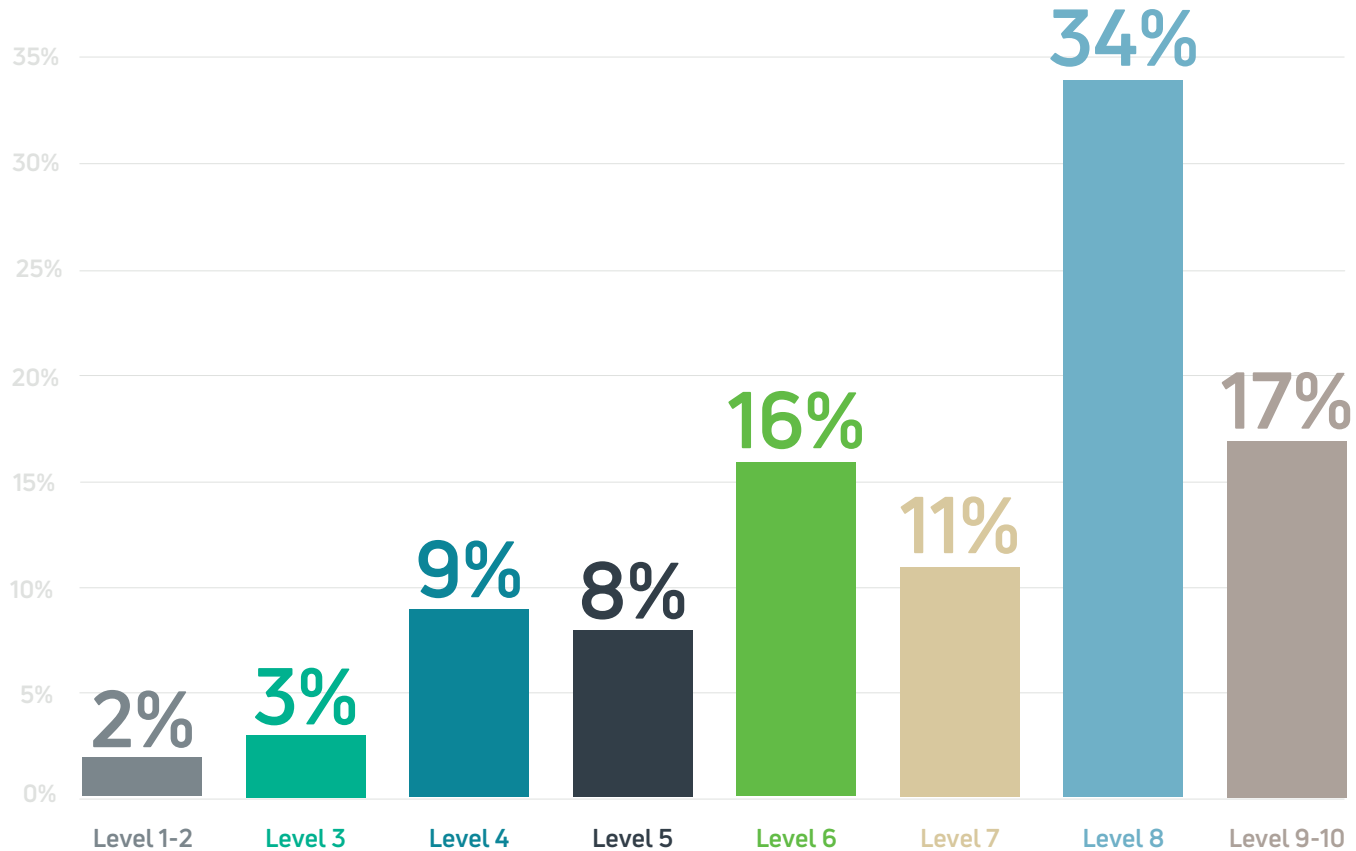


Trainees by Occupational Category



TRAINEE PROFILE

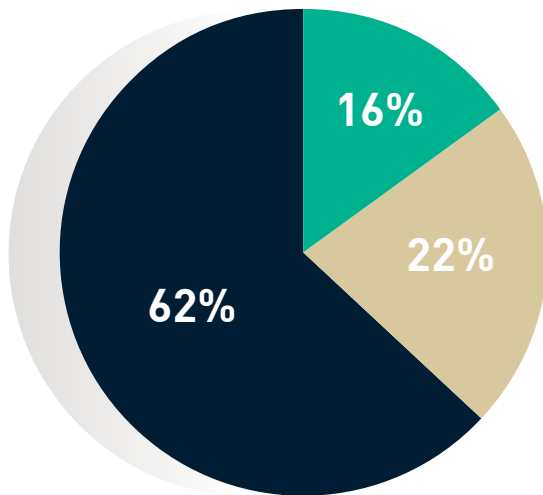
NFQ (National Framework of Qualifications) Level



TRAINEE PROFILE

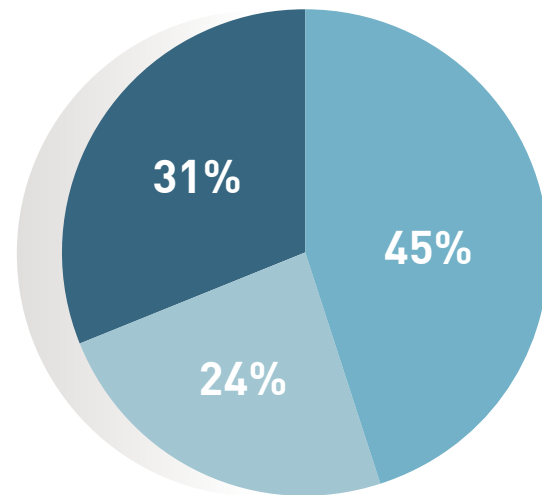


Courses by Certification



- NFQ
- Other
- Non-certified

Training Days by Certification



- NFQ
- Other
- Non-certified

Transforming Business through Talent

Statement of Strategy 2021-2025

In 2021, Skillnet Ireland made significant progress against its new Statement of Strategy, Transforming Business Through Talent 2021-2025. The year saw Skillnet Ireland support its highest number of companies and trainees, with 22,500 companies of all sizes across Ireland prioritising the development of an agile and talented workforce. Investment in talent development also increased to €60.2m, of which over €22m accounts for private sector investment during a challenging second year of the pandemic. This increased business and industry engagement in talent development programmes is helping to prepare businesses in Ireland for the challenges of digital transformation and climate change.

As the economy continues to recover from recent disruption, Skillnet Ireland placed a focus on the key areas listed below, which combined have helped enable businesses to remain competitive, boosted creativity and productivity, and supported business leaders as they adapt to today's new world of work.

Ensuring Ireland has a robust talent pipeline will also be instrumental in growing foreign direct investment and in developing the long-term talent needed to compete in growing markets globally. In 2021, Skillnet Ireland supported over 1,100 FDI companies across a range of sectors including MedTech, technology, financial services, biopharmachem and advanced manufacturing.

Together, the wide range of Skillnet Ireland talent development initiatives support the three strategic pillars of **Workforce Design, People Development** and **Strategic Innovation** and enable better businesses outcomes.

Accelerating
Digitalisation

Talent for
Climate
Action

Supporting
FDI Through
Talent

Developing
SME Business
Leadership

Workforce
Innovation &
Research



From L-R, Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris; Skillnet Ireland Executive Director, Tracey Donnery; Minister for the Environment, Climate and Communications, Eamon Ryan; and Skillnet Ireland Chief Executive, Paul Healy.

During 2021, a pipeline of over 40 new industry-developed programmes from our 72 Skillnet Business Networks provided valuable support to businesses large and small. The year also saw Skillnet Ireland launch a number of new talent initiatives, including Climate Ready, which will help to ensure Ireland's workforce remains competitive.



Developing Ireland's Workforce 2021

Improving the productivity, capability and competitiveness of enterprise.

In 2021, we delivered 9,853 talent development programmes to businesses nationwide, enabling them address talent gaps, boost innovation and productivity and prepare for the long-term implications of the future of work.

Skillnet Business Networks engaged directly with companies to develop customised supports to meet critical challenges across a range of sectors including biopharmachem, animation, advanced manufacturing, global business services, retail, healthcare, agri-food, energy, services and technology. Skillnet Ireland also developed a series of initiatives targeted to meet specific national priorities and respond to the practical needs of businesses now and into the future.

Many new programmes contributed to recommendations from key Government policies including Technology 2022, Finance for Ireland 2025, Foodwise 2025, National Cyber Security Strategy, Ireland's Competitiveness Challenge, SME and Entrepreneurship Growth Plan, National Artificial Intelligence Strategy, Building Innovation and Regional Development Plans.

Collectively, the impact of our work saw Skillnet Ireland awarded "Best Agency Support to Business" at the 2021 InBusiness Recognition Awards. Some examples of our programmes and initiatives in 2021 are highlighted on the following pages.



Skillnet Business Networks prioritised the business needs of SMEs and multinationals, successfully introducing new upskilling programmes to help meet the evolving needs of businesses and new ways of working, and to address Ireland's long-term talent challenges.

During a second year of considerable disruption and change within the economy and workforce, all 72 Skillnet Business Networks continued to deliver vital supports for enterprises, with a record number of companies and individuals supported through a range of best-in-class talent and upskilling programmes. Two innovative examples are presented here.

The expansion of the **First Polymer Training Skillnet** Centre of Excellence in 2021 has enabled the development of specialist talent, proving vital for innovation and building stronger companies within the polymer sector. The Centre showcases the latest in robotics, automation and smart support technologies available to businesses, many of which are SMEs.

As Ireland's only dedicated training centre for the polymer industry, in 2021 it supported 128 employers in the polymer, manufacturing and engineering industries, helping them to attract and retain talent through specialised upskilling programmes using state-of-the-art equipment. The Centre also provided career progression opportunities for over 563 new and existing employees in the domestic polymer industry.

2021 was a year where Skillnet Business Networks delivered record levels of vital support to businesses and the workforce, whilst maintaining a keen focus on innovation and preparing business for the future world of work.

Another example of innovative talent development in 2021 comes from **Lean & Green Skillnet**, who further evolved the Certified Water Stewardship programme to meet business needs. Developed in collaboration with Irish Water, the programme offers a long-term framework and certification model for participating businesses and supported 159 people in 2021. The programme is the first of its kind globally and the practical training ensures tangible, measurable results.

By 2021, over 300 of Ireland's leading industrial and service sites have graduated from the programme with more than 800 water improvement projects undertaken to date. In 2021, Nestle Wyeth in Limerick, an early participant on this programme, became only one of five independently certified platinum level water stewardship plants in the world, achieved on foot of their participation in this programme.



Graduates from **Retail Ireland Skillnet's** Retail Management Practice Degree programme, celebrating their graduation in October 2021.

Accelerating Workforce Readiness



Skillnet Ireland expanded the Skillnet Business Network community in 2021, launching three new Networks; **Engineering Skillnet** to focus on tackling an increasingly acute skills shortage in the engineering sector; **Industry 4.0 Skillnet** to stimulate digital innovation in the construction, quarry and manufacturing sectors; and the **Irish Hotels Federation Skillnet** to play a pivotal role in addressing the industry’s skills shortage and supporting recovery in this vital sector.

Engineering Skillnet launched in May 2021 to address the needs of both multinationals and home-grown engineering businesses across a broad range of industries such as automotive, aviation, energy and environment, construction, agriculture as well as the sub supply sectors. This Network is focused on developing leading-edge engineering, technology and management skills ensuring these businesses are prepared for the future and can continue to compete and grow.

From L-R, Skillnet Ireland Chief Executive, Paul Healy; President of the Irish Hotels Federation, Elaina Fitzgerald Kane; and Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris.





Skills Connect helps businesses meet emerging talent needs while helping workers rapidly reskill and adapt to a changing job market. Designed in partnership with enterprise, Skills Connect focuses on growth sectors and developing skills that are transferable across multiple sectors. The programme offers bespoke training solutions and company placements that enable rapid reskilling and re-entry into the workforce.

Of the 86,570 learners who undertook training with Skillnet Ireland in 2021, 4,947 were jobseekers who participated through Skillnet Ireland's Skills Connect programme. These trainees participated in training across 41 Skillnet Business Networks nationally.

Skills Connect enables workers to reskill or upskill and access new opportunities in high growth sectors including technology, medtech, biopharmachem, agri-food, design, manufacturing and healthcare.

Supporting Ireland's Climate Action Plan

In 2021, **Green Tech Skillnet** launched three unique Skills Connect training and work placement programmes for transitioning those seeking to re-enter the workforce to the energy sector. Skills Connect programmes such as 'Work in Wind' and 'Wind Turbine Technician' provided a pathway into renewable energy that did not previously exist. 21 participants completed the 'Wind Turbine Technician' training and work placement programme, which enables participants to become fully certified Wind Turbine Technicians to Global Wind Organisation standard. 28 participants completed the 'Work in Wind' (Graduate Level) training and work placement programme in 2021, which enables participants to progress into a career path in the wind sector.

Supporting Talent in the Technology Sector

Developed in partnership with industry, the CyberQuest Skills Connect programme from **it@cork Skillnet** was designed to help workers severely impacted by the COVID-19 pandemic to reskill quickly and secure new roles within the cybersecurity sector. Offering three pathways from foundational cybersecurity skills to advanced cybersecurity, in 2021, the programme enabled 247 individuals to develop specific technology skills and benefit through career mentoring supports at technology companies. **it@cork Skillnet** also launched a cybersecurity skills development strategy to build insights on the future skill requirements within cybersecurity in Ireland.

Talent for Ireland's Green Economy

Climate action is presenting significant change and opportunity for businesses in Ireland. Skillnet Ireland developed Climate Ready in partnership with enterprise to equip businesses with the talent and skills they need to respond to climate change.

Designed in partnership with Chambers Ireland, Wind Energy Ireland and Sustainable Finance Ireland, Climate Ready will ensure Irish businesses have access to the leading edge supports, skills and insights they need to build sustainable operating models and develop the talent to respond to this shift.

Created to support the Government's Climate Action Plan and the Climate Action and Low Carbon Development Bill, Climate Ready equips businesses with the practical skills and knowledge they need across a range of critical areas to prepare for this change – delivering real results for our economy, workforce and climate.



Talent for Ireland's
Green Economy

Climate Ready offers several pathways for businesses. These include the new Climate Ready Academy, a Climate Ready Cluster of Skillnet Business Networks that deliver substantial expertise for Irish businesses in renewable energy and green technology; environmental, water and energy management and sustainable finance; and Climate Ready Industry Insights.

Together, they form a centralised platform to help businesses advance their thinking and actions around sustainable practices and climate change. Supporting businesses in managing the challenges and opportunities of transitioning to a low-carbon economy, Climate Ready supported more than 1,648 companies and 3,244 people in 2021.



"Skillnet Ireland's Climate Ready programme supports our climate goals by providing every Irish business with the opportunity to build the skills they need to prepare for this challenge and capitalise on the many opportunities the green economy will offer."

Minister of Further and Higher Education, Research, Innovation and Science, Simon Harris T.D.

Minister of State at the Department of Further and Higher Education, Research, Innovation and Science, Niall Collins TD joined Skillnet Ireland and Chambers Ireland to launch Climate Ready Academy's 'Sustainable Leaders Programme'.

Boosting Innovation Through Talent

In 2021, Skillnet Ireland continued to take a strategic approach to talent development to ensure businesses have access to enterprise-led programmes that address skills gaps and future talent needs. Skillnet Ireland facilitated cutting-edge strategic collaborations between industry and academia to shape and deliver the most impactful talent development solutions and initiatives that support business innovation.

Working in partnership with industry and academia, Skillnet Ireland continues to play a key role in shaping the Artificial Intelligence (AI) talent agenda through the delivery of learning and development programmes that respond to the growing demand for AI skills in Ireland, and in alignment with the 'AI: Here for Good' strategy. Leveraging deep roots within the tech sector, Skillnet Ireland offered a suite of AI programmes in 2021 through three Skillnet Business Networks supporting the technology sector. Developed in partnership with Dublin City University, UL and NUI Galway, these programmes have significantly enhanced the postgraduate learning opportunities of people working in the industry, who have been keen to deepen their computing skills through specialisation in AI.

In 2021, a total over 350 people participated AI programmes with Skillnet Ireland. These AI programme include three MSc in AI, MSc. in Computer Science in AI, Postgraduate Certificate in AI, and a new Foundation Certificate in AI.

In 2021, Skillnet Ireland piloted The Innovation Exchange in collaboration with Dublin BIC, an ambitious initiative that accelerates innovation and drives real results. Aiming to connect SMEs with multinationals facing digital challenges, it provides SMEs with access to new markets, new customers and industry expertise. It provides participating multinationals with access to start-up creativity, new ways of working, and ways to successfully harness emerging technologies. 70 companies participated in the pilot including Glanbia, IBM and Ryanair. Following the success of the 2021 pilot, The Innovation Exchange was formally launched in early 2022 and continues to capture the spirit of collaboration that lies within the Irish business ecosystem.



2021 saw the further expansion of MentorsWork, a joint initiative from Skillnet Ireland and the Small Firms Association (SFA) which connects SME owners and managers throughout Ireland with experienced mentors, supporting them to navigate business challenges and plan for growth.

Through expert mentoring and business supports specifically targeted at the SME sector, MentorsWork helps business owners and managers address the challenges they face including strategic planning, financial management, digital transformation and examining new business models.

A new element of the award-winning programme in 2021 was the MentorsWork Competency Assessment, an online diagnostic tool which helps business owners and managers to identify skills and development needs. In addition to its central purpose of connecting participants with dedicated expert business mentors from within their industry, MentorsWork now features a detailed Competency Assessment tool, peer-focused workshops, expert-led masterclasses and access to a self-paced learning portal.



From L-R, Sven Spollen-Behrens, Director, SFA; Liz Thomas, Head of Strategic Projects, Skillnet Ireland; and Dave Flynn, Director of Business Networks, Skillnet Ireland; accepting the 2021 IIITD National Training Award for Best Mentoring or Coaching Initiative.

MentorsWork is a flexible programme and a valuable tool focused on boosting the overall productivity and prosperity of Irish SMEs.

MentorsWork supported 603 businesses in 2021 from a wide range of sectors including services, retail, health and food and drink. MentorsWork was awarded the 'Best Mentoring or Coaching Initiative' at the Irish Institute of Training & Development (IITD) National Training Awards 2021.

Future of Work and Talent Development



The future of work, the impact of increased digitalisation and the climate change challenge are vital considerations for every business throughout Ireland. To advance thinking and action on these core areas, Skillnet Ireland published several research studies during 2021 that delivered valuable industry insights on the forces shaping the future of work and the steps needed for businesses to be innovative, digitally advanced, and mindful of sustainability and wider issues.

'A Micro-Credential Roadmap: Currency, Cohesion and Consistency' report provides insights from the first National Micro-Credential Survey conducted among Irish employers and employees to investigate understanding and perceptions of the potential of micro-credentials to support development and learning. The research was conducted in partnership with the National Institute of Digital Learning (NIDL) and the Irish Institute of Digital Business in Dublin City University (DCU), and in collaboration with five Skillnet Business Networks:

Aviation Skillnet, ICBE Advanced Productivity Skillnet, ICBE Business Excellence Skillnet, Galway Executive Skillnet, and Taste4Success Skillnet.

Accepted as a growing and innovative way of recognising a wide range of learning experiences, the report highlights the many benefits of micro-credentials such as short lead-in times to certification, flexibility in learning, and skill provision in new and expanding areas.

With sustainable finance activity surging globally, talent development remains an integral part of transforming the sustainable finance agenda in Ireland. 2021 saw the launch of the 'Sustainable Finance Roadmap', which has been developed by **Sustainable Finance Skillnet**, Sustainable Finance Ireland and UN-convened FC4S, in collaboration with public and private stakeholders across Ireland, including the Department of Finance and Skillnet Ireland, and internationally.



The Sustainable Finance Roadmap identifies 18 actions, including the establishment of an international Sustainable Finance Centre of Excellence which will position Ireland for a global leadership role in sustainable finance and in the development of new sustainable financial products and services. Access to talent and expert talent development solutions remain centre stage in realising this ambition. Skillnet Ireland will continue to play a central role in driving real change in this sector through targeted talent development supports.

"This roadmap sets out targeted measures with a view to Ireland being a leading sustainable finance centre by 2025. The challenges facing us from climate change are stark. Governments and international financial institutions are scaling up investment planning to finance the activities and technologies we need to achieve our net-zero targets."

— Minister for Finance, Paschal Donohoe T.D.

SKILLNET IRELAND BOARD 2021

BUSINESS AND EMPLOYERS REPRESENTATIVES



1. **Brendan McGinty**
(Chairperson)
Ibec



2. **Carol Ann Casey***
Ibec



3. **Mairéad Divilly**
Small Firms
Association
(SFA)



4. **Áine Doyle***
Ibec



5. **Hubert Fitzpatrick**
Construction
Industry Federation



6. **Karl McDonagh**
Ibec



7. **Ian Talbot**
Chambers Ireland

EMPLOYEE REPRESENTATIVES



8. **Laura Bambrick****
Irish Congress
of Trade Unions
(ICTU)



9. **Eamon Devoy**
Irish Congress
of Trade Unions
(ICTU)



10. **Tony Murphy***
Irish Congress
of Trade Unions
(ICTU)

MINISTERIAL REPRESENTATIVES



11. **Thomas Cooney**



12. **Yvonne McNulty**



13. **Fiona Walsh**

SECRETARY



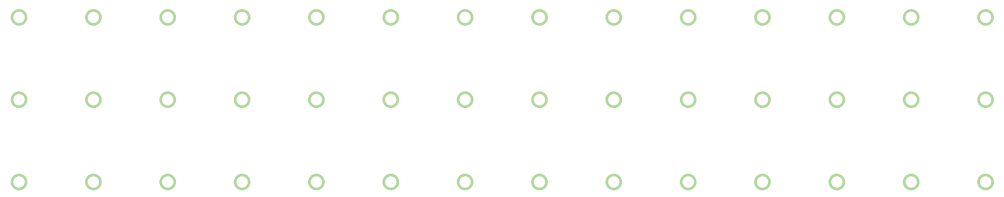
14. **Caitríona King*****
Skillnet Ireland

Note:

*Appointed on 9th September 2021

**Resigned on 24th May 2022

***Appointed on 21st October 2021



Corporate Governance and Financial Statements

Reports and Consolidated Financial Statements
for the financial year ended 31 December 2021

CONTENTS

Directors and Other Information	31
Directors' Report	32–38
Statement on System of Internal Control	39–41
Directors' Responsibilities Statement	42
Independent Auditor's Report	43–45
Consolidated Statement of Income and Retained Earnings	46
Consolidated Statement of Financial Position	47
Company Statement of Financial Position	48
Consolidated Statement of Cashflows	49
Notes to the Consolidated Financial Statements	50–67



DIRECTORS AND OTHER INFORMATION

DIRECTORS

Brendan McGinty (Chairperson)
Carol Ann Casey
Thomas Cooney
Eamon Devoy
Mairéad Divilly
Áine Doyle
Hubert Fitzpatrick
Karl McDonagh
Yvonne McNulty
Tony Murphy
Ian Talbot
Fiona Walsh

SECRETARY

Caitríona King

CHIEF EXECUTIVE

Paul Healy

REGISTERED OFFICE

Fifth Floor
Q House
76 Furze Road
Sandyford
Dublin 18
D18 E268

REGISTERED NUMBER

298694

AUDITORS

Deloitte Ireland LLP
Chartered Accountants and
Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

SOLICITORS

Philip Lee Solicitors
7/8 Wilton Terrace
Dublin 2

BANKERS

Bank of Ireland
Lower Baggot Street
Dublin 2

DIRECTORS' REPORT

The Directors submit their annual report, together with the audited consolidated financial statements, for the financial year ended 31st December 2021.

Principal activities

Skillnet Ireland (“the Company”) was formed to provide grants for the promotion, formation and successful operation of enterprise-led training networks under the *Training Networks Programme*. This is funded by the Department of Further and Higher Education, Research, Innovation and Science (“the Department”) from the National Training Fund (previously the Department of Education and Skills). Skillnet Ireland hold a 100% subsidiary Skillnets Services Designated Activity Company (“Skillnets Services”) which delivers Management Development Programmes on a not-for-profit basis.

Going concern

The COVID-19 global pandemic continues to affect many businesses throughout Ireland. As per a Performance and Delivery Agreement between Skillnet Ireland and the Department of Further and Higher Education, Research, Innovation and Science, Skillnet Ireland is dependent on the ongoing support of the Department to provide adequate funding to enable it to provide grants for the provision of enterprise-led training under the *Training Networks Programme*. The Department has confirmed Skillnet Ireland’s funding for

2022 as €52.898m (2021: €40.898m), and the Directors are of the opinion that it remains appropriate to present the Financial Statements on a going concern basis and that there is a reasonable expectation that Skillnet Ireland will continue to trade.

In assessing whether the Financial Statements should be prepared on a going concern basis, the Directors have given due consideration to the following:

- In 2022, total funding to Skillnet Ireland from the Department of Further and Higher Education, Research, Innovation and Science has been confirmed by means of a Letter of Allocation as €52.898m.
- There is no indication from the Department of Further and Higher Education, Research, Innovation and Science that funding will be significantly reduced for 2023.
- The scope of the Performance and Delivery Agreement between Skillnet Ireland and the Department, positions Skillnet Ireland to contribute to measures supporting businesses in their recovery from the COVID-19 crisis. In 2022 additional funding via the Brexit Adjustment Reserve Fund (BAR Fund) has been confirmed to support businesses impacted by Brexit which prioritises SME digitisation, leadership development and sustainability.

- An effective Business Continuity Plan has ensured that the Company has the capacity to indefinitely operate business systems as normal on a remote basis.
- There is no impact on the balance sheet of the Company.
- There is no change in the key accounting estimates used by the Company that may affect the position of the Company as at 31st December 2021.

In 2018, the management development programme that is centrally provided for by Skillnet Ireland via Skillnets Services was reviewed by the Board and Executive.

Arising from the review, the Board agreed at its meeting held on 7th February 2019, that Skillnet Ireland should cease offering management development programmes through Skillnets Services in 2019 as there was adequate provision of quality management development being delivered through Skillnet Ireland Networks and accordingly revenues from this activity are noted as discontinuing over the period 2019 to 2021.

During the phase-out period, 2019 to 2022, existing eligible learners engaged in management development programmes provided via Skillnets Services through several third parties, will continue to be supported with subsidised training should they choose to complete other modules within these programmes.

DIRECTORS' REPORT

In September 2019, the Board of Skillnet Ireland allocated €383,461 to Skillnets Services to meet potential future obligations arising from the likely up take of courses by eligible learners over the period 2020 to 2022. The Board agreed at its meeting held on 27th May 2021 to the transfer of funds of €300,000 from Skillnets Services to Skillnet Ireland in unused grant allocation. As at 31 December 2021, the balance repayable to Skillnet Ireland is €10,807 (see note 10). In the event that this balance is not used, it is repayable to the parent company.

The Directors have a reasonable expectation that Skillnet Ireland has adequate resources to maintain operations. On this basis these Financial Statements have been prepared on the going concern basis.

Principal risks and uncertainties

In the normal course of business, the Company is exposed to strategic, operational, funding and reputational risks all of which are managed in accordance with the policies approved by the Board. The Company maintains a comprehensive strategic and operational risk register which outlines principal risks and mitigating policies. The risk register is subject to review by the Board on an on-going basis and the Board is at all times conscious that maintaining the reputation of the organisation is critical. The principal risks and uncertainties that the Company faces are:

Financial

The Company is dependent on the ongoing support of the Department. Ongoing funding at an appropriate level is fundamental to the Company's ability to continue as a going concern. The funding allocation to Skillnet Ireland has been confirmed for 2022 which mitigates any risk that may arise.

Regulatory

The Company is subject to stringent regulations and has appropriate processes in place to monitor and comply with all legislation impacting on its operations.

Governance

The risk of failure to adhere to agreed policies, procedures and processes due to a lack of financial controls, which may lead to a misstatement, fraudulent behaviour or a potential financial loss to the Company is mitigated via a Risk Control Framework and compliance with the Code of Practice for the Governance of State Bodies (2016).

Within each contracted enterprise group, the risk of failure to adhere to agreed operating guidelines, which may lead to a potential financial loss to the Company, is mitigated via compliance activities. The compliance activities are a systematic, disciplined approach to evaluate and improve how each Skillnet Network will approach risk management, financial control, and governance.

Strategic

The Company assess external risks and changes to the environment in which we operate e.g. change in government policy which may impact the delivery and achievement of our strategic objectives.

Operational

The Company reviews its operational framework to avoid disruption to day to day activities due to systems or process failure resulting in a loss of productivity and a reduced quality of service delivery.

Such risks may include:

1. Loss of records through inadequate IT systems
2. Breach of security due to failure to follow procedures resulting in potential theft and/or loss of assets.
3. Weather - Fire/Flood.

Reputational

The Company considers the actual and perceived impact of any significant risks likely to arise as a result of decisions taken.

DIRECTORS' REPORT

Results for the Financial Year

The results for the financial year and the assets and liabilities of the Company are set out in the Consolidated Statement of Income and Retained Earnings and the Statement of Financial Position on pages 46 and 47 respectively.

	2021 €	2020 €
Result for the financial year	-	-
Retained earnings brought forward at beginning of financial year	51,075	51,075
Retained earnings carried forward at end of financial year	51,075	51,075

Directors and Secretary

The Directors and Secretary, who served at any time during the financial year are set out below. Unless otherwise stated, all Directors served for the entire year.

Directors:

Brendan McGinty (Chairperson)
Laura Bambrick (resigned 24th May 2022)
Áine Brolly (resigned 16th April 2021)
Carol Ann Casey (appointed 9th September 2021)
Thomas Cooney
Eamon Devoy
Mairéad Divilly
Áine Doyle (appointed 9th September 2021)
Hubert Fitzpatrick
Nuala Keher (resigned 27th May 2021)
Karl McDonagh
Kara McGann (resigned 27th May 2021)
Yvonne McNulty
Tony Murphy (appointed 9th September 2021)
Ian Talbot
Fiona Walsh

Secretary:

Caitríona King (appointed 21st October 2021)
Ian Quinn (resigned 21st October 2021)

The current Directors and Secretary are listed on page 31. They had no beneficial interest in the shares of the Company.

Corporate Governance

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. Apart from one derogation sought from the Code and agreed with the Department of Further and Higher Education, Research, Innovation and Science, details of which are noted in the Statement on System of Internal Controls, the Board is of the view that the Company has throughout the accounting period, complied with all relevant provisions set out in the Code.

The Company structure of the Board of Skillnet Ireland is that all 13 Directors are nominees of specified organisations that have an interest in employee training, with a majority representing employers, as follows:

- Minister for Further and Higher Education, Research, Innovation and Science (three nominees)
- Ibec (four nominees)
- The Construction Industry Federation (one nominee)
- Chambers Ireland (one nominee)
- The Small Firms Association (one nominee)
- The Irish Congress of Trade Unions (three nominees)

DIRECTORS' REPORT

The Board has established three Committees, the duties and responsibilities of each Committee are set out clearly in written Terms of Reference which have been approved by the Board. The Committees of the Board are:

- Audit and Risk Committee
- Finance and General-Purpose Committee
- Evaluation and Performance Monitoring Committee

The Board has delegated some of its responsibilities to Committees of the Board, which are referred to below.

Audit and Risk Committee

Membership: Mairéad Divilly (Chair), Carol Ann Casey, Eamon Devoy, Ian Talbot and Fiona Walsh.

The Audit and Risk Committee is chaired by Mairéad Divilly who is considered by the Board to have sufficient financial experience and sufficient understanding of financial reporting and accounting principles.

The Audit and Risk Committee provide oversight of:

- Financial reporting
- Internal controls and risk management
- Internal and external audit functions.

Finance and General-Purpose Committee

Membership: Mairéad Divilly (Chair), Áine Doyle, Hubert Fitzpatrick and Brendan McGinty.

The Finance and General-Purpose Committee provide oversight of:

- Operational effectiveness
- Human resources and remuneration matters
- Annual budget and application of funds in accordance with the Company's mandate and funding allocation letter.

Evaluation and Performance Monitoring Committee

Membership: Thomas Cooney (Chair), Laura Bambrick, Karl McDonagh, Yvonne McNulty and Tony Murphy.

The Evaluation and Performance Monitoring Committee shall:

- Review applications for funding and awards for grants
- Oversee the application process followed by the Executive
- Define and set performance measures and benchmarks for the Networks and related programmes.

Conflicts of Interest

The Board reviews potential conflicts of interest as a standing agenda item at each Board meeting. Directors have continuing obligations to update the Board on any changes to these conflicts.

Induction and Training

There is an established induction procedure in place for new Directors. Directors engage with the Executive on an ongoing basis to aid their understanding of the business. The Board considers on an ongoing basis the need for additional training in respect of any matters relevant to the development and operation of the Board or any of its Committees.

Board Performance and Evaluation

In accordance with Section 4.6 of the Code of Practice for the Governance of State Bodies 2016, the Board commissioned an External Board Evaluation Review in quarter 4 2019. The majority of recommendations arising from this review have been implemented with a small number on hold due to the COVID-19 pandemic.

DIRECTORS' REPORT

Directors' meeting attendance and fees paid in 2021

Details of fees paid in 2021 and attendance of directors at Board and Board Committee meetings during the year was as follows:

Director	Board		Audit & Risk Committee		Finance & General-Purpose Committee		Evaluation & Performance Monitoring Committee		Fees 2021 €	Fees 2020 €
	Total	Attended	Total	Attended	Total	Attended	Total	Attended		
Brendan McGinty (Chairperson)	7	7	-	-	2	2	-	-	11,970	8,978
Laura Bambrick (1)	7	5	-	-	-	-	3	3	7,695	5,985
Áine Brolly	2	1	-	-	-	-	1	1	2,993	5,985
Thomas Cooney (2)	7	7	-	-	-	-	3	3	Nil	Nil
Eamon Devoy	7	7	4	3	-	-	-	-	7,695	5,985
Mairéad Divilly	7	6	4	4	2	2	-	-	7,695	5,985
Hubert Fitzpatrick (1)	7	6	-	-	2	2	-	-	7,695	5,985
Nuala Keher	3	3	-	-	1	1	-	-	2,993	5,985
Karl McDonagh	7	7	-	-	-	-	3	3	7,695	5,985
Kara McGann	3	2	-	-	-	-	1	-	2,993	5,985
Yvonne McNulty	7	6	-	-	-	-	3	3	7,695	5,985
Ian Talbot (1)	7	6	4	3	-	-	-	-	7,695	5,985
Fiona Walsh	7	4	4	3	-	-	-	-	7,695	5,985
Carol Ann Casey	2	2	-	-	-	-	-	-	1,924	Nil
Áine Doyle	2	2	-	-	-	-	-	-	1,924	Nil
Tony Murphy (3)	2	2	-	-	-	-	-	-	1,924	Nil

- Note:**
- (1) As disclosed in notes 5 and 17 to the Financial Statements, a number of Directors have waived their fee for Director services provided to Skillnet Ireland and instead opted to have that amount paid to their representative organisations.
- (2) Thomas Cooney did not receive a fee under the One Person One Salary (OPOS) principle.
- (3) As disclosed in notes 5 and 17 to the Financial Statements, one Director Tony Murphy, who was appointed in 2021, charged Skillnet Ireland for the provision of Director services in 2021.
- (4) In 2021 fees paid to Directors were adjusted to comply with the Department of Public Expenditure and Reform's Circular 17/2019 and the fees payable to the Chairperson and members of non-commercial State Boards.

DIRECTORS' REPORT

Protected Disclosures Act 2014

Pursuant to Section 22 of the Protected Disclosures Act 2014, Skillnet Ireland confirms that no reports were received and/or are under investigation in accordance with the provisions of the Protected Disclosures Act 2014 for the year ended 31st December 2021 (2020: nil).

Resource Efficiency Reporting

The Government Decision S180/20/10/0434C of 3 January 2019, on the topic of Single Use Plastics, Prevention of Waste and Green Public Procurement, instructed that each public body must report to its respective Minister on the measures it is taking to minimise waste generation and to maximise recycling.

Skillnet Ireland is committed to minimising waste generation and maximising recycling and has implemented the following measures:

- Staff are encouraged to use 'double-sided' printing to minimise paper waste
- Provision of separate bins for recycling and general waste
- Discontinued the use of 'single-use' plastics and paper cups
- Paper waste is shredded and recycled (where applicable).

Management

The leadership team is made up of 6 members of staff (2020: 6).

Political Contributions

There were no political donations made during the financial year (2020: €Nil).

Subsidiary Undertaking

The information required by the Companies Act 2014 in relation to subsidiary undertakings is set out in note 9.

Post Balance Sheet Events

There have been no significant events affecting the Company since the financial year end.

Future Developments

In 2020, Skillnet Ireland launched a new Statement of Strategy 2021-2025.

The Statement of Strategy is informed by an extensive multi stakeholder consultation spanning government, state agencies, industry bodies, worker representatives and the general public. Consultations were conducted in 2019 and again in 2020 to take account of the impact of COVID-19. Three strategic themes were highlighted through the consultation process:

1. **Workforce Design**
2. **People Development**
3. **Strategic Innovation**

The Board and Executive have expressed their gratitude to all of the stakeholders who previously took part in an extensive consultation process as part of the renewal of the Statement of Strategy 2021-2025.

In October 2021, the Department of Further and Higher Education, Research, Innovation and Science announced that €41.898m in funding will be allocated to Skillnet Ireland in 2022.

DIRECTORS' REPORT

As part of the Government's Revised Estimates for the Public Service (REV) announced in December 2021, an additional €11m of funding was allocated from the Brexit Adjustment Reserve Fund (BAR) by the Department of Further and Higher Education, Research, Innovation and Science.

The total funding allocated to Skillnet Ireland in 2022 is €52.898m (2021: €40.898m).

Accounting Records

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at 5th Floor, Q House, 76 Furze Road, Sandyford, Dublin 18.

Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time the Directors' Report and financial statements are approved:

- A. So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- B. Each Director has taken all steps that ought to have been taken by the 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014 (as amended).

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:



Brendan McGinty
Director



Mairéad Divilly
Director

Date: 24th May 2022

STATEMENT ON SYSTEM OF INTERNAL CONTROL

Governance and Financial controls

On behalf of the Board of Skillnet Ireland I acknowledge our responsibility for good governance and for ensuring that an effective system of internal control is maintained and operated. The system of internal control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period. The system requires that the executive team overseeing programmes, operations, finance, procurement and HR exercise stringent control and report any significant control failures to the Board.

Financial Control Framework

The Board has taken steps to ensure an appropriate financial control framework is in place by:

- Clearly defining and documenting management responsibilities;
- Establishing formal Committees to monitor the activities and safeguard the assets of the organisation;
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken;
- Adopting and adhering to the Code of Practice for the Governance of State Bodies (2016).

In addition to the above, the Board ensures that it has continued oversight of the control environment at each Board meeting through the following reports and updates from:

- The Audit and Risk Committee;
- The Chief Executive's report;
- A review of the Company Risk Register;
- The presentation to the Board of activity and financial results, current month and year-to-date, on a monthly basis.

Risk

Skillnet Ireland, through its Risk Management Policy, is committed to the implementation of a coherent and effective framework for managing risk throughout the Company. It also provides a proactive approach to identifying, managing and reporting the risks faced by the Company.

The Board has overall responsibility for the Company's system of internal control and for monitoring its effectiveness. The system of internal control is designed to provide reasonable but not absolute assurance against the risk of material misstatement or loss. In order to discharge that responsibility in a manner which ensures compliance with legislation and regulations, the Board has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The Board has delegated authority to the Audit and Risk Committee regarding the ongoing oversight of risk. Significant risks to the organisation are documented in the Company Risk Register, which identifies the top risks, their likelihood and impact, and the mitigating controls in place to manage them effectively. The Risk Register is assessed at each Audit and Risk Committee meeting and Risk is a standing agenda item at each Board meeting.

Key financial control processes and procedures

The system of internal control is based on a framework of regular management information, policies and procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system, with an annual budget which incorporates a detailed business planning process, is reviewed and agreed by the Board
- Setting targets to measure financial and other performance
- Reviews by the Board of monthly and annual financial reports which indicate activity and financial performance against budgets; and
- Established procurement procedures under which goods and services are procured in accordance with EU and national procurement requirements.

STATEMENT ON SYSTEM OF INTERNAL CONTROL

As an entity in receipt of public funding, Skillnet Ireland is mandated by the Department of Further and Higher Education, Research, Innovation & Science to determine suitable monitoring and review activities. The compliance activities conducted by Skillnet Ireland aim to add value to our Networks by bringing a systematic, disciplined approach to evaluate and improve how we approach risk management, financial control, and governance processes. Skillnet Ireland operates a risk-based approach in its compliance monitoring activities, which provides an effective approach to identifying and responding to potential issues.

How Skillnet Ireland disburses grant funding

Each Skillnet Network, which is managed independently of Skillnet Ireland via contracted enterprise groups, must apply to Skillnet Ireland for funding. Applications are subject to formal assessment based on published criteria. The Evaluation and Performance Monitoring Committee (EPM) is the designated Board Committee to:

- Define and set performance measures and benchmarks for the Skillnet Networks and related programmes.
- Oversee the application process followed by the Executive to ensure that the Committee can have confidence in its approach.

- Review third party inputs to the application process as appropriate.
- Review applications for funding and awards for grants.
- Make recommendations to the Board on any area within its remit.

The Board determines the criteria by which employer networks are selected and reserves the right to make or delegate decisions concerning the awards to be made to provide Company funding for Skillnet Networks.

Skillnet Networks that have been awarded grants are required to enter into legally binding funding agreements with Skillnet Ireland in advance of receiving those grants.

Internal Audit

The Skillnet Ireland Audit and Risk Committee oversees the Internal Audit function on behalf of the Board.

The Audit and Risk Committee has appointed ASM Chartered Accountants to provide Internal Audit Services to Skillnet Ireland. The Internal Audit assignments identified by the Audit and Risk Committee considered a range of factors which would influence the selection of areas for inclusion within the 2020/21 Internal Audit Plan. These factors included previous internal audit reviews and their findings, Skillnet Ireland's current Risk Register and other topical issues.

Internal audit reports are closely monitored and actioned upon by the Skillnet Ireland Executive with reports issued to the Audit and Risk Committee to coincide with each of their four scheduled meetings per year.

Satisfactory Assurance reports have been issued in respect of all internal audits conducted since the start of 2021. There were no material breaches of controls in 2021 and no material losses or frauds.

The Statement on the System of Internal Control was reviewed by the Audit and Risk Committee and the Board to ensure that it accurately reflected the control system in operation during 2021.

Review of the System of Internal Control

The Board's monitoring and review of the effectiveness of the System of Internal Control is informed by the work of:

- The Skillnet Ireland Executive who have responsibility for the development and maintenance of the financial control framework
- The Internal Audit Reports that are issued during the year
- The Audit and Risk Committee, which oversees the work of Internal Audit and related compliance monitoring activities.

In addition, the Board considers comments made by the Company's statutory auditors in their management letter or other reports.

STATEMENT ON SYSTEM OF INTERNAL CONTROL

Additional disclosures in relation to certain categories of expenditure

The Board is responsible for ensuring that Skillnet Ireland 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:

Legal costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by Skillnet Ireland which is disclosed in Consultancy costs below.

	Notes	2021 €	2020 €
Legal costs		-	-
Legal settlements		-	-
Total		-	-

Skillnet Ireland is not involved in any on-going matters involving other State agencies.

Redundancy costs	6	-	93,873
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Consultancy costs

Consultancy costs include the cost of external advice to management and exclude outsourced ‘business-as-usual’ functions.

	Notes	2021 €	2020 €
Legal advice		32,433	48,727
IT Consultancy		-	45,203
Policy and Research		27,647	27,198
New Programme Development		50,753	87,851
Strategy development		161,438	41,974
HR Consultancy		20,616	-
		292,887	250,953
Total Consultancy costs charged to the Income and Expenditure Account		292,887	250,953

Travel and Subsistence Expenditure

Travel and subsistence expenditure are categorised as follows:

Domestic	-	-	-
Board		-	-
Employees		1,141	9,373
International			
Board		-	-
Employees		5	1,617
Total		1,146	10,990

Includes travel and subsistence of €Nil paid directly to Board members in 2021 (2020: €Nil).

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	Notes	2021 €	2020 €
Staff Hospitality		7,805	6,431

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. The Board of Skillnet Ireland has agreed one derogation with the Department of Further and Higher Education, Research, Innovation and Science from the Code of Practice for the Governance of State Bodies (2016) namely Section 4.5 - Directors Terms of Appointment.

The Board is of the view that the Company has throughout the accounting period complied with all other sections of the Code of Practice for the Governance of State Bodies (2016).

On behalf of the Board of Skillnet Ireland:



Brendan McGinty
Chairperson, Skillnet Ireland

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council* ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the surplus or deficit of the group for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies for the parent company and the group financial statements and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLNET IRELAND

Report on the audit of the financial statements

Opinion on the financial statements of Skillnet Ireland Company Limited by Guarantee ("the company")

In our opinion the group and parent company financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2021 and of the result of the group for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The group financial statements:

- The Consolidated Statement of Income and Retained Earnings;
- The Consolidated Statement of Financial Position;
- The Consolidated Statement of Cashflows; and
- The related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The parent company financial statements:

- The Statement of Financial Position; and
- The related notes 1 to 20, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Reports and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLNET IRELAND

Other information (contd)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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 and parent 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 and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLNET IRELAND

Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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 parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors' Report does not reflect the groups compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Sheehan (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

26th May 2022

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €	2020 €
INCOME	3	42,991,207	38,584,562
Programme costs		(39,007,420)	(34,826,560)
GROSS SURPLUS		3,983,787	3,758,002
Administration costs		(3,983,787)	(3,758,002)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	-
Taxation	7	-	-
RESULT FOR THE FINANCIAL YEAR		-	-
Retained earnings at the beginning of the reporting period		51,075	51,075
Retained earnings at the end of the reporting period		51,075	51,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 €	2020 €
Fixed Assets			
Tangible assets	8	162,986	264,274
Current Assets			
Debtors: Amounts falling due within one year	10	1,197,491	261,246
Cash at bank and in hand	11	346,211	3,340,154
		1,543,702	3,601,400
Current Liabilities			
Creditors: Amounts falling due within one year	12	(1,655,613)	(3,814,599)
Net Current Liabilities		(111,911)	(213,199)
Net Assets		51,075	51,075
Capital and Reserves			
Retained earnings		51,075	51,075

The financial statements were approved and authorised for issue by the Board of Directors on 24th May 2022 and signed on its behalf by:



Brendan McGinty
Director



Mairéad Divilly
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 €	2020 €
Fixed Assets			
Tangible assets	8	162,985	264,274
Financial assets	9	1	1
		<u>162,986</u>	<u>264,275</u>
Current Assets			
Debtors: Amounts falling due within one year	10	1,194,098	559,331
Cash at bank and in hand	11	283,907	2,962,400
		<u>1,478,005</u>	<u>3,521,731</u>
Current Liabilities			
Creditors: Amounts falling due within one year	12	(1,640,991)	(3,786,006)
Net Current Liabilities		<u>(162,986)</u>	<u>(264,275)</u>
Net Assets		<u>-</u>	<u>-</u>
Capital and Reserves			
Retained earnings	14	<u>-</u>	<u>-</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24th May 2022 and signed on its behalf by:



Brendan McGinty
Director



Mairéad Divilly
Director

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €	2020 €
Net cash flows from operating activities	15	(2,929,296)	2,657,887
Net cash flows from investing activities			
Purchase of tangible assets	8	(64,647)	(119,249)
Net (decrease) / increase in cash and cash equivalents		(2,993,943)	2,538,638
Cash and cash equivalents at beginning of year		3,340,154	801,516
Cash and cash equivalents at end of year	11	346,211	3,340,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies and measurement bases have all been applied consistently throughout the financial year and to the preceding year.

General Information and Basis of Accounting

Skillnet Ireland is a company incorporated in the Republic of Ireland under the Companies Act 2014. The address of the registered office is provided on page 31. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 32 to 38.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be euro because that is the currency of the primary economic environment in which the Company operates.

Basis of Consolidation

The consolidated financial statements include the parent company, Skillnet Ireland and its wholly owned subsidiary, Skillnets Services DAC.

Going Concern

The COVID-19 global pandemic continues to affect many businesses throughout Ireland. As per a Performance and Delivery Agreement between Skillnet Ireland and the Department of Further and Higher Education, Research, Innovation and Science, Skillnet Ireland is dependent on the ongoing support of the Department to provide adequate funding to enable it to provide grants for the provision of enterprise-led training under the Training Networks Programme. The Department has confirmed Skillnet Ireland's funding for 2022 as €52.898m and the Directors are of the opinion that it remains appropriate to present the Financial Statements on a going concern basis and that there is a reasonable expectation that Skillnet Ireland will continue to trade. In assessing whether the Financial Statements should be prepared on a going concern basis, the Directors have given due consideration to the following:

- In 2022, total funding to Skillnet Ireland from the Department of Further and Higher Education, Research, Innovation and Science has been confirmed by means of a Letter of Allocation as €52.898m

- The key impact of COVID-19 would be a reduction in the level of funding allocated to the Company in 2021. There is no indication from the Department of Further and Higher Education, Research, Innovation and Science that funding will be significantly reduced for 2023
- The scope of the Performance and Delivery Agreement between Skillnet Ireland and the Department, positions Skillnet Ireland to contribute to measures supporting businesses in their recovery from the COVID-19 crisis.

An effective Business Continuity Plan has ensured that the Company has the capacity to:

- Indefinitely operate business systems as normal on a remote basis
- There is no impact on the balance sheet of the Company
- There is no change in the key accounting estimates used by the Company that may affect the position of the Company as at 31st December 2021.

The Directors have a reasonable expectation that Skillnet Ireland has adequate resources to maintain operations. On this basis these Financial Statements have been prepared on the going concern basis. The Directors have disclosed details in relation to the Going Concern of Skillnets Services in their Directors' Report (see page 32 and 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

No decision has been made to wind up this Company and the Directors are assessing if the Company will be used for other purposes going forward. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements. During this time, the parent company will continue to provide funding to Skillnets Services to meet its liabilities as they fall due.

Revenue Recognition

Skillnet Ireland receives funding from the Department of Further and Higher Education, Research, Innovation and Science via the National Training Fund (see note 3 to the Financial Statements) to meet both revenue and minor capital expenditure. This is credited to deferred income on receipt and is transferred to the consolidated income statement to match expenditure as it is incurred.

Programme Funding

Funding from participating enterprises is received by Skillnets Services to meet expenditure for the management development programmes. Funding for courses invoiced is deferred in accordance with the timing of the course.

Programme Costs

Programme costs represent programme support and grant payments made to enterprise-led networks including management development programmes provided via Skillnets Services. The management development programme costs are accounted for on an invoice basis and deferred in accordance with the timing of the course.

Retirement Benefits

The Company and its subsidiary operate a defined contribution scheme. Retirement benefit contributions in respect of the scheme are charged to the consolidated statement of income and retained earnings as they become payable. The assets are held separately from those of the Company in an independently administered fund.

Taxation

It has been agreed with the Revenue Commissioners that Skillnet Ireland is not subject to corporation tax on its principal activities funded from the Department of Further and Higher Education, Research, Innovation and Science but is subject to corporation tax on its other income including deposit interest income and other sources of trading income. There are no known factors which may affect future tax charges.

Tangible Assets

Tangible fixed assets are stated at cost less depreciation. Tangible fixed asset additions with a value greater than €1,270 including VAT are capitalised. The charge to depreciation is calculated to write off the original cost of tangible fixed assets, less their estimated residual value which is estimated to be nil. Depreciation is charged for all fixed assets at a rate of 33% using the straight line method.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

If at the end of the reporting period, there is objective evidence of impairment (including observable data about loss events), the company recognises an impairment loss in profit or loss immediately. For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to

another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Investments in subsidiaries are measured at cost less impairment.

Leases

Operating lease costs are charged to the income statement as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. CRITICAL ACCOUNTING JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There were no significant judgements and estimates made by the Directors for the current financial period.

3. INCOME

Department of Further and Higher Education, Research, Innovation and Science (via the National Training Fund) (note 13)

Clear Customs (note 13)

Subsidiary Company: Skillnets Services
Income from participant companies*

In 2020, an additional €2.1m was allocated to Skillnet Ireland under the Clear Customs Brexit Initiative, of which €1,546,667 was recognised in the year with the balance of €553,333 being classified as deferred income at the 31st December 2020. The amount deferred of €553,333 was disbursed as grant payment in February 2021.

2021 €	2020 €
42,435,083	36,945,657
553,333	1,546,667
2,791	92,238
<u>42,991,207</u>	<u>38,584,562</u>

All income represents all grants received from the Department of Further and Higher Education, Research, Innovation and Science in the Republic of Ireland. The Company has not benefited from any other form of government assistance.

* The above derives from discontinuing activities ceasing over the period 2019 to 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The surplus on ordinary activities before taxation has been arrived at after charging:

Directors' remuneration (note 5)

Operating lease payments – premises (note 18)

Depreciation (note 8)

Loss on disposal of fixed assets

	2021 €	2020 €
Directors' remuneration (note 5)	91,759	77,445
Operating lease payments – premises (note 18)	209,430	211,147
Depreciation (note 8)	164,514	146,747
Loss on disposal of fixed assets	1,421	151
	<u> </u>	<u> </u>

5. DIRECTORS' REMUNERATION

Aggregate emoluments paid to or receivable by Directors in respect of qualifying services

Amounts paid to representative organisations for Directors services excluding VAT (note 17)

Amounts charged to Skillnet Ireland for the provision of Director services excluding VAT (note 17)

Total Directors' remuneration excluding VAT

Irrecoverable VAT on Director Services

	2021 €	2020 €
Aggregate emoluments paid to or receivable by Directors in respect of qualifying services	63,270	56,858
Amounts paid to representative organisations for Directors services excluding VAT (note 17)	23,085	17,955
Amounts charged to Skillnet Ireland for the provision of Director services excluding VAT (note 17)	1,924	-
Total Directors' remuneration excluding VAT	<u>88,279</u>	<u>74,813</u>
Irrecoverable VAT on Director Services	3,480	2,632
	<u>91,759</u>	<u>77,445</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. STAFF NUMBERS AND COSTS

The average monthly number of employees (including directors) was:

2021 Number	2020 Number
39	35

The following table sets out the salary range for those paid in excess of €60,000 in 2021 along with employer's pension contributions and other benefits.

Number of Staff		Gross Salary Range	Employer's Pension Contribution	Other Benefits
2020	2021	€	€	€
2	2	60,000 – 69,999	6,150	-
2	2	70,000 – 79,999	7,200	-
1	3	80,000 – 89,999	11,733	-
2	2	90,000 – 99,999	19,100	-
2	2	100,000 – 109,999	10,500	-
-	1	110,000 – 119,999	10,147	-
-	1	120,000 – 129,999	10,046	-
1	0	130,000 – 139,999	-	-
0	1	140,000 - 149,999	20,060	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. STAFF NUMBERS AND COSTS (continued)

The aggregate staff remuneration comprised:

Wages and salaries (including Directors' fees)

Social welfare costs

Retirement benefit costs (note 19)

Redundancy costs

Analysed as follows:

Expensed in financial year

	2021 €	2020 €
Wages and salaries (including Directors' fees)	2,089,105	1,751,644
Social welfare costs	220,649	183,860
Retirement benefit costs (note 19)	136,633	130,564
Redundancy costs	-	93,873
	<hr/> 2,446,387	<hr/> 2,159,941
	<hr/> <hr/> 2,446,387	<hr/> <hr/> 2,159,941
	<hr/> <hr/> 2,446,387	<hr/> <hr/> 2,159,941

As referred to in the Statement on System of Internal Control, redundancy costs amounting to €Nil (2020: €93,873) were paid as part of a redundancy scheme approved by the Board and the Department of Education and Skills in 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. STAFF NUMBERS AND COSTS (continued)

Key management compensation

Key management personnel in Skillnet Ireland consists of the Board, the Chief Executive and 5 Executive Directors (2020: 5 Executive Directors). The total remuneration for key management personnel (including the Board) for the financial year amounted to €878,396 (2020: €863,611).

Set out below is the breakdown of those amounts:

	2021 €	2020 €
Directors' Remuneration (note 5)	91,759	77,445
Salaries and wages	645,516	647,359
Employer's PRSI	71,267	71,489
Employer's pension contribution (Defined contribution scheme)	69,854	67,318
	<hr/> 878,396 <hr/> <hr/>	<hr/> 863,611 <hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. STAFF NUMBERS AND COSTS (continued)

In 2021, the Chief Executive was paid a salary of €143,943 (2020: €154,993).

The Chief Executive is a member of the Skillnet Ireland Group Retirement Plan. The Company contributed €20,060 to the scheme in 2021 on behalf of the Chief Executive (2020: €14,427).

7. CORPORATION TAX

It has been agreed with the Revenue Commissioners that Skillnet Ireland is not subject to corporation tax on its principal activities funded from the Department of Further and Higher Education, Research, Innovation and Science but is subject to corporation tax on its other income including deposit interest income and other sources of trading income. There are no known factors which may affect future tax charges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. TANGIBLE ASSETS GROUP & COMPANY

	Office Equipment €	Fixtures and Fittings €	Computers €	Total €
Cost:				
At 1 January 2021	3,748	233,581	696,803	934,132
Additions	-	-	64,647	64,647
Disposals	-	-	(4,148)	(4,148)
At 31 December 2021	3,748	233,581	757,302	994,631
Accumulated depreciation:				
At 1 January 2021	3,748	167,001	499,109	669,858
Charge for the financial year	-	50,092	114,422	164,514
Disposals	-	-	(2,726)	(2,726)
At 31 December 2021	3,748	217,093	610,805	831,646
Net book values:				
At 31 December 2021	-	16,488	146,497	162,985
Net book values:				
At 31 December 2020	-	66,580	197,694	264,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. FINANCIAL ASSETS

In respect of current and prior financial year:

Financial assets represent a 100% holding in its subsidiary Skillnets Services DAC which delivers management development programmes. Skillnets Services is operated on a not-for-profit basis. Skillnets Services DAC has its registered office at Q House, 76 Furze Road, Sandyford, Dublin 18 and recorded a €Nil position after taxation in 2021 (2020: €Nil). At 31st December 2021, it had net assets of €51,076 (2020: €51,076).

Investments

Subsidiary Undertaking	Country of incorporation	Principal activity	Holding %
Skillnets Services DAC	Republic of Ireland	Delivery of management development programmes	100%

Subsidiary Undertaking

Cost

At 1 January and 31 December

	2021 €	2020 €
	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. DEBTORS

(Amounts due within one year)

	Group		Company	
	2021 €	2020 €	2021 €	2020 €
Non-Grant debtors	36,314	18,084	36,314	17,781
Prepayments	1,146,977	226,562	1,146,977	226,562
Prepaid future programme cost	14,200	16,600	-	-
Amount due from subsidiary	-	-	10,807	314,988
	<u>1,197,491</u>	<u>261,246</u>	<u>1,194,098</u>	<u>559,331</u>

Amounts owed by group companies are repayable on demand, are unsecured and are interest free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. CASH AT HAND AND IN BANK

	Group		Company	
	2021 €	2020 €	2021 €	2020 €
Parent company bank accounts	283,761	2,962,244	283,761	2,962,244
Subsidiary bank accounts	62,304	377,754	-	-
Petty Cash	146	156	146	156
	<u>346,211</u>	<u>3,340,154</u>	<u>283,907</u>	<u>2,962,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. CREDITORS

(Amounts falling due within one year)

	Group		Company	
	2021 €	2020 €	2021 €	2020 €
Deferred income (notes 13 & 14)	1,409,106	3,499,522	1,409,107	3,499,522
Accruals	162,092	255,173	154,372	247,609
Other creditors	46,432	33,096	46,432	20,136
Deferred funding from participant companies (note 13)	6,903	8,069	-	-
Value added tax (VAT)	31,080	18,739	31,080	18,739
	<u>1,655,613</u>	<u>3,814,599</u>	<u>1,640,991</u>	<u>3,786,006</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. DEFERRED INCOME – PARENT COMPANY

	2021 €	2020 €
	Total	Total
Opening deferred income	3,499,522	993,846
Received from Department of Further and Higher Education, Research, Innovation and Science via the National Training Fund (note 3)	40,898,000	38,898,000
Clear Customs (note 3)	-	2,100,000
Credited to statement of income & expenditure (note 3)	(42,988,416)	(38,492,324)
Closing deferred income	1,409,106	3,499,522

In 2020, an additional €2.1m was allocated to Skillnet Ireland under the Clear Customs Brexit Initiative, of which €1,546,667 was recognised in the year with the balance of €553,333 being classified as deferred income at the 31st December 2020. The amount deferred of €553,333 was disbursed as grant payment in February 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. RESULTS ATTRIBUTABLE TO SKILLNET IRELAND

Skillnet Ireland has availed of the exemption from preparing a separate statement of comprehensive income for the Company in accordance with section 304 of the Companies Act 2014. The net result for Skillnet Ireland for the year was €Nil (2020: €Nil).

15. RECONCILIATION OF OPERATING SURPLUS TO OPERATING CASHFLOW

Depreciation (note 8)

Loss on disposal of fixed assets

(Increase)/Decrease in debtors

(Decrease) / Increase in creditors

Taxation paid

Net Cash (outflow) / inflow from operating activities

	2021 €	2020 €
	164,514	146,747
	1,421	151
	(936,245)	256,519
	(2,158,986)	2,257,971
	-	(3,501)
	<u>(2,929,296)</u>	<u>2,657,887</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. MEMBERSHIP

The Company is a company limited by guarantee and not having a share capital. Every member is liable for the debts and liabilities of the Company in the event of a winding up, for such amount as may be required but not exceeding €1 each. The number of members at 31st December 2021 was 13 (2020: 12), being each of the Directors.

17. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption contained in FRS 102 33.1A from disclosure of intra-group related party transactions. As disclosed in note 5, three Directors have waived their fee for Director services provided to Skillnet Ireland and instead opted to have a similar amount paid to their representative organisations as disclosed below. Three Directors who previously charged fees for Director services provided to Skillnet Ireland through private companies are now paid their fees via salaries as set out in the Directors' Report on page 36 and in note 5.

Amounts paid to representative organisations for Director services excluding VAT

Hubert Fitzpatrick	to Construction Industry Federation
Ian Talbot	to Chambers Ireland
Laura Bambrick	to Irish Congress of Trade Union

Amounts charged to Skillnet Ireland for the provision of Director services excluding VAT

Tony Murphy	to Tony Murphy
-------------	----------------

Irrecoverable VAT

	2021 €	2020 €
	7,695	5,985
	7,695	5,895
	7,695	5,985
	<hr/> 23,085	<hr/> 17,955
	1,924	-
	<hr/> 1,924	<hr/> -
	3,480	2,632
	<hr/> <hr/> 28,489	<hr/> <hr/> 20,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. FINANCIAL COMMITMENTS

In December 2017, the Company entered into an agreement for the lease of its premises in Q House, Sandyford. The lease is for a ten-year term with a five-year break clause with a commencement date of 1 January 2018. The annual commitment on this occupational lease is €211,147. The actual charge in 2021 was €209,430 as a result of the temporary reduction in the VAT rate from 23% to 21%.

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2021 €	2020 €
Within one year	211,147	209,430
Between one and five years	844,587	844,587
After five years	211,147	422,293
	<hr/>	<hr/>
	1,266,881	1,476,310
	<hr/> <hr/>	<hr/> <hr/>

19. RETIREMENT BENEFITS

The Company operates a defined contribution retirement benefit scheme, the Skillnet Ireland Group Retirement Plan. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension contributions in respect of the scheme are charged to the consolidated income statement as they become payable in accordance with the rules of the scheme. The charge for the financial year for the scheme was €136,633 (2020: €130,564). The amount owing at 31st December 2021 was €Nil (2020: €Nil).

20. SUBSEQUENT EVENTS

There were no other post balance sheet events of note since the financial year end.

We support Irish businesses to meet today's complex challenges and enhance the specialist skills and future talent of the Irish workforce.



Skillnet Ireland Business Networks 2021

| SKILLNET IRELAND BUSINESS NETWORKS 2021

Our **2021** Business Networks supported businesses in a wide range of sectors and regions across Ireland.

A

Animation Skillnet

Aviation Skillnet

B

BioPharmaChem Skillnet

C

Carlow Kilkenny Skillnet

CILT Mobility & Supply Chain Skillnet

CitA Skillnet

Cobotics Skillnet

Connected Health Skillnet

Construction Professionals Skillnet

Cork Chamber Skillnet

County Tipperary Skillnet

County Wexford Chamber Skillnet

CPA Ireland Skillnet

D

Design Skillnet

Design, Print & Packaging Skillnet

Duhallow Skillnet

Dundalk Chamber Skillnet

E

Employment & Recruitment Federation Skillnet

Engineering Skillnet

F

Farm Business Skillnet

Fingal Chamber Skillnet

First Polymer Training Skillnet

Food Drink Ireland Skillnet

G

Galway Executive Skillnet

Gréasán Na Meán Skillnet

Green Tech Skillnet

I

ICBE Advanced Productivity Skillnet

ICBE Business Excellence Skillnet

ICOS Skillnet

IFS Skillnet

IMAGE Skillnet

Immersive Technologies Skillnet

Industry 4.0 Skillnet

Inishowen Skillnet

Irish Hotels Federation Skillnet

Irish Medtech Skillnet

ISME Skillnet

it@Cork Skillnet

itag Skillnet

L

Law Society Skillnet

Leading Healthcare Providers Skillnet

Lean & Green Skillnet

Learning Waves Skillnet

Leisure, Health & Fitness Skillnet

Limerick Chamber Skillnet

M

- M1 Drogheda Chamber Skillnet
- Macra Agricultural Skillnet
- MIDAS Electronic Systems Skillnet
- Midland Border East Skillnet

N

- National Organic Training Skillnet
- Next Level Skillnet

P

- Positive2Work Skillnet

R

- Restaurant & Hospitality Skillnet
- Retail Ireland Skillnet
- Role Skillnet
- Rural Enterprise Skillnet
- Rural Food Skillnet

S

- Screen Skillnet
- Shannon Chamber Skillnet
- SIMI Skillnet

- Sligo Chamber Skillnet
- South Kerry Skillnet
- South West Gnó Skillnet
- Space Industry Skillnet
- Sustainable Finance Skillnet

T

- Taste4Success Skillnet
- Tech North West Skillnet
- Technology Ireland DIGITAL Skillnet
- Technology Ireland ICT Skillnet
- Trainers' Learning Skillnet

W

- Waterford Chamber Skillnet

X

- XL Vets Skillnet



SKILLNET IRELAND

Fifth Floor, Q House,
76 Furze Road,
Sandyford, Dublin 18,
D18 E268, Ireland

T 353 (0) 1 207 9630

E info@skillnetireland.ie

skillnetireland.ie

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An Roinn Breisoideachais agus Ardoideachais,
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