



Law Society of Ireland

ANNUAL REPORT AND ACCOUNTS 2006/2007

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COMMITTEES OF THE LAW SOCIETY OF IRELAND

STANDING COMMITTEES

COMPLAINTS AND CLIENT RELATIONS

Chair: John P Shaw

Vice-Chair: Simon Murphy

Paul Connellan

Gus Cullen

Colin Daly

Maura Derivan

Patricia Harney

Barry MacCarthy

Joe Mannix

Margaret Mulrine

Michelle Ní Longáin

James O'Sullivan

Lay members:

Frank Brennan

Vera Hogan

John McDonnell

Noel McMahan

Lenore Mrwicka

Secretary: Linda Kirwan

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Chair: Philip Joyce

Michael Irvine

James MacGuill

John Costello

Ken Murphy

Mary Keane

Secretary: Mary Keane

EDUCATION

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Vice-Chair: James

O'Sullivan

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Dominic Dowling

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Dan O'Connor

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Michael Quinlan

Ex officio: Philip Joyce

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Consultant:

Michael V O'Mahony

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Owen O'Connell

Ex officio:

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James MacGuill

John Costello

Consultants:

Walter Beatty Snr

Geraldine Clarke

Gerard Griffin

Elma Lynch

Secretary: Cillian

MacDomhnaill

MONEY-LAUNDERING REPORTING

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James McCourt

John Elliot

Secretary: Tina Beattie

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Vice-Chair: Dan O'Connor

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Eamon Harrington

Rosemarie Loftus

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representatives of

insurers:

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Irwin Johnston

Elma Lynch

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Martin Lawlor

Jarlath McInerney

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Eamon O'Brien

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Fiona Twomey

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David Dillon

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Robert Heron

Paul Keane

Gillian Keating

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Patricia McGovern

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Noeleen Redmond

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Shalom Binchy

Conal Boyce

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 Emmet Scully
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 Eamonn Keenan
 Frank Nowlan
 Tom O'Malley
 Paul Tracey
Secretary:
 Veronica Donnelly

I feel privileged that I have been able to act as President of the Law Society of Ireland for the past year. It has been a great honour to serve my colleagues in this prestigious position and I hope that I have fulfilled the trust that has been placed in me by the Council and staff.

As 2006 drew to a close, the Competition Authority issued its final report on the legal profession. This is a document we had been waiting for, for a very long time. In common with my other Council colleagues who have lived with it for the last five years, I have attended every Council meeting at which decisions were made and submissions were approved. The Society gave careful thought to each and every submission. It sought always to put the interest of the client first. We engaged experts and consultants from home and abroad and we tried to be as constructive as possible in our dealings with the Authority. We were very disappointed with the contents of the report. It appeared to us that very little attention had been paid to our detailed submissions.

In November 2006, the Legal Costs Implementation Advisory Group issued its report. This was a detailed consideration of the way in which legal costs are assessed and monitored in this country. It called for an end to the system that we know as taxation and made various other recommendations. It was proposed that a working group be established to oversee these recommendations. However, with the change of government, it is uncertain as to where these proposals now lie.

In the coming Dáil session, we hope that the *Civil Law (Miscellaneous Provisions) Bill 2006* will be re-introduced to the Dáil and that we will be able to make recommendations on various matters, and that its implementation will not be delayed in any way.

In early November, the Director General and I met with the Garda Commissioner and others at Garda headquarters to discuss the case of a colleague who was the subject of a very well-publicised threat to his life. It is a matter of great concern that the solicitor in question is still receiving Garda protection. In July 2007, I had occasion to write again to the Garda Commissioner in respect of another solicitor, against whom threats had been made. It is noteworthy that both of these matters had their origins in disputes relating to family law.

“
The Society continues with its efforts to maintain a fair and efficient method of complaint regulation. A task force has been established to look at every aspect of our complaints-handling and to ensure that it meets all modern requirements. It is expected that this task force will report in 2008.
 ”

Meeting the members

During the year, I was able to visit the Midland Bar Association, and the bar associations of Donegal, Sligo, Mayo, Galway, Waterford, Cork, West Cork, Dublin and, of course, Tipperary on a number of occasions. I was also very pleased to be invited by the President of the Law Society of Northern Ireland, James Cooper, to attend the Fermanagh Bar Association Annual Dinner. Apart from the usual searching questions on different matters, it has been extremely encouraging to have the support of the members of the profession. With so many solicitors now on the Roll there are huge resources within the profession, and the more we can harness this in local bar associations or at Law Society level, the better. Some colleagues occasionally feel that

they cannot criticise the Society. However, I can assure you that we welcome all comments – good and bad – and the more participation we have from our members, the better. I have represented the Society abroad on a number of occasions, including conferences organised by the CCBE (Council of the Bars and Law Societies of the European Union), the International Bar Association, American and Canadian Bar Associations and the opening of the legal year in London.

I would like to pay particular tribute to our colleagues in the Canadian Bar Association, a great number of whom appear to be of Irish origin. They were most hospitable to me during my recent visit there and are due to hold their conference in Ireland in 2009. I am confident that we will give them a fitting welcome and that we will return some of the hospitality they have extended to the Law Society of Ireland over the years.

I have been very fortunate in the contact I have made with colleagues from the neighbouring jurisdictions during the past year, including James Cooper (Northern Ireland), Ruthven Gemmill (Past President of the Law Society of Scotland), and Fiona Woolf (Past President of the Law Society of England and Wales). I believe that our mutual Law Societies have benefited from the interaction and interchange of ideas that flowed from our meetings.

I am particularly pleased that James Cooper and his wife Margaret were admitted as solicitors in this jurisdiction in September. We enjoyed a memorable evening of celebration in the company of the Minister for Education, Mary Hanafin TD. Fiona Woolf has been admitted to the Roll of Solicitors in Ireland, and as of 3 September, I was admitted as a solicitor in England and Wales.



President of the Law Society of Ireland, Philip Joyce



The Joint Consultative Committee of the Law Society and Bar Council met during the year

Life-long learning

When I was elected president, I asked that a group would be established to review the education curriculum – its work is proceeding apace. I was also pleased to be able to officially open the Law School in Cork in November 2006. The school is now in its second cycle. The reports are excellent and we expect that there will be approximately 100 students attending the course this year.

During the year under review, I attended and officiated at eight parchment ceremonies, during which 590 solicitors were admitted to the Roll. Each year, the number of solicitors admitted increases, which is testament to the fact that the Society operates a very open policy on admissions. Following his appointment as President of the High Court, Mr Justice Richard Johnson has presided at many of our

parchment ceremonies. His addresses to graduates have always been to the point, and spoken with great candour.

We held our annual conference in Cannes in April 2007 and an interesting line-up of speakers delivered messages on a variety of fascinating topics. I would like to extend my thanks to Robert Grey, Past President of the American Bar Association, Mr Justice Michael Peart of the High Court, Her Excellency, the Irish Ambassador to France, Anne Anderson, and Hilary Tilby of LawCare for their input. Colleagues should remember that CPD points can be claimed for attending the annual conference and, even though it might conflict with other activities in the week after Easter, I would urge everyone to give it their full support.

The annual dinner of the Society, due to be held in March, was postponed until June. Our guest speaker,

Minister Mary Hanafin, addressed us with style, confidence and humour. She made some pertinent comments in relation to continuing professional development that we are happy to take on board.

Work of the Society

The Law Society's PII Task Force, chaired by Joe Brosnan, reported in July and its findings were adopted by the Council. I am aware of the very hard work that the Task Force put into its report, which gave detailed consideration to the many aspects relating to the very technical matter of insurance cover. The recommendations they have made, and the rules that have been adopted by Council, can only benefit our clients in the long run and now brings us into line with the insurance arrangements that operate in neighbouring jurisdictions.

The Society launched an awareness campaign, designed to promote the work of its members, in the national media. The campaign was undertaken following many years of persistent requests from our members and after taking the most detailed advice. At the end of the first phase of the campaign, it was decided to carry out a survey of the general public and of all members of the profession to ascertain their views. I am very grateful to the members that have responded to the survey, as it will form the basis of future action in this area.

In January, the Society organised a conference on immigration, at which the Minister for Justice, Michael McDowell, was the guest speaker. I was very happy to open this conference, which provided a much-needed forum for this topic. It gave an opportunity, also, for people in non-governmental organisations involved in immigration matters to visit the Society's headquarters. In July 2007, I accepted an invitation to speak at the

launch of a report of the Irish Council of Civil Liberties on the appointment and regulation of judges, entitled *Justice Matters*.

The Society continues with its efforts to maintain a fair and efficient method of complaint regulation. A task force has been established to look at every aspect of our complaints-handling and to ensure that it meets all modern requirements. It is expected that this task force will report in 2008.

Every year, the Society carries out numerous activities that involve people coming together voluntarily and giving of their time for the betterment of the profession and, indeed, the public at large. Next year will see the tenth anniversary of the Calcutta Run, and it is suspected that, by then, the profession will have raised €2 million for underprivileged children in Calcutta and Fr Peter McVerry's work with homeless young people in Dublin.

The Society is also involved in the training of lawyers from South Africa. Each year, a team travels there to assist with training, while various firms in Ireland offer placements to South African lawyers. The Law Society and the Bar Council are working together to provide assistance on the rule of law and governance in the developing world. These are being spearheaded on our behalf by Past-President Michael Irvine, who has done great work to advance these matters.

Judicial appointments

In May, 17 judges were appointed to various courts – nine of them solicitors – to whom I extend my congratulations. There are now three members of the High Court who were formerly solicitors and, on your behalf, I wish them and all of our colleagues well in their new endeavours.

As the end of my presidential period approaches,

I would like to take this opportunity to thank each member of the Law Society's staff for their valuable support throughout the year. At the start of my year, I visited each office in the building and, as the year progressed, I came into contact with various parts of the organisation. I was always struck by the dedication and hard work of the individuals involved. They are the professionals that keep us amateurs on the Council looking good. At every turn, I was given nothing but encouragement and good wishes, which was very sustaining in itself.

I would like to mention our director general, Ken Murphy, for his constant help and assistance. He kept me informed on all matters and his advice was always welcome. The deputy director general, Mary Keane, who is also the director of Policy, Communication and Member Services, gave me great support throughout the year. In common with my predecessors, I have

found their advice and assistance invaluable. I would like to thank my secretary in the Society, Sharon Hanson, for her unfailing dedication and attention to detail. I received great encouragement, also, from my Senior Vice-President, James MacGuill, and my Junior Vice-President, John Costello. Thanks, too, to the Council members of the Society who have supported me throughout my tenure of office – I hope I have lived up to their expectations. The staff of Joyce & Barry have been very patient with me, for which my grateful thanks – I hope that we will all survive the shock of my return to normal duties very soon. Finally, I extend a big thank you to my wife Rosario for her advice and encouragement, not just this year, but for my entire period on the Council since 1988. We were different people then, but that's another story.

Philip M Joyce
President



The Dublin Solicitors' Bar Association organised a town-hall event on 20 June 2007 in Dun Laoghaire. (L-R) President of the DSBA David Bergin, President of the Law Society Philip Joyce and Director General Ken Murphy

“The members of the profession have no idea how much good work is done here,” has been a truism in Blackhall Place for as long as anyone can remember. New Council and committee members tend to be surprised and impressed by just how much serious and valuable work goes on in the Society. “You should tell people about it,” they say.

Every year, as we prepare the annual report, we struggle with the same problem. This is the opportunity, above all others, to tell the members what the Society’s officers, Council, committees and staff have been doing over the last 12 months. All of these are enthusiastic about their work. They know it is important work in the interests of the profession and of the public. There is a desire to be informative and comprehensive.

And yet, when the length of individual committee chair reports was reduced some years ago the feedback from the profession was positive. The great majority of members, it seems, are simply not interested in detailed reports and analysis of what their Law Society representatives have been undertaking on their behalf.

So a balance has to be struck. We must try to be genuinely informative. But we must also be brief. The time and interest that members have for the Society’s annual report is strictly limited. Although it is, I hope, short enough to be readable, in truth it merely scratches the surface of the Society’s work over the last year.

I have had the benefit of seeing Philip Joyce’s president’s report prior to commencing this report. The president deals with all of the major ‘headline’ issues dealt with by the Society this year, including the final report of the Competition Authority, the Miller report on costs in civil litigation, the opening of the Law School in Cork and over a dozen other items.

In an effort to give a flavour of the wide range of issues the Society deals with, I will avoid referring to any items mentioned in the President’s report.

Education

A milestone in the history of the solicitors’ profession was reached this year. For the first time we had 10,000 names on the Roll of Solicitors. The 10,000th name happened to be that of Ann Matthews, whose photograph appears on the cover of this annual report.

“*The Law Society immediately sought to be joined as an amicus curiae in the appeal and this was granted by the President of the High Court, saying the Society was acting “not just in the interests of its members but also in the public interest”. After a full hearing, the president set aside the order of the master.*”

In fact, there are currently some 10,400 names on the Roll and 3,400 of these – about 30% – are solicitors who have come on the Roll since the year 2000. In July, the Society hosted a meeting and dinner with a group of these ‘21st century solicitors’, all of whom had been either class representatives or involved in debating or event organisation when they were on the Professional Practice Course. The purpose of the evening was that senior officers of the Society could hear the views, concerns and ideas of more recently-qualified solicitors, with a view to seeing how the Society could be of assistance to them. It was a very worthwhile meeting. We will undoubtedly have more of them in the future.

This has been yet another record-breaking year for

the Society’s Education Department. As Director of Education TP Kennedy points out elsewhere in this report, between September 2006 and September 2007 almost 2,000 students attended the Professional Practices Courses I and II. This was a 100% increase in numbers in five years. To maintain the courses’ consistently high standards, while managing this transformation in numbers, has been a remarkable achievement by all concerned.

It has required much resourcefulness, innovation and lateral thinking – indeed, in at least one respect ‘lateral building’ – with the Education Centre’s lecture theatre being transformed from 198 seats to 280 seats in August 2007.

Innovation has been characteristic of continuing professional development also, with an increase of 30% in the number of seminars and courses this year, together with a new distance-learning pilot project, the online ‘Certificate in Judicial Review’ course and, for the first time, in January 2007, a full lecture in the Diploma in Employment Law course was recorded and released as an MP3 file podcast.

A new, modern, streamlined system for barristers wishing to transfer to become solicitors was also introduced, following agreement with the King’s Inns for a similarly new, streamlined system of transfer for solicitors who wish to become barristers. Finally, two of the Society’s Cork-based trainees, Michelle Cronin and Melanie Evans, triumphantly represented the Society in Australia where they won the prestigious World Client Counselling Competition.

Finance and Administration

Technology is a major driver in the Society’s Finance and Administration department, of which Cillian MacDomhnaill is director. This year, for the first time, a

system was put in place for membership application online, with a very satisfactory 10% uptake in year one. Technology progressed internally also, with the completion of the new education information system and the installation of a building management system. Progress was made, too, on the feasibility study of potential uses for the Benburb Street site, and the Society's management team as a whole were heavily involved in developing a business continuity plan and risk register. The Society's very strong finances ensure stability and create options for the organisation.

Regulation

There has been a substantial increase in workload also in the Society's Regulation department under director John Elliot. In mid year came the news that the National Standards Authority of Ireland had renewed the ISO 9001:2000 quality certification that the Society's Complaints and Client Relations section first achieved in 2003. This year also saw the appointment of a new Independent Adjudicator, Carol Ann Casey.

The on-time filing of reporting accountants' reports is up to 98% this year from 90% two years ago. There is also a particular emphasis now on assisting members with their regulatory compliance obligations through an extensive series of seminars and Linda Kirwan's highly-regarded contributions to Client Care seminars.

Policy, Communication and Member Services

Apart from the major issues referred to in the president's annual report, the Society made detailed submissions to government on many other specific items of draft legislation or issues of public policy. All Society submissions are subject to the oversight and exacting standards of deputy director general Mary Keane.

In the field of criminal law, the Society publicly



Director General of the Law Society of Ireland, Ken Murphy

opposed the excessive speed with which the *Criminal Justice Bill 2007* was rushed into law, with little or no public debate, immediately in advance of the general election. The Society had deep concerns about aspects of this bill and the further erosion of longstanding principles of due process in the criminal justice system. In addition, the Society this year urged both the outgoing and incoming Ministers for Justice, Equality and Law Reform to make the long overdue decisions to reform and properly fund, in the interests of justice, the Criminal Legal Aid system.

A campaign was led by the Society's Conveyancing Committee over many years against the unfair and anti-consumer system, whereby builders extracted stage payments from the buyers of new homes as the houses went up. The campaign came to a successful conclusion in February of this year, with the Society's pressure for legislation resulting in the Irish Homeowners' Association advising its members to phase out the practice.

In January 2007, a free CD-ROM was distributed by the Society to all practising solicitors. It contained the third edition of the Society's conveyancing handbook issued by the Conveyancing Committee. This was a massive project and thanks are due to all who were involved in it. In addition, the Society's eConveyancing Task Force is continuing to play a central role, with the Law Reform Commission and others, in the designing of the long-term future of conveyancing in Ireland. The future is an electronic system to replace the current paper-based one.

In an important judgment in November 2006, the then President of the High Court, Mr Justice Finnegan, found that the Master of the High Court had no power to make a solicitor personally responsible for the so called 'wasted costs' of a failed application. Earlier that

year, the master had purported to make a solicitor – specifically not the solicitor's client – personally liable for all the costs on both sides of a failed application for interrogatories in a personal injury case. He announced he intended to do this again whenever he felt it appropriate in future and said he was issuing 'a wake-up call' to the legal profession.



'21st century solicitors' – The Society hosted a unique meeting and dinner with a group of solicitors who have come on the Roll since 2000. Senior officers of the Society heard their views, concerns and ideas, with a view to seeing how the Society could be of more assistance to them

The Society doubted that the master had the power to do this and believed it would be damaging to the litigation system if he had. Any wasted costs order should be made only in rare circumstances and when the litigation as a whole has been completed – not at interlocutory stage.

The Law Society immediately sought to be joined as an *amicus curiae* in the appeal and this was granted by the President of the High Court, saying the Society was acting "not just in the interests of its members but also in the public interest". After a full hearing, the president set aside the order of the master.

The president

As I have said, the above merely scratches the surface of the Society's work over the past year. Even those members of the profession, undoubtedly a minority, who read the annual report in depth have only an inkling of the volume of valuable work undertaken in the Law Society this year.

But perhaps they don't need to know all about it. Most members of the profession are instinctively aware of it. They recognise the dedication and professionalism of the Society's staff and the generous donation of time and expertise by the volunteers on the Council, committees and task forces. They know it is important work and are glad that someone is doing it on their behalf.

This year's president, Philip Joyce, for nearly 20 years has been the exemplar of the hardworking Council and committee member. I first saw his work up close some 15 years ago when he was chairman and I was vice-chairman of the Registrar's Committee. Then, and throughout all the years since, he has diligently attended all meetings in Blackhall Place, regardless of the inconvenience to himself and his practice, as a sole practitioner in Killenaule, Co Tipperary. On arrival, he has always read his papers and prepared his thoughts. At meetings, his quiet, ego-free contributions have been characterised by fairness and commonsense.

As president, nothing was too much trouble and his good-humoured, easy manner immediately put all of the Society's guests at their ease. If the members of the profession knew how hard he worked and how well they were represented by their president this year, they would be genuinely impressed. Someone should tell them.

*Ken Murphy
Director General*



President: Philip M Joyce, **Vice-Presidents: Senior:** James MacGuill, **Junior:** John E Costello

Donald P Binchy, James Cahill, Paul E Connellan, Colin Daly, Maura Derivan, Gerard J Doherty, Patrick Dorgan, Niall Farrell, Stuart J Gilhooly, Gerard F Griffin, Michael Irvine, Joseph B Mannix, Barry MacCarthy, James B McCourt, Jarlath McInerney, Simon J Murphy, Thomas Murrán, Michelle Ni Longáin, Michele O'Boyle, Daniel E O'Connor, John O'Connor, Kevin D O'Higgins, James O'Sullivan, Michael Quinlan, Moya Quinlan, Marie Quirke, John D Shaw, John P Shaw

Provincial Delegates: Leinster: Andrew Cody, **Munster:** Eamon O'Brien, **Ulster:** Margaret M Mulrine, **Connaught:** Rosemarie J Loftus

Dublin Solicitors' Bar Association: Helene Coffey, John Glynn, John P O'Malley. **Southern Law Association:** Helen Collins, Patricia Harney, Eamon Harrington, Patrick Mullins, Fiona Twomey

The Law Society of Northern Ireland: James Cooper, Rory McShane, Donal Eakin, John Pinkerton, Attracta Wilson

Past Presidents entitled to sit on Council pursuant to the Society's Bye-Laws: Owen M Binchy, Geraldine M Clarke

POLICY, COMMUNICATION AND MEMBER SERVICES DEPARTMENT



During 2007, the delivery of timely information and support for members has been a key focus of the work of the department. The legal e-zine and the CPD e-newsletter, issuing in alternate months, continue to provide a valuable information resource for members and an important communication link for the Society. The January and May 2007 e-zine both had an 'open' rate of a staggering 90%, with 75% of recipients reading one or more articles. The increase in desktop subscribers to 5,164 is encouraging, as is the hit rate for the website, with 193,490 unique visitors in the 12 months to 1 September 2007.

Our new e-communication systems are complemented by the Gazette, which continues to engage its readers with relevant, interesting articles and vital practice information produced in a professional, vibrant manner.

Online information services for members are proving very popular, with increasing numbers of Law Society library users sourcing materials via the online library catalogue, requesting precedent forms by email, and receiving documents in scanned pdf format. The more traditional methods of library usage

also continue to appeal, with 3,681 books borrowed by members in the past 12 months and an average 465 requests for materials each month. Book borrowing by students in the same period was 1,320 for the 2006 PPCI and 1,528 for the 2007 PPCII.

It has been a busy year for support services in the Society, with the newly-appointed support services executive attending 13 bar association meetings and four CPD seminars to make presentations about the wide range of support services provided by the Society to its members. As a consequence, there has been increased activity for all of the services, including the newly-expanded online employment and locum registers, where members can advertise vacancies and offer locum services free-of-charge, and Solicitor Link, which has acted as 'introducer' for 42 firms wishing to merge or share overheads.

During 2007, the importance to the solicitors' profession and their clients of the e-conveyancing project being advanced by the Law Reform Commission on behalf of the government was recognised by the appointment of an e-conveyancing project manager, who will work as a key member of the department to ensure an active engagement by the Society in the consultative process and the continued recognition of the pivotal role of solicitors in the e-conveyancing systems of the future.

Mary Keane,
Deputy Director General

STANDING COMMITTEES

COMPLAINTS AND CLIENT RELATIONS COMMITTEE



John P Shaw,
Chairman

The Complaints and Client Relations Committee met 16 times and considered 252 complaints, out of a total of 1,462 complaints investigated by the Complaints section in the last 12 months. Once again, it is clear that a considerable number of complaints arise because of a lack of communication

between the parties.

A sub-committee of the Complaints and Client Relations Committee was established this year to draft detailed guidelines on procedure, and the end result of that sub-committee's deliberations will be available soon on the committee page of the Society's website.

Section 67 of the *Solicitors (Amendment) Act 1994* obliges the Society to maintain a register of solicitors who will act in proceedings against another solicitor – the Negligence Panel. The panel was revised and updated during the year, and an abridged version of the panel (containing the names of those solicitors who agreed to their inclusion on the website) will be available online.

The committee was pleased to note that, in July 2007, the Complaints and Client Relations section was once again awarded the ISO 9001:2000 standard by the National Standards Authority of Ireland.

The committee welcomed the appointment of Ms Carol Ann Casey as Independent Adjudicator of the Law Society. Ms Casey replaced Ms Lenore Mrwicka, who resigned from the position at the end of 2006.

The adjudicator's principal function in relation to complaints is to review the manner in which the Society deals with individual complaints. The *Civil Law (Miscellaneous Provisions) Bill*, which was introduced by the last government, contains proposals for the establishment, on a statutory basis, of a Legal Services Ombudsman and, if enacted, this will replace the current scheme.

My thanks to the staff of the Complaints Section for their dedication and commitment to the work carried out by the committee during the year and to the members of the committee, both solicitor and lay members, who, because of the legislative restrictions on the makeup of the committee, have assumed a more onerous burden than ever before. We hope that these restrictions will be addressed in the near future by the enactment of the *Civil Law (Miscellaneous Provisions) Bill*.

John P Shaw,
Chairman

CO-ORDINATION COMMITTEE



Philip Joyce,
Chairman

The primary function of the Co-ordination Committee is to operate as the oversight group for the ongoing review of committee projects in terms of resources and delivery, but within an overall budget allocated by the Finance Committee. A further function of the committee is the consideration of issues falling outside the remit of any of the other committees, and it continues to be a useful forum for the resolution of operational and procedural matters. Within the past 12 months, it has also considered

issues relating to:

- The public procurement procedures applied by state bodies in tenders for the provision of legal services,
- A joint initiative with the Bar Council regarding the participation of the legal profession in the Irish Overseas Development Aid programme in the context of the development of the rule of law in developing countries,
- The establishment of a panel of lawyers by the Minister for Justice, Equality and Law Reform under the *Garda (Discipline) Regulations 2007*,
- Requests from the Chief State Solicitor's Office and the Attorney General to nominate solicitors to act in proceedings,
- Concerns arising in relation to aspects of the *European Communities Bill*,
- The Society's Group Life Assurance Scheme,
- The nomination of representatives to a number of external bodies.



The Co-ordination Committee continues to be a useful forum for the resolution of operational and procedural matters.



In addition to considering requests from committees to undertake specific projects or seek expert advice during the course of the year, the committee assesses and agrees the individual budget allocation for each committee at the start of the year and conducts a mid-year review of progress on projects, adjusting the individual budget allocations accordingly.

Philip Joyce,
Chairman

EDUCATION COMMITTEE



Stuart Gilhooly,
Chairman

The work of the Education Committee continues to increase year-on-year. The ever-burgeoning numbers entering the Law School have ensured the committee's work, and the issues facing it, have multiplied proportionately.

The main focus of the committee has been to ensure that all students are accommodated comfortably in the two teaching centres in Dublin and Cork, while ensuring that our high standards are maintained. In addition, it was necessary to return the operation to profitability after an aberration in the 2005 returns. I'm happy to say that all of these goals have been achieved.

The first year of the Cork PPCI was an overwhelming success. The smaller numbers, together with lecturing that at least equalled the quality in Dublin, have meant that Cork is an extremely attractive proposition. A larger number of students this year speaks volumes, and it is particularly gratifying that the overall PPCI prizewinner this year was a Cork student.

The committee has ordered an independent review of educational standards, so as to ensure that the quality of the courses continues to touch the heights. Any improvements suggested will be gladly accepted and implemented.

CPD continues to dominate the agenda. It has been decided to make a small but significant change to the cycle by changing to a yearly cycle, with an attendant small increase in the number of hours required.

The committee has continued to negotiate easier transfer between the solicitors' and barristers' branches of the profession. This should be finalised before the

end of the year.

A notable achievement was the sensational success by two Cork students in the World Client Counselling Competition in Australia.

Finally, a word of thanks to my committee colleagues and special words of gratitude to TP Kennedy, Geoffrey Shannon, Fionna Fox and Paula Sheedy for all of their assistance to the committee. In addition, the rest of the hardworking staff in the Education Centre ensure that we continue to be the best legal education provider in the world.

Stuart Gilhooly,
Chairman

FINANCE COMMITTEE



John D Shaw
Chairman

The financial performance in 2006 was very strong and represented a significant improvement on 2005. The group accounts, which include general activities, education activities and a number of subsidiaries, included in this report show a total surplus of €3.3 million as against €1.7 million in 2005.

The bulk of this improvement is attributable to a very significant turnaround in the financial performance of education activities, with the losses of 2005 being completely recovered in 2006.

Excluding contributions to the capital expenditure, education centre and property funds, the after-tax operating surplus for general and education activities was €915k (2005 deficit of €193k), which represents an overall surplus of 4.5% on operating income. The group performance was made up of the following elements:

Entity	Management accounts	Audited statements
General activities	312,131	552,916
Funds	2,577,147	2,577,147
Education activities	777,555	1,136,228
Law Club of Ireland	5,368	
Benburb Street Property Co Ltd	-195,720	-805,214
Friary Property Services Ltd	-5,805	
Ellis Quay Property Services Ltd	-10,140	
Group taxation	-174,547	-174,547
Total	3,286,531	3,286,531

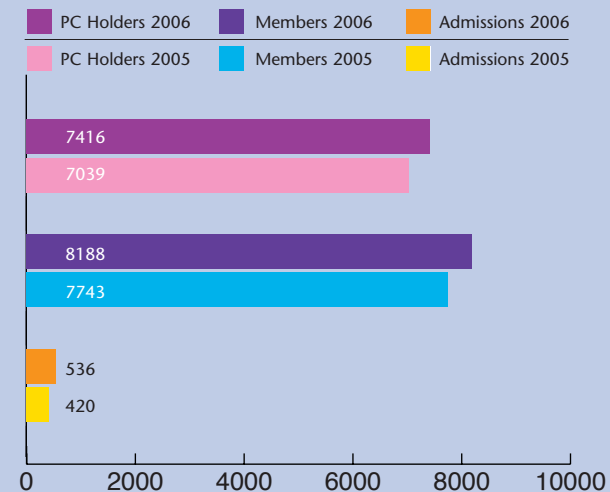
General activities (note 4)

In 2006, there was a total of 7,416 practising certificate holders, as against 7,037 in 2005 – an increase of 379. There were 8,188 members, which was an increase of 433 on the 2005 figure of 7,755.

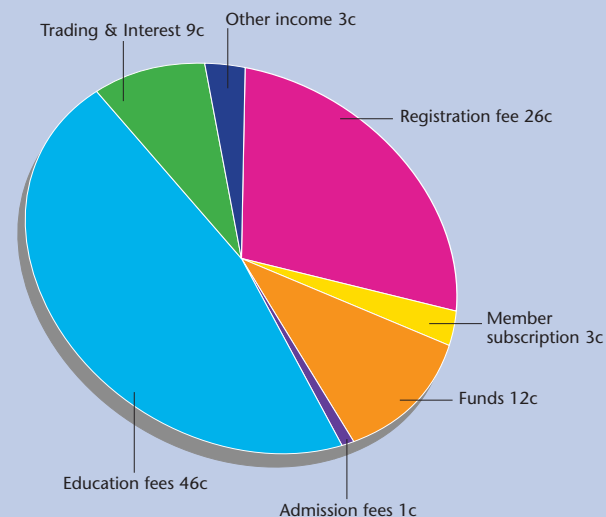
Despite there being a 5% reduction in the portion of the practising certificate fee allocated to general activities, a surplus of €312k was achieved. This was helped by a good performance from the commercial activities of publications, Four Courts consultation rooms and the company formation service, which generated an income of €2.1 million (2005: €1.8 million) and generated a surplus of €0.7 million (2005: €0.65 million).

On the expenditure side, operating charges relating to the non-commercial activities increased by 8% to €7.2 million, with a significant part of the increase relating to costs incurred in regard to the Residential Institutions Redress Board complaints handling. The Law Society's financial structure includes two contingency funds for capital expenditure and litigation. These have the objective of ensuring that if

PC HOLDERS/ MEMBERS/ ADMISSIONS



WHERE EACH EURO OF INCOME CAME FROM



costs are incurred in these areas, there is a reserve to meet these costs without requiring an additional levy on the practising certificate fee. The Society also has two sinking funds, the education centre fund – to buy back the Education Centre under a sale and lease back arrangement – and a property fund, which was introduced in 2006 to fund the purchase of the Benburb Street site. In 2006, the net income to these funds was €2.5 million (2005: €1.8 million).

Education activities (note 5)

In 2006, education activities, which include trainee, CPD and diploma courses, generated a pre-tax surplus of €0.8 million (after group adjustment, €1.1 million). This is a significant redressing of the 2005 performance, when a loss of €1.1m was incurred. This turnaround is primarily due to a 48% increase in income to €11 million, arising from increased student numbers (1,072 in 2005 to 1,209 in 2006), fee increases and increased income from diploma courses and CPD courses. The new Law School operation in Cork began in November 2006.

Other income/expenditure (note 8)

This income and expenditure relates to trading activity of subsidiaries and related undertakings. Trading with the Law Society totalled €599k and, when this is factored back, these activities made a net loss of €206k. The Law Club of Ireland manages bar, catering and premises-hire activities in Blackhall Place. Benburb Street Property Company Ltd, which owns and manages the Benburb Street site, incurred a loss of €196k, which was mainly the transaction costs relating to the purchase of the site. Friary Property Services Ltd, which rents and manages the disciplinary tribunal offices, and Ellis Quay Property Services Ltd., which

rents and manages the CPD offices and the Law School facilities in Cork, operated on an almost break-even basis.

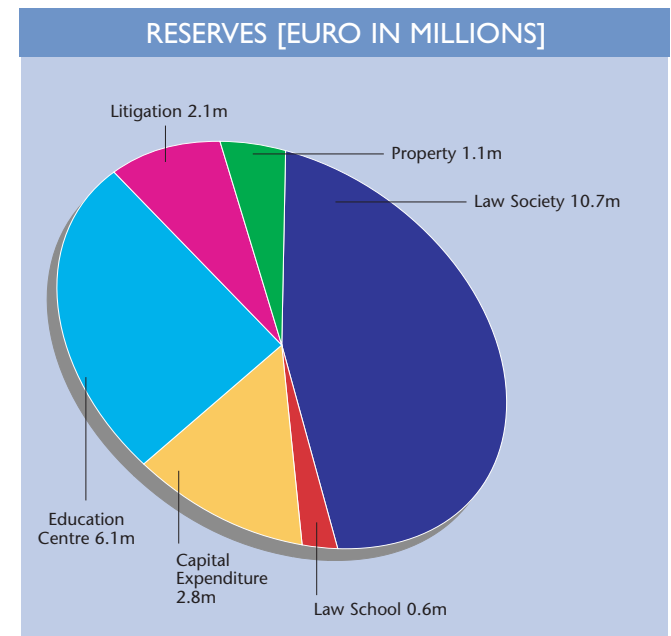
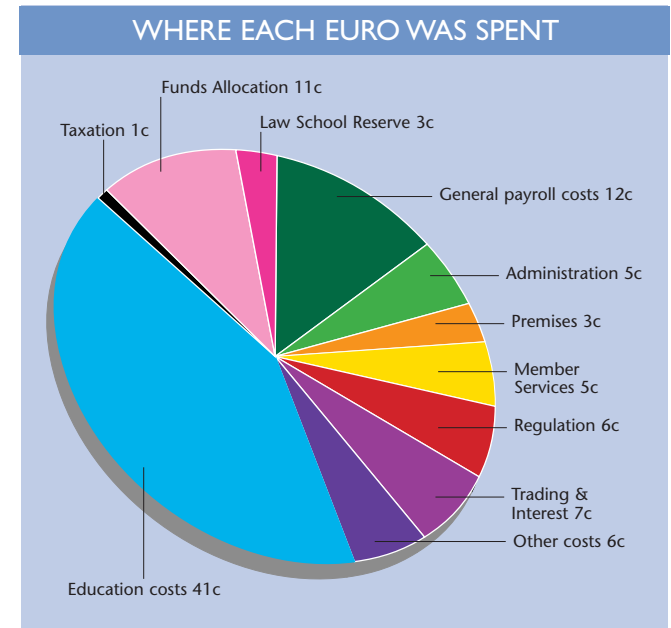
Accumulated reserves (note 17)

The group balance sheet is very strong and shows total accumulated reserves of €23.5 million. General activities account for €10.7 million of this, with the funds' reserves standing at €12.2 million and Law School accumulated reserves at €0.6 million. It is worth noting that the drawdown amount on the Benburb Street site mortgage was €6.8 million at the year-end and total interest costs for the year at €203k were significantly below budget due to the efficiency of the finance structure put in place.

2007

The committee's main focus in 2006 was ensuring a reversal in the financial performance of education activities. With this achieved, the committee is focused on minimising the financing costs of the Benburb Street site through effective cash-flow management, monitoring the Society's staff pension scheme, and ensuring value for money is achieved for all expenditure. It is worth reiterating the Finance Committee's continued strategy of:

- Maintaining practising certificate fee increases in line with inflation, insofar as is possible,
- Generating a prudent level of surpluses in general activities and education activities to provide for unexpected contingencies and future developments,
- Maintaining the funds in a healthy position to ensure they can meet demands in the relevant areas,
- Continuing a programme of strategic investment in facilities and IT projects to ensure maximum



efficiency and proper delivery of services and support to members,

- Ensuring value for money for all operational and project spending.

The Finance Committee continues its close stewardship of the financial position of the Law Society and works to an objective of ensuring, despite the levels of operational and capital expenditure required by professional bodies such as the Law Society, that it serves its members in the most cost-effective manner.

John D Shaw,
Chairman

MONEY LAUNDERING REPORTING COMMITTEE



Simon Murphy
Chairman

Under section 57(2) of the *Criminal Justice Act 1994*, as substituted by section 36 of the *Criminal Justice (Terrorist Offences) Act 2005*, where the Law Society suspects that a money-laundering offence or an offence of financing terrorism has been or is being committed by a practising solicitor, the Law Society is obliged by law to report that suspicion to the Garda Síochána and the Revenue Commissioners.

The fulfilment of this obligation has been delegated to the Money Laundering Reporting Committee. The membership of the committee consists of the two most recent past chairmen of the Regulation of Practice Committee (formerly the Compensation Fund Committee) and the Registrar of Solicitors.

The committee reports to the Council of the Law Society on the making of reports under section 57(2)

on a 'no-names' basis. The existence of the offence often referred to as 'tipping-off' means that the Law Society must ensure the highest standard of confidentiality in administering its money-laundering reporting procedure.

The Law Society's reporting obligations are, of course, separate and distinct from an individual solicitor's obligations to report suspicions in respect of clients to the authorities, pursuant to section 57(1) of the 1994 act.

I take this opportunity to thank my fellow committee members, the committee's solicitor, Joan O'Neill, and the committee secretary, Tina Beattie, for their assistance throughout the year.

Simon Murphy,
Chairman

PROFESSIONAL INDEMNITY INSURANCE COMMITTEE



Niall Farrell
Chairman

The Professional Indemnity Insurance Committee is a statutory committee that deals with all aspects of professional indemnity insurance for the Society. Its main function has been to supervise the management of the assigned risks pool, an insurance arrangement that covers solicitors who, for whatever reason, cannot get insurance in the market. It also deals with day-to-day queries that arise regarding solicitors who have no cover or who have difficulties in arranging it. A number of difficult cases took up a lot of time over the last year. In addition, the committee has a function in promoting sound risk management in the profession.

The Professional Indemnity Insurance Task Force reported to the Council in July and a new regulatory regime will be in place from 1 November 2007. There has been, and will be, considerable work in preparing for those new regulations, which resolve practical problems with the current regime. The prime objective is to ensure, for the protection of clients, that there is always cover of some description in place.

I would like to thank Rosemary Fallon, the secretary of the committee, for her sterling work over the year; Pat Howett, the manager of the assigned risks pool; and the other members of the committee for all of their contributions, which were very valuable.

Niall Farrell,
Chairman

REGULATION OF PRACTICE COMMITTEE



John O'Connor
Chairman

The Regulation of Practice Committee administers the compensation fund, which the Society is required to maintain in order to compensate clients for losses arising due to dishonesty on the part of solicitors or their employees. The committee also polices the profession's compliance with the *Solicitors' Accounts Regulations* and aspects of the *Solicitors Acts*.

Audited accounts

The income and expenditure account of the compensation fund reflects a deficit (representing an excess of expenditure over income after taxation) of €400,771 for the year ended 31 December 2006, compared with a deficit of €1,609,243 for the year

ended 31 December 2005. The decrease of €1,208,472 in the deficit for 2006 compared with 2005 is attributable to the net effect of increases of €1,383,380 in income, €168,136 in expenditure, and €6,772 in taxation.

The increase of €1,383,380 in income in 2006 is attributable mainly to an increase in recoveries from defaulting solicitors.

The increase of €168,136 in expenditure as between the two years is substantially attributable to increases in the following overheads: legal and professional fees of €772,724, costs allocated from the Society of €109,531, and investigation and support staff salaries and expenses of €126,808. These increases were offset by a reduction of €890,270 in the provision for claims. The increase in legal and professional fees in 2006 is attributable to the conclusion of long-standing litigation, the financial implications of which have only recently been determined. As referred to above, there was an increase of €6,772 in the charge for taxation in 2006 compared with 2005. The fund is liable to income tax on investment income and gains.

The net assets of the fund as at 31 December 2006 stood at €34,474,970, compared with €33,985,464 as at 31 December 2005. The increase of €489,506 in the net asset position of the fund as between the two years' ends is reflected in a decrease of €400,771 in revenue reserves, together with an increase of €890,277 in the revaluation reserve on the fund's investments. The preponderance of the fund's assets are invested in publicly quoted stocks, shares, and government securities. These investments are recognised in the accounts at prevailing market valuations at year's end.

As at 31 December 2006, the net assets of the

FINANCE AND ADMINISTRATION DEPARTMENT

The department's job is to provide infrastructure and support to the departments providing the core business functions of regulation, education and representation – and a myriad of services to member and non-member 'external' clients.

The external services include Four Courts consultation-room hire, company formation services, publication sales, premises hire, catering and bar services – all of which are important commercial activities of the Society. On the internal side, the department's main activities are finance, IT, premises/facilities and internal services, such as printing, post, telephone, reception, cleaning, security and maintenance.

With the Society's turnover at close to €25 million, split almost 50/50 between general activities and education activities, the financial function is a key activity. As well as the normal processing and control functions, the Finance section undertook a number of projects in 2006/2007, including the updating of the Society's five-year financial plan, ongoing monitoring and review of investments and the Society's staff pension scheme.

The department is also the 'risk manager' for the Society and is responsible for the general and professional indemnity insurance programmes, maintaining a risk register of Society activities, ongoing business continuity planning and fraud risk analysis. The department is responsible for the Society's eco-friendly programme.

On the facilities side, 2007 will see the completion of the refurbishment of the students' bar, which is the end of a ten-year programme for the refurbishment and upgrading of all parts of the building. This function is currently overseeing a number of infrastructural projects, such as lift replacement, stone wall replacement and an extension of the printing facilities. A building management system was imple-

mented in 2006 to ensure the efficient and economical operation of the Blackhall Place building. A feasibility study of the potential uses of the Benburb Street site is currently underway, under the auspices of the Benburb Street Task Force.

In IT, there continues to be significant investment to ensure efficient

delivery of services to members and students. There have been major improvements in relation to remote access to the student network, enhancements to 'Moodle' (the student learning system) and an upgrade in audiovisual and video conferencing facilities, both in Blackhall Place and the Cork-based Law School.

On the commercial side, the department manages a number of important member services, including 26 consultation rooms in the Four Courts, company formations services (which form over 1,000 companies per annum), publications sales (including Requisitions on Title and Conditions of Sale), premises hire, and catering services in Blackhall Place. The surplus that is generated from these activities makes a significant contribution to keeping down the cost of the annual practising certificate.

The department is constantly called upon to undertake a myriad of tasks. These are undertaken efficiently and willingly, thanks to the hard work of all staff in the department.



Cillian MacDomhnaill,
Director of Finance and Administration

fund, valued at €34,474,970, were financed by accumulated revenue reserves of €25,419,417 and unrealised surplus on investments held at the balance-sheet date amounting to €9,055,553.

Developments since December 2006

In the seven months ended 31 July 2007, 111 claims were received, amounting to €1,455,555. Payments were made in the sum of €1,186,001 in respect of 78 claims, and 33 claims amounting to €269,554 are still under consideration.

The net assets of the fund are valued at €34 million as at 31 July 2007. The individual annual contribution to the fund remains at €400 a year. Insurance cover for €30 million, subject to an excess of €5 million, is in place for the year ending 31 December 2007.

Committee's activities during the year

The committee met on ten occasions, for seven scheduled, one special and two emergency meetings. In the course of the year, the Society's investigating accountants conducted approximately 300 investigations of practices.

During the year, the committee decided to:

- Refer seven solicitors to the Solicitors Disciplinary Tribunal on foot of findings disclosed in the investigation reports on their practices,
- Refer five solicitors to the Solicitors Disciplinary Tribunal for failure to file accountants' reports on time,
- Apply to the High Court for an order freezing the accounts of, and suspending the practising certificates of, two solicitors where dishonesty was discovered,
- Levy contributions amounting to €11,296 towards

the costs of investigations, pursuant to the *Solicitors' Accounts Regulations*,

- Refer a firm of reporting accountants to its professional body,
- Apply to the High Court pursuant to section 18 of the *Solicitors (Amendment) Act 2002* in the following circumstances:
 - To compel a solicitor to hand over files relating to his former practice,
 - In relation to four solicitors who had breached the *Professional Indemnity Insurance Regulations*, in that they had failed to obtain run-off cover in respect of their former practices.

Recent years have seen an increasing incidence of claims on the compensation fund. The committee has commissioned a strategic review of the assets and liabilities of the fund to determine the asset level and insurance arrangements that will achieve the objectives of maintaining sufficient assets to absorb any surges in claims and to enable the setting of stable contribution rates from practising solicitors over time. It is planned that this review will be completed during the coming year.

Clients who are dissatisfied with a decision of the committee regarding a claim on the compensation fund may now apply for the decision to be reviewed by the Independent Adjudicator of the Law Society. So far, very few clients have done so, and it is too soon to make any meaningful assessment of the impact of this change on the fund.

I am pleased that this year has seen further improvement in compliance by solicitors with the requirement to file a reporting accountant's report within six months of their accounting date, with typical compliance levels up to 98%. A direction was issued by

the committee setting a minimum level of professional indemnity insurance for reporting accountants, in the interests of protecting the compensation fund.

I have initiated procedural changes designed to improve efficiency in the conduct of the business of the committee, which include increasing the use of correspondence in appropriate cases to deal with adverse investigation findings, which has reduced the number of cases where it is necessary to call solicitors to attend before the committee.

Throughout the year, an extensive programme of seminars has been taking place, at which the Registrar of Solicitors and investigating accountants have addressed practitioners on regulatory matters. Seminars have been arranged in Dublin, Galway, Kerry, Kildare, Louth and Mayo. The locations have been chosen according to demand.

In addition, work is in progress to prepare a regulation handbook, designed to be of practical assistance to the profession by informing them in a helpful way about how the system for regulation of the profession works. It is planned that this handbook will be published in the near future.

I would like to extend my sincere thanks to the committee vice-chairman, Boyce Shubotham, and to the other members of the committee for their much-appreciated participation throughout the year. I would like to pay particular thanks to the lay observers to the committee, Frank Bowen and Cecil Donovan, whose contributions have been of great assistance to the committee.

I would also like to thank the Registrar of Solicitors and Director of Regulation, John Elliot, and his team in the Regulation Department for all their hard work.

John O'Connor,
Chairman

NON-STANDING COMMITTEES

ARBITRATION AND MEDIATION COMMITTEE



Petria McDonnell
Chairman

There has been a notable change in approach, both by lawyers and clients, in relation to dispute resolution. The emphasis now is on 'How can we jointly sort this out without litigation?' as opposed to the traditional 'If you don't ... we'll sue you, and win'. This interest in what is commonly referred to as

'alternative dispute resolution' is not limited to arbitration and mediation, but includes conciliation and the appointment of experts. The increased interest and activity in the area has meant that the committee has had a busy year involving itself in a number of initiatives aimed at educating and promoting the use of arbitration and mediation to members of the Society and their clients, including:

- Dispute Resolution Symposium – held on 28 April 2007 at the instigation of the Attorney General, Rory Brady. The main arbitration issue discussed was whether legislation dealing with domestic arbitrations should be introduced to apply the UNCITRAL model law, which at present applies to international arbitrations only. The key mediation issues discussed were the regulation of mediators, issues of training and the relationship between mediation and conciliation. Members of the committee acted as rapporteurs for each of the two sessions.
- International Counsel for Commercial Arbitration (ICCA) Conference 8-10 June 2008. Against

considerable competition, Dublin has been chosen as the venue for the ICCA conference, which is held every two years and is attended by leading arbitrators (and litigators) worldwide. Members of the committee have been involved in planning for the conference about which information can be obtained at www.lawsociety.ie (under the 'Society Committees' / 'Arbitration and Mediation' links) and at www.icca.2008.

- Mediation seminar – organised in conjunction with CPD on 21 May 2007 under the title 'The role of the solicitor where mediation is imposed or proposed'. This was held in response to the increased interest by practitioners in understanding more about mediation, and the role of the solicitor in setting up and representing the client throughout the mediation process.
- Mediation panel. To ensure that the president has access to a panel where he is requested to appoint a mediator, the committee has put in place guidelines and an application form, and is currently reviewing applications from practitioners qualified to act as mediators.
- Website – the committee's website has been updated. It includes information on procedures for seeking the appointment of arbitrators, with guidelines on the procedures involved. Information on mediation includes specimen clauses, a specimen mediation agreement and general information of use to practitioners when discussing mediation with their clients and explaining the process to them.
- Members of the committee have met informally with the Law Reform Commission, at their request, to provide information on mediation and arbitration. The Law Reform Commission is

currently drafting an ADR consultation paper focusing on mediation, expert determination and collaborative law in the commercial, family and employment areas.

- Arbitration scheme – work is well advanced on the setting up of an arbitration scheme aimed at dealing with disputes on a fast-track and low-cost basis. It is hoped to launch that scheme in the near future.

My thanks to each member of the committee for the work they have done during the year, with special thanks to Colleen Farrell, the committee's secretary, for her commitment and support.

*Petria McDonnell,
Chairman*

CALCUTTA RUNNERS CROSS THE €200,000 FINISHING LINE

Over 1,000 brave souls ran, walked, strolled and crawled their way to a damp finishing line at this year's 10k Calcutta Run on 26 May. Organised annually by the solicitors' profession under the auspices of the Law Society of Ireland, the 10k event in the Phoenix Park raised over €200,000 for two charities: GOAL in Calcutta and the Peter McVerry Trust for homeless youngsters in Dublin. The proceeds have been divided equally between both charities, which are involved in rescuing street children at home and abroad.

REGULATION DEPARTMENT



The Law Society's regulatory committees oversee the regulatory system, supported by the Regulation Department.

The department deals with the issuing of practising certificates and certificates of good standing, records practice changes (such as commencements, mergers and cessations of solicitors' practices), maintains the Register of European Lawyers, and is currently preparing to implement the new Professional Indemnity Insurance Regulations, which come into operation on 1 November 2007.

The department administers the compensation fund, which provides compensation for dishonesty by solicitors, and monitors compliance with the Solicitors' Accounts Regulations. A notable trend of recent years has been a greatly increased tendency for clients to make claims on the fund.

The department administers the compensation fund, which provides compensation for dishonesty by solicitors, and monitors compliance with the Solicitors' Accounts Regulations. A notable trend of recent years has been a greatly increased tendency for clients to make claims on the fund.

The Complaints and Client Relations section investigates complaints about solicitors and aims to achieve practical resolutions. In the last three years, the section, which has ISO 9001:2000 quality system accreditation, has risen to the challenge of dealing with a substantial increase in its workload.

The Regulatory Litigation section prosecutes professional misconduct before the Solicitors

Disciplinary Tribunal and represents the Law Society in regulatory matters in the courts. There has been increasing use of statutory powers to seek High Court orders in cases of serious non-compliance.

Every year, a number of practices are closed following intervention by the Practice Closures section, typically when a sole practitioner who has ceased practice has not made adequate arrangements for closure.

Active steps continue to be taken to promote compliance with section 68 of the Solicitors (Amendment) Act 1994 relating to charges to clients.

The department is responsible for making reports to the Money Laundering Reporting Committee for consideration for onward reporting to the authorities, in fulfilment of the Law Society's statutory obligation to report suspicions of money laundering by solicitors.

Part of our mission is to assist the profession to improve knowledge of regulatory requirements. Throughout the year, a number of practice notes on regulatory matters have been published and a programme of seminars, at which we have addressed practitioners on regulatory topics, has been taking place.

We aim to achieve effective public protection through a system that is fair to solicitors and that we are constantly working to improve.

John Elliot,
Registrar of Solicitors and Director of Regulation

BUSINESS LAW COMMITTEE



Mark Ryan
Chairman

It has been a busy year keeping pace with legislative changes, both domestically and at European level.

In company law, the committee continues to monitor the work of, and make submissions to, the Company Law Review Group on the reform and development of company law in Ireland. The

committee provides representation for the Law Society on the review group.

Through its representation on the Company Law Committee of the CCBE, the committee has been involved in several EU initiatives concerning company law and corporate governance, including proposals for the simplification of company law, a proposal for a European private company statute and a draft directive on shareholders' rights.

The committee has been involved in a number of public consultations, including one organised by the Department of the Taoiseach on improvements to the regulatory appeals process and one held by the ODCE on the problems associated with apartment owner management companies.

In the area of contract law, the committee (one of the members of which is part of a group of experts established by the European Commission) has been monitoring the proposals of an EU action plan.

Here at home, the Competition Authority has embarked on a consultation process with a view to substantially amending part three of the *Competition Act 2002*, relating to merger control. The Committee is currently assessing the issues under review and will formulate a submission to the authority.

This year has also seen the conclusion of the committee's work on a simplified statutory company register, which is to be launched to the profession very shortly.

The committee's work on the clarification of the law relating to the swearing abroad of statutory declarations under the *Companies Acts* culminated in statutory provision for the retrospective effectiveness of declarations delivered to the registrar before the coming into force of the act.

The committee, through its representation on CROlink, continues to represent the profession in relation to any issues and difficulties arising in its dealings with the Companies Registration Office.

The committee has also kept up pressure for the immediate publication of statutory instruments upon their coming into force, and it is hoped that this will be a reality in the not-too-distant future.

To my vice-chairman, John Olden, all other members of the committee, and to its secretary Denise Collins, I express my thanks for their support and commitment throughout the year.

Mark Ryan,
Chairman

CONVEYANCING COMMITTEE



Barry MacCarthy
Chairman

The committee works to assist the profession in matters of conveyancing practice and procedure and to offer a guide as to best practice.

The committee has published 12 practice notes and four articles during the year.

In January, the third edition of

the *Conveyancing Handbook* was distributed to every practising solicitor on CD.

The committee has continued to keep its standard documents under review and is currently working on a combined contract for sale/building agreement.

Colleagues regularly look for guidance on practical issues that arise, and queries are dealt with at our monthly meetings. Numerous queries are also dealt with by the conveyancing helpline operated by the committee secretary. The helpline received 1,221 calls during the year.

“The Conveyancing Committee was unhappy about aspects of home reversions and lifetime mortgages and made a submission to a governmental inter-agency group proposing to regulate the area.”

The Conveyancing Committee was unhappy about aspects of home reversions and lifetime mortgages and made a submission to a governmental inter-agency group proposing to regulate the area. Work is well advanced on a submission on the proposed registration of deeds rules.

As a result of work done by the committee in previous years, restrictions on stage payments in purchases of new houses and apartments have been introduced by way of an IHBA code. The committee will continue to monitor the situation.

The committee, in conjunction with the eConveyancing Task Force and the Society's representatives on the PRA board and rules committee, met with representatives from the Department of Justice to further ongoing discussions on proposals to reform conveyancing law.

Barry MacCarthy,
Chairman

CORPORATE AND PUBLIC SECTOR COMMITTEE



Edward Hughes
Chairman

I am pleased to report that the committee has actively worked on its agenda items for this year and continues to strive to ensure that legal practice from the perspective of in-house solicitors be recognised. In particular, the committee has achieved the following:

- Organised a seminar, in conjunction with the Society's CPD section, tailored for in-house solicitors, held on 23 October 2007 in Blackhall Place, entitled 'Management tools for the effective in-house solicitor',
- Arranged a board meeting of the European Company Lawyers Association (ECLA), with the support of the Law Society, the Corporate and Public Lawyers Association (CPLA), Dillon Eustace Solicitors and McCann FitzGerald Solicitors, to be held on 16 November 2007 in Blackhall Place,
- Has sought to more effectively communicate its function to in-house solicitors, by updating the committee's section of the Law Society website, by articles in the *Gazette* and the legal e-zine, and by a letter issued in September 2007 to the 750 Law Society members working in-house, attaching an information leaflet regarding the committee.

The committee will continue to liaise closely with the CPLA and ECLA, aims to organise further CPD seminars tailored to in-house solicitors, and is currently working on updating its information booklet, *Solicitors Commencing Employment in the Corporate and Public*

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CORK'S NEW LAW SCHOOL



(L to r): Director general Ken Murphy, UCC president Gerry Wrixon, enterprise minister Micheál Martin, chairman of the Education Committee Stuart Gilhooly, president Philip Joyce and Lord Mayor of Cork Michael Ahern

The new Law School in Cork opened its doors to 73 trainees on 20 November 2006. The Washington Street premises was officially opened by the Minister for Enterprise, Trade and Employment, Micheál Martin TD. The minister noted that the decision to open in Cork had been taken in response to demand – both in terms of numbers and in the desire for people to train as solicitors outside Dublin. The school encompasses a lecture theatre, seven tutorial rooms, a fully equipped IT room, staff offices and meeting rooms. The Professional Practice Course in Cork is identical to its Dublin counterpart, although the course in Cork is unique in that it is characterised by a collaboration with University College Cork.

Services Sectors. The committee will continue to build upon and strengthen the relationship between the Law Society and its in-house members.

I would like to thank all the committee members for their excellent work this year, Michael Barker our vice-chairman, and our hardworking secretary, Louise Campbell, who deserves every credit for driving the committee's work programme and keeping the committee in touch with the Law Society.

*Edward Hughes,
Chairman*

CRIMINAL LAW COMMITTEE



*Alan Gannon
Chairman*

This year saw the first meetings taking place in renewed negotiations with the Department of Justice in relation to increases in Criminal Legal Aid Scheme fees. The committee is acutely aware of the dissatisfaction within the profession regarding the department's delay in dealing with

the matter. However, while only a small amount of progress has been made to date, the committee is hopeful that more substantial progress will be achieved in the coming months. Separate lengthy negotiations yielded final agreement on the fees to be paid for video-conferencing sessions with prisoners and for attendance at extension of detention hearings.

On the education front, the committee held two seminars, one in Waterford in May and the other in Blackhall Place in July.

Members of the committee continued to participate in the users' groups for the various District Courts and the Circuit and Central Criminal Courts. Renewed

representations were made to the Courts Service regarding delays in the issuing of legal aid certificates.

A large number of other matters also appeared on the committee's agenda, and a sub-committee was established to secure a protocol with medical practitioners in respect of issues that have arisen on foot of *habeas corpus* cases in the context of the *Criminal Law (Insanity) Act 2006*.

I would like to thank my vice-chairman, Dara Robinson, for his support during the past year and also each and every one of the members of the committee for their commitment to its work. Thanks also to Colette Carey, committee secretary.

*Alan Gannon,
Chairman*

CURRICULUM DEVELOPMENT UNIT



*Dominic Dowling
Chairman*

The Curriculum Development Unit (CDU) welcomed the Law School in Cork under its remit this year. The unit travelled to Cork at the kind invitation of Valerie Morrison and her team so that we could review the Law School premises and generally audit the courses and curricula. I am very pleased to say

that, thanks to the hard work of Valerie and her colleagues, including Karen Smith and Mary Singleton, the same high standard that pertains in Blackhall Place is maintained in Cork.

We also used the opportunity to visit the UCC campus and meet the law librarian. UCC facilities are available to students in the Law School in Cork as part of their course. These facilities (which are being expanded) were very impressive.

During the year, the CDU carried out its usual review of all courses and materials taught in the Law School. We placed particular emphasis on skills and information technology. Without competency in these key areas, all the 'black letter law' in the world will not make a modern solicitor. I should like to record the CDU's thanks to Liam Ryan and Antoinette Moriarty of the Law School, who are key drivers in these important areas.

I should also like to record my thanks to all the members of our unit, namely Colm Costello, Brian Magee, Carol Plunkett, Ruth Craig, Nigel Savage and Hugh O'Donoghue, who unselfishly devote considerable time and a wealth of experience to the work of the Society.

Finally, I would once again like to pay tribute to the indefatigable TP Kennedy and Geoffrey Shannon and all the dedicated staff of the Law School, who continue to provide the profession with a system of education of which they can truly be proud.

*Dominic Dowling,
Chairman*

EMPLOYMENT AND EQUALITY LAW COMMITTEE



*Ian Moore
Chairman*

with the director of Employment Rights Compliance.

At the committee's instigation, the Society made representations in advance of the new appointments to the Employment Appeals Tribunal (EAT). We are offering cooperation with the EAT Procedures Revision Group. With Towards 2016's promises of a new enforcement regime, we have been in contact

Likewise, with the Supreme Court's decision in *Ryanair v The Labour Court*, we are monitoring the outcome on the Labour Court's procedures. We would also draw practitioners' attention to the now not-so-recent amendment to the *Employment Equality Act*, extending its remit to partnerships.

The committee aims to keep practitioners up-to-date with developments in employment and equality case law and legislation. To achieve this, committee members have been involved in CPD seminars on occupational stress, immigration/work permits and the rights of EU citizens and are planning a major series of seminars covering the range of employment and equality law. Articles in the *Gazette* have covered developments in the protection of civil servants and collective redundancies. The Society's Employment Law Diploma is now one year old and we have been working on its review and improvement.

Recognising its potential for the resolution of employment disputes, in March 2007 we arranged a mediation workshop facilitated by Ronald Bradbeer from the Centre for Effective Dispute Resolution.

The committee is currently engaged in a review of precedent employment contracts and an employment law booklet, which, once complete, will be made available to practitioners.

Rory O'Boyle, as secretary, has been a huge support to me, and to him and his predecessor Martin Clohessy, I am very grateful. Thanks are also due to Barbara Joyce, who has patiently worked with us on the planning of seminars, and to my vice-chairman, Geraldine Hynes, for her guidance, and to all the committee members for their ready contribution and sharing of knowledge.

*Ian Moore,
Chairman*

BLACKHALL BUILDERS

3,500



In July, a team of 16 trainee solicitors from the Law School in Dublin travelled to Nkwazi, in northern Zambia, to provide assistance to the international charity, Habitat for Humanity. There, they worked hard to provide financial and physical assistance to underprivileged families to build simple, decent and affordable housing for the local community.

The team raised €54,000 before travelling to Zambia. If that was a daunting challenge, it was nothing compared with the 3,500 handmade bricks they had to produce before building a single house!

EU AND INTERNATIONAL AFFAIRS COMMITTEE



Philip Andrews
Chairman

The primary role of the committee is to monitor and report on relevant legal developments at EU and international level that impact on, and are of interest to, the profession.

We have had a number of highlights in what has been a busy year. The committee held a highly successful international property seminar, geared towards assisting solicitors in identifying key issues when acting for clients buying property abroad.

In March, the committee organised and provided a training program for representatives of the Kosovo Chamber of Advocates in establishing their bar rules and, particularly, disciplinary procedures for bar members as part of a USAID World Learning-funded project.

We also continue to spearhead the 'South African Project', which seeks to assist the development of qualified lawyers from South Africa in commercial and corporate law. A number of committee members travelled to South Africa to share their expertise with lawyers from traditionally disadvantaged backgrounds, and four South African practitioners are currently training in Ireland.

The committee drafted comments on the *European Communities Bill*, which formed the basis of a Law Society submission to the Minister for European Affairs. We have also worked with the Superior Courts Rules Committee in the redrafting of the Superior Court Rules and contributed to the *Guide to Professional Conduct for Solicitors*.

The committee continues to establish fruitful relationships with both European and international legal organisations and has co-hosted a number of seminars and events with groups such as the American Bar Association, the European Commission Representation in Ireland and the German-Irish Law and Business Association. The committee also remains the reporting body for delegates to the Council of Bars and Law Societies of Europe, the Union Internationale Du Notariat Latin and the International Bar Association.

I would like to acknowledge the dedication and hard work of the committee during the year. I extend my thanks to committee secretary Eva Massa for her excellent work during a busy year.

Philip Andrews,
Chairman

FAMILY LAW AND CIVIL LEGAL AID COMMITTEE



Sinead Kearney
Chairman

It has been a busy year. Following the implementation of the *Mental Health Act* on 1 November 2006 and the establishment of the Mental Health Tribunal panels, committee members, in conjunction with our Guidance and Ethics Committee colleagues, finalised the practice note for solicitors seeking entry to the panels.

The committee is very excited about the two-day family law and civil legal aid conference entitled 'Troubleshooting Areas in Family Law Practice', which is taking place on 30 November and 1 December 2007. This will be a hands-on, practical and comprehensive

conference covering a myriad of real problems faced by solicitors in practice on a daily basis. Topics that will be discussed include anti-money-laundering obligations for family law practitioners, reporting obligations, and legal issues arising in child sexual abuse cases and alternative dispute resolution.

Likewise, the annual Family Law Conference held on 23 May was hugely successful and very well attended, with significant and influential speakers discussing numerous family law topics.

Ongoing projects this year included the updating of the *Family Law Handbook*. We have examined guidelines in neighbouring jurisdictions and have secured the assistance of Ms Justice Catherine McGuinness in an editing role.

The ongoing review of securing independent representation of children has moved on apace

The ongoing review of securing independent representation of children has moved on apace, with the newly appointed Children's Act Advisory Board's request for submissions on the role of the guardian *ad litem*. The committee is currently working on those submissions. The committee has invited Dr Carol Coulter to a meeting to discuss her role as court reporter.

Other current projects include the formation of a working group in conjunction with the mediation services to examine and make recommendation for possible changes to the separation agreement, and a national survey to examine delays in family law matters.

I am very grateful for the enthusiastic assistance of the very experienced members of the committee and our excellent secretary, Colleen Farrell, who give of their time so generously.

Sinead Kearney,
Chairman

GAZETTE EDITORIAL BOARD



Stuart Gilhooly
Chairman

This is a committee that has gone from strength to strength this year. An influx of bright new talent has invigorated its work and, hopefully, the fruits of its labours can be seen in an improved product.

As before, the main focus of the committee's work has been in ensuring that the magazine

provides relevant, readable articles. In setting a rule that no article should exceed 1,750 words, we have attempted to make the *Gazette* more accessible to the busy practitioner.

At our bi-monthly meetings, a slew of relevant topics are extracted from the wide range of experience at the table, and experts in the particular field nominated to produce a piece that we feel that practitioners need and want to read about.

The committee also feels that some articles with a personal touch are necessary, and we have increased the number of colour features accordingly.

We are committed to reacting quickly and producing informed commentary on new legislation, while recognising that quality must take precedence over speed in certain circumstances.

A huge debt of gratitude is owed to Mark McDermott, editor, and the remainder of the *Gazette* staff. The editorial board merely provides guidance to a very experienced and dynamic editorial team. Its efforts were deservedly rewarded when the *Gazette* was placed as a finalist in the Periodical Publishers' Association of Ireland (PPAI) awards, held on 7 December 2006.

Stuart Gilhooly,
Chairman

EDUCATION DEPARTMENT

The year under review has once again broken all records for the Education Department. Between September 2006 and September 2007, almost 2,000 students have attended the Professional Practice Courses I and II. The equivalent number in 2001/2002 was 1,000 – a 100% increase in five years. In order to educate these ever-growing numbers, three PPCI courses were run simultaneously in 2006 (the first time that this has ever been done). In September 2007, two courses started – one larger course in Dublin, with 560 trainees, and a smaller course in Cork for approximately 100. To facilitate this course, the main lecture theatre in the Education Centre has been redeveloped to increase its capacity from 198 to 280. There has also been a major upgrade of its IT and presentation facilities. The internet resources available to students have been increased.

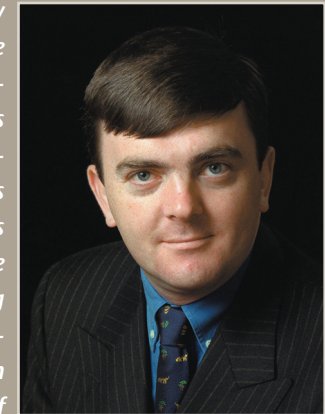
The most significant event of 2006 was the opening of our new course centre in Cork; 73 students attended the initial course. Training is provided in our own premises in Cork and is run by our own Cork-based staff. Most of the teaching is delivered by solicitors practising in Munster. A notable achievement of the new course was that two of its students, Michelle Cronin and Melanie Evans, won the World Client Counselling Competition in Australia. During 2007, three diploma courses and eight CPD seminars will have been run in the Cork centre.

The traineeship section has increased its monitoring of in-office training with three visitors out

on the road. A new feature this year is the introduction of an on-line facility for trainees in their offices. This service provides trainees with checklists of tasks they should undertake during their training period, news on developments of interest to them and contact details of other trainees in their geographical area.

There has also been a marked increase in our post-qualification activities. Six diploma courses were run during the year. One of these was our first online learning course – a Certificate in Judicial Review. This involved the periodic release of course materials on a closed website and collaboration between the participants in an online chatroom environment. Eight diploma courses are scheduled to commence during the autumn. The Diploma in Employment Law will be run in Dublin and videoconferenced to our premises in Cork. The CPD section has run a much greater number of new seminars during the year. These have included new initiatives, such as the first-ever annual conveyancing conference and exhibition.

TP Kennedy,
Director of Education



GUIDANCE AND ETHICS COMMITTEE



Kevin O'Higgins
Chairman

At the outset of the year, the committee identified a number of projects that it wished to progress:

- **Planning for emergencies.** The committee has drafted a precedent agreement for the temporary management of a sole practitioner's practice, published in the August/September 2007 issue of the *Gazette*.
- **Letter of engagement.** A comprehensive letter of engagement, dealing with the general terms of a contract between a solicitor and a client, is almost finalised,
- **Independent legal advice.** The committee has been looking at this topic in the context of voluntary transfers,
- **Mental capacity.** The committee, working with the Family Law and Civil Legal Aid Committee, devised guidelines for solicitors who will be representing clients who have been detained involuntarily in mental health facilities when their cases are reviewed before the new Mental Health Commission Tribunals.

The routine work of the committee continued throughout another busy year. As usual, there were many hundreds of calls to the committee helpline.

The committee facilitates the work of the panel of solicitors to assist members in difficulty with the Law Society. Our thanks are due to those colleagues who volunteer for this panel.

I would like to thank each member of the

committee. Membership is drawn from colleagues throughout the country, and great sacrifices are made in giving time to attend meetings for the good of the profession. Each member contributed greatly but, in particular, I wish to pay tribute to the ever-energetic vice-chair, James Cahill, who was always full of sense and, not least, to offer a very special word of thanks to our secretary, Therese Clarke, who kept the whole operation going.

Kevin O'Higgins,
Chairman

HUMAN RIGHTS COMMITTEE



Noeline Blackwell
Chairman

The Human Rights Committee continued to build on its existing activities this year and develop new initiatives.

The successful 2006 Annual Human Rights Conference, held in conjunction with the Ombudsman for Children and the Irish Human Rights Commission, had child law as a theme. In 2007, the focus has been on criminal law.

A study on the incorporation of the *European Convention on Human Rights* into Irish law, jointly sponsored with the Dublin Solicitors' Bar Association, was published and is already a useful resource to practitioners.

Baroness Helena Kennedy QC delivered the 2007 Annual Human Rights Lecture. Her topic, the protection of human rights in the war on terror, was extremely well received.

The 'Human Rights Watch' page continued in the *Gazette*, and many of the committee's events are

recorded on the Law Society website. The committee has maintained its contact with the Human Rights Commission and other organisations.

The committee sponsored two student-directed events. The first is a two-month internship research project done in conjunction with Ballymun Community Law Centre, Northside Community Law Centre, Ballymun Local Drugs Task Force and Business in the Community to focus on the expungement of long-spent criminal convictions. In addition, the committee held a Human Rights Essay Competition aimed at students at the Society's Law School.

“ A study on the incorporation of the *European Convention on Human Rights into Irish law* was published and is already a useful resource to practitioners. ”

I would like to thank Colin Daly, vice-chairman, and all committee members for giving their time, interest and expertise during the year. I also acknowledge the consistent encouragement of the Law Society Council and staff. I particularly want to thank Alma Clissmann, who was committee secretary until July 2007, when she moved to a new post at the Law Reform Commission. The committee's work depended primarily on her unstinting and expert work, and their successful outcome was largely to her credit. She has also been a clear focus for human rights within the Law Society and a great support to me and to the entire committee. I am very pleased to welcome her able replacement, Elaine Dewhurst, as newly-appointed secretary to the committee and to wish her well in the post.

Noeline Blackwell,
Chairman

LAW REFORM COMMITTEE



Peter Fahy
Chairman

The year under review saw the publication of the *Charities Bill 2007*, which contains many of the recommendations of the Law Reform Committee's 2002 report on charity law. I would like to pay particular tribute to the practitioners who contributed to that influential study. The

committee's report on remedies in environmental law is almost complete and is scheduled for publication in September. This will be a major piece of work, recommending a number of reforms in the area of enforcement of environmental law. As the report identifies, Ireland has obligations under EU law and international conventions in this area that must be respected.

The committee has also begun work on a major review of the law on divorce in Ireland, which is expected to take up to 18 months to complete.

The eighth Annual Law Reform Student Essay Competition was held and resulted in three winners: Mark Coen (first place), and Michael Moran and Helen Nolan (joint second place). Notably, all prizewinners this year are students of Trinity College, Dublin. I would like to thank Mr. Justice Liam McKechnie, Dr Oonagh Breen, and past-president Moya Quinlan for their expert adjudication of the competition. The law reform essays publication, which will publish previous prize-winning essays, is nearing completion, and it is hoped that this will be launched in autumn.

The sub-group examining the law on security interests in personal property continues its work. The committee participated proactively in the Law

8 JUDICIAL APPOINTMENTS

Celebrating the appointment of eight solicitors to various judicial positions in May were: (front, l to r): His Honour Judge Gerard Griffin, the Hon Mr Justice Bryan McMahon, President of the Law Society Philip Joyce, the Hon Mr Justice Garrett Sheehan, and Her Honour Judge Petria McDonnell. (Middle, l to r): director general Ken Murphy, Rosario Boyle SC, Judge Elizabeth McGrath, deputy director general Mary Keane, junior vice-president John Costello and Judge Denis McLoughlin. (Back, l to r): Council member Gerard Doherty, Judge John Lindsay, immediate past-president Michael Irvine, senior vice-president James MacGuill and Judge Eamon O'Brien



Reform Commission's consultation on its Third Programme of Law Reform, submitting a total of 13 proposals.

Together with the committee secretary, Alma Clissmann, I met with the Law Reform Commission during the year for a very fruitful exchange of views.

Regrettably, Alma has since moved to the Law Reform Commission to take up a senior position there. I would like to pay tribute to her for her expert and unstinting work for the committee over the past seven years. Thankfully, we have a very able replacement in Elaine Dewhurst. I welcome Elaine aboard and wish her every success in her new role.

As chairman, I would like to thank vice-chairman Brian Gallagher and all committee members and co-opted members of sub-groups – the environmental law sub-group in particular – for their tireless work during the year.

Peter Fahy,
Chairman

LITIGATION COMMITTEE



Fiona Twomey
Chairman

Over the past year, the committee has monitored the continuing changes in personal injury litigation practice, which culminated in the passing of the *Personal Injuries Assessment Board (Amendment) Act 2007*. The committee issued information items and practice notes to the profession as necessary, and also dealt with a steady stream of queries and complaints from practitioners regarding operational aspects of the PIAB process.

Representatives of the committee also met with officials of the Data Protection Commissioner to discuss privacy issues arising in relation to the dissemination of plaintiffs' medical reports to defendants by PIAB.

Communication was maintained with the Courts Service in relation to a number of matters – for example, arrangements for sittings of the non-jury list

outside Dublin, the Circuit Court listing system, and computerisation of the High Court case-search system. Representatives of the committee continued to participate in various court users' groups.

A new area of involvement for the committee was its entry into negotiations with the Mental Health Commission in relation to terms and conditions for members presenting cases before it. These negotiations are at an early stage, but it is hoped that steady progress can be made with a view to resolving matters early.

A sub-committee was established to examine the area of e-discovery and other relevant issues, with the assistance of members of the Technology Committee. The sub-committee has already shown serious commitment to the issues in hand.

I would like to thank each member of the committee, and particularly the vice-chairman Ronan O'Neill, for their input and support throughout the year.

Thanks also to Colette Carey for her enthusiasm

and commitment to the committee and its work.

*Fiona Twomey,
Chairman*

PROBATE, ADMINISTRATION AND TRUSTS COMMITTEE



*Paula Fallon
Chairman*

This year saw the 'settling down' of this committee, having come into existence last year after a division of the former Probate, Administration and Taxation Committee.

All the solicitors' firms in the country received a copy of the *Enduring Power of Attorney* on CD-ROM earlier in the year, thus

bringing to conclusion a long-standing project of the committee. The feedback from the profession has been overwhelmingly positive in this regard.

Also this year, sample copies of the reviewed, redesigned and updated *Making a Will* leaflet were

provided to all the firms in the country, with further copies available for purchase.

Practitioners continued to highlight various practice difficulties and issues affecting the profession at large, and the committee sought to resolve these issues through dialogue with Revenue, banks and other agencies, as appropriate.

Sadly, the committee remains concerned in relation to testamentary capacity, protection of elderly clients and succession rights for minors. A further issue that concerns the committee is the issue of solicitors naming themselves as sole executors as a matter of practice, and not just when specifically requested to do so.

“ *The committee remains concerned in relation to testamentary capacity, protection of elderly clients and succession rights for minors.* ”

The committee notes the forthcoming amendments to the *Succession Act 1965* outlined in the *Civil Law (Miscellaneous Provisions) Bill 2006* and the proposed *Trusts Bill*, changes for which the Society had lobbied in the past. In addition, the committee provided the basis for the Society's views on the proposed *Registration of Wills Bill*, which has now lapsed.

I would like to thank the vice-chairman, Justin McKenna, and the committee members for their time and effort, and in particular would like to thank Ms Patricia Rickard-Clarke, who retired from the committee this year after many years of committed service.

Finally, thanks to our committee secretary Padraic Courtney, for his assistance.

*Paula Fallon,
Chairman*

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IMMIGRATION CONFERENCE

'New Rules for the New Irish' was the title of a Law Society conference on the proposed *Immigration, Residence and Protection Bill 2007*, held on 27 January. It was oversubscribed by 100 people. A packed hall heard a variety of top speakers tease out diverse aspects of the proposed legislation, with criticisms of the bill coming from a succession of NGO and third sector representatives – and a robust defence by Department of Justice officials.



PUBLIC RELATIONS COMMITTEE



Michele O'Boyle
Chairman

In the year under review, the Public Relations Committee has been listening closely to the members of the profession and has been working hard to improve the profession's image and communication between the Law Society and its members.

At the top of the Committee's agenda was an advertising campaign that sought to create a shift in the public perception of solicitors, namely by:

- Improving the image of the profession in general,
- Creating a willingness to use the services of solicitors – and, conversely, to reduce public reluctance in contacting or using solicitors, and
- Opening the public's eyes to the large range of services provided by the profession.

To broadcast this message as effectively as possible, the advertising agency McConnells, with the assistance of the PR Committee, devised five concepts for the media campaign. A comic-strip format was adopted in order to 'show' rather than simply 'tell' why members of the public might benefit from the professional advice of their solicitor.

Targeted market research among members of the public was carried out in advance of the campaign to assess reaction to the proposed adverts. This ensured that only the strongest storylines were used. The market research on the proposed adverts was very positive, with respondents saying that they liked the

'unexpected style', found the adverts 'quite attractive', 'liked the humour', 'looked forward to seeing the next advertisement', and that they 'challenged their views of solicitors'.

The campaign ran for a period of three weeks in late May and early June, with the adverts appearing in selected national daily newspapers. Since then, the independent market research company, Behaviour & Attitudes, has been engaged by the Law Society to survey the general public to determine the campaign's level of success.

The findings reveal that the campaign has engaged those who have seen it. In terms of 'perceived effectiveness' it has been very successful. The survey reveals, however, that some refinement of the creative style is desirable, in order to take account of broader prevailing attitudes towards the profession at general public level.

At the time of writing this review, Behaviour & Attitudes is currently carrying out a survey of the profession in order to assist the Council of the Law Society to determine the future direction that any campaign might take.

The Law Society Conference, 'New Rules for the New Irish' was initiated by the PR Committee in January 2007. It provided a valuable platform for many of those involved in immigration issues. As a result, the Society benefited from some excellent television, radio and newspaper coverage.

I would like to take this opportunity to thank the vice chairman Patrick Dorgan, the hard-working members of the Committee, and Committee secretary Mark McDermott for giving selflessly of their time, ideas and enthusiasm throughout the past year.

Michele O'Boyle,
Chairman

TAXATION COMMITTEE



Michael O'Connor
Chairman

Tax law is much more subject to change than any other branch of law. One of the committee's main aims is to promote awareness of, and proficiency in, tax law among solicitors.

During the year, the committee:

- Issued a practice note on the new VAT Directive,
- Contributed to the e-zine,
- Participated through its representatives with the Revenue team in the VAT on property review project,
- Submitted comments on the proposed new VAT and property system, and
- Contributed to a recently-published Revenue guidance note on VAT and the transfer of a business.

In addition, the committee made the annual pre-budget submission to government, published the annual tax guide and dealt with a range of tax-related issues submitted by practitioners.

Members of the committee continue to serve on the Tax Administration Liaison Committee (TALC) and its sub-committees. TALC provides a useful forum for discussion with Revenue, the accountancy bodies and the Irish Taxation Institute on issues of relevance both to the public and the profession. The Society's participation in TALC has resulted in helpful legislative changes for taxpayers and an easing of the administrative burden for practitioners.

I would like to thank the vice-chairman, Pat Bradley,

and the other committee members for the time and effort that they gave to committee business throughout the year. Finally, thanks to committee secretary Colette Carey for her exceptional assistance and dedication.

*Michael O'Connor,
Chairman*

15 JUSTICE MEDIA AWARDS 2006



'Padraig Nally', a one-hour *Prime Time* special report by RTÉ, was the 'Overall Winner' of the Law Society's Justice Media Awards 2006, held on 17 November.

The special report by Mary Wilson (reporter) and Tanya Sillem (producer) investigated the killing of Traveller John 'Frog' Ward by Padraig Nally in October 2004 and the legal consequences that followed.

The winners in the other 11 categories were presented with Justice Media Awards, while the runners-up received Certificates of Merit.

The Justice Media Awards – Ireland's longest-running media competition – celebrated its crystal anniversary (15 years) in 2006.

TECHNOLOGY COMMITTEE



*Patrick Madigan
Chairman*

The two key functions of the Technology Committee are to monitor developments in technology that are relevant to the legal profession and to promote the use of technology as a business resource. In addition, the committee provides assistance and advice to individual members on a one-to-one basis throughout the year. *Get Integrated 2007*, a list of computer suppliers to the legal profession, was published at the beginning of the year and was circulated to all firms. It is also available on the committee's webpage.

As the committee had decided to make the LawTech exhibition a bi-annual event, there was no exhibition this year, but it is planned to hold the next exhibition in the Galway/Sligo direction early in February/March 2008.

A practical workshop was organised in the Waterford Institute of Technology on 9 March 2007, where delegates gained hands-on experience on how to use the internet as a research tool and how to use the Land Registry Land Direct online services.

The committee is planning a workshop for 19 October 2007 in the University of Limerick on legal research on the internet and on maximising the use of *Outlook* as an application to communicate and organise one's daily work.

A seminar has been organised by the committee for Friday 23 November in Blackhall Place on 'Litigation in the Digital Age – Practice and Trends in e-Discovery'. This will cover the practitioner's view of e-discovery, forensic evidence and the trends in document

retention and tracking. This seminar should prove very practical to members of the profession.

The committee is working with the Litigation Committee on reviewing the discovery process and, in particular, the e-discovery aspect. The joint sub-committee expects to submit a report with proposed draft amendments to the *Rules of the Superior Courts* in respect of discovery later in the year.

The committee has representatives on the e-Conveyancing Task Force, which was established to ensure an active engagement by the Society in the government's e-conveyancing project. A watching brief is being kept on the development of digital signatures, as this will play a significant part in e-conveyancing.

A number of meetings and presentations have taken place with regards to an ongoing project on e-stamping with the Revenue Commissioners, which to date has resulted in a new web routine that assists solicitors find the correct certificates for stamp duty online.

The committee's webpage is a valuable source of information for the profession. It includes a number of guides on issues relating to technology. It also provides several links to forms available in electronic format that can be accessed and downloaded in seconds. The committee is trying to establish a list of 'frequently asked questions' and invites solicitors to submit questions, which it will answer and note the answers on the page.

A special thanks to our secretary, Veronica Donnelly, and all of the hard-working members of the Technology Committee, including vice-chairman Neil Butler.

*Patrick Madigan,
Chairman*

625

PARCHMENT CEREMONY

By the end of 2007, it is expected that 625 new solicitors will have been admitted to the profession. Celebrating at their parchment ceremony on 7 September at Blackhall Place were: (clockwise from top left, l to r): Brian Bolger, Carolyne Kerr and Patricia Kerr; Mary Keane; Eddie, Yvonne and Mary Nolan; and David Berkery, President Philip Joyce, Stuart McCarron and Brian McCloskey



LAW SOCIETY PERSONNEL

Ken Murphy, *Director General*

HUMAN RESOURCES

Maureen Seabrook, *Human Resources Manager*

POLICY, COMMUNICATION AND MEMBER SERVICES

Mary Keane, *Director of Policy, Communication and Member Services and Deputy Director General*
Patricia Doolan, *Personal Secretary*
Sharon Hanson, *Personal Secretary (President and Director of Policy, Communication and Member Services)*
Emma-Jane Williams, *Policy Development Executive*
Elaine Dewhurst, *Parliamentary and Law Reform Executive*
Colette Carey, *Committee Executive*
Anthea Moore, *Secretary*
Mark McDermott, *Editor, Gazette and PR Executive*
Martina Flynn, *Webmaster*
Colleen Farrell, *Committee Executive*
Catherine Kearney/Valerie Farrell (J/S) *Secretary (Editor, Gazette)*
Louise Campbell, *Support Services Executive*
Gabriel Brennan, *E-conveyancing Project Manager*

LIBRARY

Margaret Byrne, *Librarian*
Mary Gaynor, *Deputy Librarian*
Eddie Mackey, *Assistant Librarian*
Susan Reilly, *Library Assistant*
Caroline Meechan, *Senior Library Assistant*

REGULATION DEPARTMENT

John Elliot, *Registrar of Solicitors and Director of Regulation*
Lesley Butler, *Personal Secretary (Registrar of Solicitors and Director of Regulation)*
Tina Beattie, *Executive Officer (part-time)*
Linda Dolan, *Administration/Accounts Clerk*
Christina D'Arcy, *Secretary*
Sorcha Hayes, *Executive Officer*
Ciara O'Loughlin, *Secretary*

REGULATION SOLICITORS

Joan O'Neill, *Senior Solicitor*
Mary Fenelon, *Solicitor (part-time)*
David Irwin, *Solicitor*
Jean O'Cuilinn, *Secretary (part-time)*
Anne Molloy, *Secretary (part-time)*
Eimear Ryan, *Secretary*

PRACTISING CERTIFICATES AND PROFESSIONAL INDEMNITY INSURANCE

Rosemary Fallon, *Executive Officer*
Nicola Darby, *Practice Regulation Administrator*
Mary Ann McDermott, *Secretary*

COMPLAINTS AND CLIENT RELATIONS

Linda Kirwan, *Senior Solicitor*

Tony Watson, *Solicitor*
Helene Blayney, *Solicitor (part-time)*
Daragh Buckley, *Solicitor (part-time)*
Martin Clohessy, *Complaints Executive*
Fiona NíCheallaigh, *Solicitor*
Doreen Fitzsimons/Ursula Lynch, (J/S) *Secretary*
Helen Mountaine/Orlaith Gallagher, (J/S) *Secretary*
Colette O'Leary, *Secretary*
Yvonne McGarvey, *Secretary*
Deborah Finn, *Secretary*

INVESTIGATING ACCOUNTANTS

Seamus McGrath, *Senior Investigating Accountant*
Tim Bolger, *Accountant*
Mary Devereux, *Accountant*
Jim Dobson, *Accountant*
Noreen MacCarthy, *Accountant*
Munro Moore, *Accountant*
Niamh O'Connell, *Accountant*
Jim O'Dowd, *Accountant*
Jim Ryan, *Accountant*
Edward Sheehan, *Accountant*
Yvonne McMahon, *Secretary*

PRACTICE CLOSURES

Therese Clarke, *Senior Solicitor*
Catherine O'Flaherty, *Solicitor*
Anne Collins, *Secretary*
Geraldine Molloy, *Secretary (part-time)*
Suzanne Chesney, *Secretary (part-time)*
Tracey Butler, *Secretary (part-time)*

EDUCATION DEPARTMENT

T P Kennedy, *Director of Education*
Lynda Sheane, *Personal Secretary*
Geoffrey Shannon, *Deputy Director of Education*
Sinéad Freeman, *Personal Secretary (Deputy Director of Education)*
Gretta Collins, *Secretary*
Fionna Fox, *Training Executive*
Mary Walker, *Secretary*
Jacqueline Robb, *Secretary*
Maritta Moran, *Secretary*
Paula Sheedy, *Education Officer*
Tara Caffrey, *Secretary, Exams Administrator*
Carmel Kearney, *Secretary*
Michelle Nolan, *Information and Professional Development Executive*
Pauline Smyth, *Secretary*
Deirdre Healy, *Administration Manager*
Keith Hogan, *Development Manager*
Julianne Ward, *Secretary*
Attracta O'Regan, *Head of CPD*
Barbara Joyce, *CPD Co-ordinator*
Nadya Gaughran, *Secretary*
Anne O'Toole, *CPD Secretary*
Niall Cosgrave, *CPD Secretary*
Alison Egan, *CPD Executive*
Aideen Byrne, *Secretary*

Allison Foy, *CPD Secretary*
Freda Grealy, *Diplomas Manager*
Rory O'Boyle, *Diplomas Executive*
Tina Dwyer, *Secretary*
Emer Roche, *Secretary*
Joan Doyle, *Receptionist*
Suzanne Fahey, *Receptionist*
Anne Walsh, *Acting Administration Manager*
Caroline Bentley, *Secretary*

COURSE MANAGERS

Maura Butler
Padraic Courtney
Jane Moffatt
Colette Reid
Eva Massa
Joanne Wright
Rachel Hession
Catherine Byrne, *Secretary/Course Administrator*
Philomena Whyte, *Secretary/Admissions Administrator*
Vacant, *Secretary*
Catriona Moran, *Secretary*
Alison Gallagher, *Secretary (part-time)*
Sarah Jane Stack, *Secretary (part-time)*
Bernice Mallon Murphy, *Secretary*
Teresa Cunningham, *Secretary*
Irene Groves, *Secretary*
Antoinette Moriarty, *Student Development Advisor*
Emma Cooper, *Student Development Advisor*

CORK

Valerie Riordan, *Course Leader*
Gail Sheerin, *Administration Executive*
Karen Henebry, *Course Executive*
Mary Singleton, *Course Executive*
Nora Stack, *Course Executive (part-time)*
Trina Murphy, *Secretary/Recruitment Administrator*
Caroline Foley, *Secretary*

FINANCE DEPARTMENT

Cillian MacDomhnaill, *Director of Finance and Administration*
Gayla Ralph, *Personal Secretary*
Sarah Blunden, *Executive Assistant*

ACCOUNTS

Seamus Turley, *Management Accountant*
Edward McDermot, *Accountant*
Sibongile Grace Tambala, *Accounts Assistant*
Brigid Pender, *Accounts Assistant*
Kevin Hegarty, *Accounts Assistant*
Oliver Shanks, *Accounts Assistant*
Peggy Ryan, *Payroll Clerk (part-time)*

INFORMATION TECHNOLOGY

Tom Blennerhassett, *IT Manager*
Veronica Donnelly, *Computer Services Manager*
Damien Carr, *IT support*

Linda Cash, *IT Support (part-time)*
Patricia Faulkner, *IT Support (part-time)*
Liam Ryan, *IT Systems Administrator - Education Centre*
Caroline Kennedy, *Technical Support - Education Centre*
Adrian Buliman, *Technical Support - Education Centre*

COMPANY FORMATION

Rita Hogan/Carmel Molloy (J/S)
Susan Murray *(part-time)*
Lorraine Cullen

FOUR COURTS OFFICE

Mary Bissett
Paddy Caulfield
Dolores Maguire *(part-time)*

FACILITIES/INTERNAL SERVICES

Tony Morgan, *Manager*
Catherine Monaghan, *Secretary*
Carol O'Riordan, *Head Receptionist (part-time)*
Deirdre Mooney, *Receptionist*
Kay Byrne, *Receptionist (part-time)*
Sadie Adams, *Printing/Post*
Esther McCormack, *Printing/Post*
Desmond White, *Printing/Post*
William King, *Head of Security*
Eamonn Clinch, *Head Porter/Maintenance*
Christy Caulfield, *Porter/Maintenance*
Ian McNulty, *Security/Porter/Maintenance*
Paddy O'Reilly, *Maintenance*
Ann Murphy, *Cleaning (part-time)*
Sheila Stone, *Cleaning*
Eileen Brennan, *Cleaning (part-time)*
Joan McKeever, *Cleaning (part-time)*
John Gallagher, *Security (part-time)*
Vacant, *Security (part-time)*
Michael Troy, *Security (part-time)*
Patrick Leahy, *Security (part-time)*
John Smyth, *Security (part-time)*
Martin Fitzsimons, *Security (part-time)*

BLACKHALL CATERING

Aidan Gilhooly, *Catering Manager*
Trevor Morris, *Head Chef*
Alan Adams, *Kitchen Porter*
Brenda Hayden, *Waitress*
Kathleen Breen, *Canteen Assistant*
Joan Hurst, *Canteen Assistant (part-time)*
Christina O'Brien, *Catering Assistant (part-time)*
Malgorzata Pietrukiewicz, *Catering Assistant*
Lorraine Norris, *Chef*
Deirdre Plunkett, *Supervisor, Friary Café*
Barbara Egan, *Catering Assistant, Friary Café*
Frances Drum, *Catering Assistant (part-time), Friary Café*

LAW CLUB OF IRELAND

Alan Greene, *Bar Manager*
Graham Helps, *Bar Assistant*

LAW SOCIETY OF IRELAND
STATEMENT OF RESPONSIBILITIES OF THE FINANCE COMMITTEE

The Finance Committee is responsible for ensuring that financial statements are prepared each year that give a true and fair view of the state of affairs of the group and the Society and of the group's surplus or deficit for that period. In preparing those financial statements, the Finance Committee:

- Selects suitable accounting policies and then applies them consistently,
- Makes judgements and estimates that are reasonable and prudent,
- Prepares the financial statements on the going-concern basis unless it is inappropriate to presume that the Society will continue in business.

The Finance Committee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society. The Finance Committee is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF IRELAND**

We have audited the financial statements of the Law Society of Ireland for the year ended 31 December 2006, which comprise the consolidated income and expenditure account, the consolidated balance sheet, the Society balance sheet, the consolidated cash flow statement, the statement of accounting policies and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies.

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditors' 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 Society and the Society's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Finance Committee and the auditors

As set out in the statement of responsibilities of the Finance Committee, the Finance

Committee is responsible for the preparation of financial statements that give a true and fair view of the results of the group and the state of affairs of the group and the Society. Our responsibility, as independent auditors, is to audit the financial statements in accordance with the *International Standard on Auditing (UK and Ireland)*.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the group and the Society as at 31 December 2006 and of the surplus of the group for the year then ended.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistency with the financial statements. The other information comprises the report of the director general, the report of the president and the reports of the committees.

Basis of audit opinion

We conducted our audit in accordance with the *International Standard on Auditing (UK and Ireland)* issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Finance Committee in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the group and the Society as at 31 December 2006 and of the surplus of the group for the year then ended.

Deloitte & Touche
Chartered Accountants and Registered Auditors, Dublin

LAW SOCIETY OF IRELAND
STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The Society consolidates its interests in subsidiary undertakings as detailed in note 22 and its interest in the related undertaking the Law Club of Ireland, which it controls.

INCOME

Income is recognised in the income and expenditure account in the year to which it relates.

DEPRECIATION

Depreciation is provided on a straight-line basis at the rates shown below, which are estimated to reduce the assets to their residual values by the end of their expected useful lives.

Development site	:	not depreciated
Premises	:	2% per annum
Furniture, fittings and equipment	:	20% per annum
Computer equipment	:	20% per annum
Motor vehicles	:	25% per annum
Leasehold improvements	:	20% per annum

FINANCING TRANSACTIONS

Assets acquired under financing arrangements are accounted for as assets in the financial statements of the Society, in accordance with the substance of the

transactions, where the Society is exposed to the risks and entitled to the benefits associated with the asset, in accordance with Financial Reporting Standard 5. The financing costs are taken to the income and expenditure account over the term of the transaction.

CURRENT ASSET INVESTMENTS

Current asset investments are stated at the lower of cost and net realisable value.

PUBLICATIONS

Costs relating to the purchase or creation of publications, including books and electronic information and library additions, are written off in the year in which they are incurred.

PENSION COSTS

Contributions to a multi-employer defined benefit pension scheme are charged in the income and expenditure account over the anticipated working lives of employee members currently in service.

DEFERRED TAXATION

Deferred tax is accounted for on a full provision basis as required by Financial Reporting Standard 19, to the extent required by that standard, on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recoverable.

STOCKS

Stocks are stated at the lower of cost to the company and net realisable value. Cost includes all expenditure that has been incurred in the normal course of business in bringing the products to their present location and condition.

Net realisable value is the actual or estimated selling price net of trade discounts, less further costs to completion and all costs to be incurred in marketing, selling and distribution.

LAW SOCIETY OF IRELAND CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006	2005
		€	€
INCOME			
Fees and subscriptions	4	9,751,800	8,737,442
Education activities	5	10,938,338	7,383,121
Publications		1,142,903	909,948
Four Courts rooms		644,174	613,748
Company formations		328,153	317,174
Interest	7	72,437	358,129
Other income	8	727,243	634,910
Sundry income		24,716	-
		<u>23,629,764</u>	<u>18,954,472</u>
EXPENDITURE			
Operating charges:			
- general activities	4	8,631,113	7,900,880
- education activities	5	9,514,582	7,914,259
Financing costs	6	490,534	287,527
Other expenditure	8	1,532,457	1,169,519
		<u>20,168,686</u>	<u>17,272,185</u>
SURPLUS FOR YEAR BEFORE TAXATION	2	3,461,078	1,682,287
Taxation charge	9	(174,547)	14,853
SURPLUS FOR YEAR AFTER TAXATION	17	<u>3,286,531</u>	<u>1,697,140</u>

All income arose from continuing operations and all recognised gains and losses are included in the income and expenditure account.

The financial statements were approved by the Finance Committee on 22 May 2007 and signed on its behalf by:

John D Shaw, Chairman of the Finance Committee

Philip Joyce, President of the Law Society of Ireland

LAW SOCIETY OF IRELAND CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 €	2005 €
FIXED ASSETS			
Tangible fixed assets	10	<u>36,451,741</u>	<u>14,777,126</u>
CURRENT ASSETS			
Investments	13	5,765,858	4,437,274
Stocks	14	23,161	20,896
Debtors	15	1,856,307	1,503,628
Cash at bank and in hand		<u>161,430</u>	<u>12,039,177</u>
		7,806,756	18,000,975
CURRENT LIABILITIES			
CREDITORS: (amounts falling due within one year)	16	<u>(6,643,117)</u>	<u>(5,263,369)</u>
NET CURRENT ASSETS		<u>1,163,639</u>	<u>12,737,606</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,615,380	27,514,732
CREDITORS: (amounts falling due after more than one year)	16	<u>(14,154,511)</u>	<u>(7,340,394)</u>
NET ASSETS		<u>23,460,869</u>	<u>20,174,338</u>
RESERVES			
Accumulated reserves	17	<u>23,460,869</u>	<u>20,174,338</u>

The financial statements were approved by the Finance Committee on 22 May 2007 and signed on its behalf by:

John D Shaw, Chairman of the Finance Committee

Philip Joyce, President of the Law Society of Ireland

LAW SOCIETY OF IRELAND BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 €	2005 €
FIXED ASSETS			
Tangible fixed assets	10	<u>14,559,278</u>	<u>14,548,067</u>
CURRENT ASSETS			
Investments	13	5,765,858	4,437,274
Debtors	15	24,017,797	2,694,033
Cash at bank and in hand		<u>–</u>	<u>11,019,483</u>
		29,783,655	18,150,790
CURRENT LIABILITIES			
CREDITORS: (amounts falling due within one year)	16	<u>(6,633,140)</u>	<u>(5,296,008)</u>
NET CURRENT ASSETS		<u>23,150,515</u>	<u>12,854,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,709,793	27,402,849
CREDITORS: (amounts falling due after more than one year)	16	<u>(14,154,511)</u>	<u>(7,340,394)</u>
NET ASSETS		<u>23,555,282</u>	<u>20,062,455</u>
RESERVES			
Accumulated reserves	17	<u>23,555,282</u>	<u>20,062,455</u>

The financial statements were approved by the Finance Committee on 22 May 2007 and signed on its behalf by:

John D Shaw, Chairman of the Finance Committee

Philip Joyce, President of the Law Society of Ireland

**LAW SOCIETY OF IRELAND
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 €	2005 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	<u>4,239,285</u>	<u>3,137,813</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>72,457</u>	<u>358,129</u>
TAXATION			
Corporation tax received/(paid)		<u>78,034</u>	<u>(46,492)</u>
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		<u>(23,158,869)</u>	<u>(1,656,211)</u>
MANAGEMENT OF LIQUID RESOURCES			
Purchase of investments		(3,233,191)	(1,016,827)
Disposal of investments		<u>1,904,607</u>	-
		(1,328,584)	(1,016,827)
FINANCING			
Increase/(decrease) in debt		<u>6,814,117</u>	<u>(1,270)</u>
(DECREASE)/INCREASE IN CASH	19	<u>(13,283,560)</u>	<u>775,142</u>

**LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of the Law Society of Ireland and the financial statements of its subsidiaries as outlined in note 22. The results of the Law Club of Ireland are also included as it is controlled by the Law Society of Ireland.

The financial statements of the Law Society of Ireland include the general and education activities of the Society.

Separate financial statements are prepared for the Law Society of Ireland Compensation Fund and the Law Society of Ireland Scholarship Fund.

2. SURPLUS BEFORE TAXATION

The surplus before taxation is stated after charging:

- Depreciation	1,484,254	1,216,604
- Auditors' remuneration	32,000	30,000
- Finance charges	<u>287,528</u>	<u>287,527</u>

and after crediting:

- Deposit interest	<u>72,437</u>	<u>358,129</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

3. STAFF COSTS	2006	2006	2006	2006	2005
	General activities	Education activities	Other	Total	Total
	€	€	€	€	€
Wages and salaries	4,009,081	3,358,734	519,300	7,887,115	6,590,495
PRSI	374,584	339,355	41,762	755,701	728,026
Pension costs	<u>420,373</u>	<u>207,497</u>	<u>4,534</u>	<u>632,404</u>	<u>631,879</u>
Total	<u>4,804,038</u>	<u>3,905,586</u>	<u>565,596</u>	<u>9,275,220</u>	<u>7,950,400</u>

The average aggregate number of employees during 2006 was 151 (2005:129).

4. GENERAL ACTIVITIES (including funds)

INCOME

Fees and subscriptions

	2006	2005
	€	€
Practising certificates	6,245,656	6,243,438
Members' subscriptions	630,318	604,873
Admission fees	145,190	111,510
Fund contributions:		
- Capital expenditure fund	475,718	453,724
- Education centre fund	915,075	870,138
- Litigation fund	-	453,759
- Property fund	<u>1,339,843</u>	<u>-</u>
	<u>9,751,800</u>	<u>8,737,442</u>

Services and interest

Publications	1,142,903	909,948
Four Courts rooms	644,174	613,748
Company formations	328,153	317,174
Interest and dividends (note 7)	72,437	358,129
Sundry income	<u>24,716</u>	<u>-</u>

Total income

11,964,183 **10,936,441**

GENERAL ACTIVITIES (including funds – continued)

OPERATING CHARGES

General activities

	2006	2005
	€	€
Pay and related expenditure	2,834,874	2,597,118
Administration expenditure	1,121,150	1,139,000
Premises expenditure	676,660	580,001
Members' services expenditure	1,226,498	1,359,128
Regulation services expenditure	1,329,632	991,314
Admission expenditure	<u>28,514</u>	<u>42,247</u>

Services*

Company formations	236,168	246,840
Publications	956,595	772,910
Four Courts rooms	<u>221,022</u>	<u>172,322</u>

Total operating charges

Finance cost 203,006 -

Surplus

3,130,064 **3,035,561**

*These costs represent the direct costs of providing these services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

5. EDUCATION ACTIVITIES	2006	2005	7. INTEREST AND DIVIDENDS	2006	2005
	€	€		€	€
INCOME					
Professional Practice Course I fees	5,331,773	3,023,599	Interest – accumulated reserves	22,919	245,509
Professional Practice Course II fees	2,138,950	1,571,427	Interest – capital expenditure fund	-	46,205
Indentures and registration	437,248	365,784	Interest – litigation fund	-	49,606
Examination fees	1,288,345	969,945	Interest – Education Centre fund	49,518	16,809
Diploma courses	578,173	411,588		<u>72,437</u>	<u>358,129</u>
Continuing professional development	964,983	935,441			
Miscellaneous income	198,866	105,337			
Total income	<u>10,938,338</u>	<u>7,383,121</u>	8. OTHER INCOME/EXPENDITURE	2006	2005
				€	€
OPERATING CHARGES			Income:		
Pay and related expenditure	4,063,354	3,504,115	Catering income	479,939	409,987
Administration expenditure	1,900,061	1,772,194	Bar income	155,302	153,602
Direct expenditure	2,901,673	2,057,155	Bed and breakfast income	46,761	29,845
Premises expenditure	649,494	580,795	Functions and consultation room income	23,295	23,603
Total operating charges	<u>9,514,582</u>	<u>7,914,259</u>	Rental income	18,819	12,830
			Sundry income	3,127	5,043
Financing costs	<u>287,528</u>	<u>287,527</u>		<u>727,243</u>	<u>634,910</u>
Surplus/(deficit)	<u>1,136,228</u>	<u>(818,665)</u>	Expenditure:		
			Catering expenditure	518,495	472,150
6. FINANCING COSTS	2006	2005	Catering cost of sales	271,917	240,241
	€	€	Bar expenditure	137,682	123,907
Financing costs (note 11) – education	287,528	287,527	Bar cost of sales	82,917	79,743
Interest payable on loans – general	203,006	-	Rental expenditure	191,291	159,220
			Premises expenditure	15,366	13,403
	<u>490,534</u>	<u>287,527</u>	Professional fees	236,257	-
			Other administration expenditure	78,532	80,855
				<u>1,532,457</u>	<u>1,169,519</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

9. TAXATION (CREDIT)/CHARGE

Based on the surplus for the year:
corporation tax charge/(credit)

	2006	2005
	€	€
	<u>174,547</u>	<u>(14,853)</u>

The Society is chargeable to corporation tax on bank and other interest, gains, and on net surpluses arising from certain activities, such as publishing and courses, to the extent that they relate to transactions with non-members.

The effective tax rate for the year is lower than the standard rate of corporation tax in Ireland, which is 12.5%. The differences are explained below:

There were no material deferred tax timing differences that required to be recognised at 31 December 2006 or 2005.

	2006	2005
	€	€
Surplus for year before taxation	<u>3,461,078</u>	<u>1,682,287</u>
Surplus for year multiplied by standard rate of corporation tax of 12.5%	432,635	210,286
Effects of:		
Income not subject to taxation	(308,568)	(290,742)
Net (deductions)/expenses for tax purposes	(3,358)	820
Depreciation for year in excess of capital allowances	44,875	18,336
Higher tax rates on interest and rental income	7,734	46,447
Capital gains tax	<u>1,229</u>	<u>-</u>
	<u>174,547</u>	<u>(14,853)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

10. TANGIBLE FIXED ASSETS

GROUP	Premises	Development site	Leasehold improvements	Furniture fittings & equipment	Computer equipment	Motor vehicles	Total
Cost	€	€	€	€	€	€	€
At 1/1/2006	14,464,169	-	184,757	6,197,954	3,411,520	92,671	24,351,071
Additions	90,851	21,718,981	-	776,893	450,369	121,775	23,158,869
Disposals	-	-	-	-	-	(92,671)	(92,671)
At 31/12/2006	<u>14,555,020</u>	<u>21,718,981</u>	<u>184,757</u>	<u>6,974,847</u>	<u>3,861,889</u>	<u>121,775</u>	<u>47,417,269</u>
Depreciation							
At 1/1/2006	2,485,184	-	129,329	4,618,358	2,253,968	87,106	9,573,945
Charge for year	318,161	-	36,951	695,737	421,645	11,760	1,484,254
Disposals	-	-	-	-	-	(92,671)	(92,671)
At 31/12/2006	<u>2,803,345</u>	<u>-</u>	<u>166,280</u>	<u>5,314,095</u>	<u>2,675,613</u>	<u>6,195</u>	<u>10,965,528</u>
Net book value							
At 31/12/2006	<u>11,751,675</u>	<u>21,718,981</u>	<u>18,477</u>	<u>1,660,752</u>	<u>1,186,276</u>	<u>115,580</u>	<u>36,451,741</u>
At 31/12/2005	<u>11,978,985</u>	<u>-</u>	<u>55,428</u>	<u>1,579,596</u>	<u>1,157,552</u>	<u>5,565</u>	<u>14,777,126</u>
SOCIETY							
Cost			Premises	Furniture fittings & equipment	Computer equipment	Motor vehicles	Total
			€	€	€	€	€
At 1/1/2006			14,337,709	5,932,170	3,411,520	92,671	23,774,070
Additions			73,025	755,608	450,369	121,775	1,400,777
Disposals			-	-	-	(92,671)	(92,671)
At 31/12/2006			<u>14,410,734</u>	<u>6,687,778</u>	<u>3,861,889</u>	<u>121,775</u>	<u>25,082,176</u>
Depreciation							
At 1/1/2006			2,485,184	4,399,745	2,253,968	87,106	9,226,003
Charge for year			289,304	666,857	421,645	11,760	1,389,566
Disposals			-	-	-	(92,671)	(92,671)
At 31/12/2006			<u>2,774,488</u>	<u>5,066,602</u>	<u>2,675,613</u>	<u>6,195</u>	<u>10,522,898</u>
Net book value							
At 31/12/2006			<u>11,636,246</u>	<u>1,621,176</u>	<u>1,186,276</u>	<u>115,580</u>	<u>14,559,278</u>
At 31/12/2005			<u>11,852,525</u>	<u>1,532,425</u>	<u>1,157,552</u>	<u>5,565</u>	<u>14,548,067</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

10. TANGIBLE FIXED ASSETS (CONTINUED)

Group and Society

Included in the above are assets relating to education activities:

	Cost	Accumulated depreciation	Net book value
	€	€	€
Premises	5,847,489	737,473	5,110,016
Furniture, fittings and equipment	2,487,295	1,347,957	1,139,338
Computer equipment	<u>1,808,986</u>	<u>923,407</u>	<u>885,579</u>
	<u>10,143,770</u>	<u>3,008,837</u>	<u>7,134,933</u>

11. ASSETS FINANCED BY FINANCING ARRANGEMENT

Included in tangible fixed assets are the following assets, which are subject to a financing arrangement (note 12):

	cost	Accumulated Depreciation	Net book value
	€	€	€
Education Centre premises	5,827,485	729,607	5,097,878
Education furniture, fittings and equipment	<u>53,767</u>	<u>53,767</u>	<u>-</u>
	<u>5,881,252</u>	<u>783,374</u>	<u>5,097,878</u>

12. FINANCING ARRANGEMENT

The Society financed the development of the Education Centre by means of a sale and leaseback arrangement with a consortium of investors. The substance of this transaction is that the risk and rewards associated with the Education Centre remain with the Society. Accordingly, the Education Centre is carried within tangible fixed assets, with a liability, which is included in creditors falling due after more than one year, established as being the liability to repurchase the assets from the consortium of investors.

The principal features of the arrangement are that the Society sold the assets to the consortium for €6.6 million and has the option to repurchase the assets in 2014, being the conclusion of the arrangement, for a fixed price of €7.21 million. The cost of the transaction has been treated as a financing cost and spread over the term of the transaction.

13. INVESTMENTS

Group and Society – at cost

The investments are comprised of the following:

- (a) Five-year Euro non-interest bearing note ('note');
- (b) Global Protected Growth Bond ('bond');
- (c) With-Profits Bond Policy ('policy');
- (d) Euro non-interest bearing note ('gain note');
- (e) Euro non-interest bearing basket note ('basket');
- (f) TAM equity and bond investments ('TAM'); and
- (g) Managed Fund ('managed fund')

The note, bond, policy, gain note and basket are linked to a tailored global equity index basket. The note was redeemed during 2006. The terms provide for a minimum redemption of 100% of the sum invested in May 2007 for the bond, September 2007 for the basket, July 2010 for the gain note and May 2012 for the policy. TAM and managed fund investments do not carry capital protection.

The investment by the Society in subsidiary undertakings is carried at €Nil (2005: €Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

14. STOCKS	2006	2005	(NOTE 15 CONTINUED)	2006	2005
	€	€		€	€
Group			Amounts due from subsidiary undertakings:		
Stocks in trade	<u>23,161</u>	<u>20,896</u>	- The Law Club of Ireland	34,272	6,717
			- Friary Property Services Limited	95,484	147,698
			- Benburb Street Property Company Limited	22,000,000	1,000,000
			- Ellis Quay Property Services Limited	111,757	131,091
			Deferred finance costs	51,356	51,356
			Corporation tax	-	78,054
			VAT	-	<u>19,796</u>
				<u>23,763,183</u>	<u>2,388,063</u>
			Amounts falling due after more than one year:		
			Deferred finance costs:		
			- Due within 2 to 5 years	205,423	205,423
			- Due after more than 5 years	49,191	<u>100,547</u>
				<u>24,017,797</u>	<u>2,694,033</u>
			16. CREDITORS	2006	2005
				€	€
			Group		
			Amounts falling due within one year:		
			Bank overdrafts	1,405,813	-
			Creditors and accruals	2,082,564	2,174,022
			Deferred income	2,758,359	2,779,254
			PAYE / PRSI	182,169	310,093
			VAT	39,665	-
			Corporation tax payable	174,547	-
				<u>6,643,117</u>	<u>5,263,369</u>

The replacement cost of stock is not significantly different from the above stated cost.

Deferred income represents fees for the 2007 financial year received in the year to 31 December 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

**(NOTE 16 CONTINUED)
SOCIETY**

**Amounts falling due
within one year:**

	2006	2005
	€	€
Bank overdrafts	1,395,295	-
Creditors and accruals	2,010,331	2,184,372
Deferred income	2,758,359	2,779,254
Amounts due to subsidiary undertakings:		
The Law Club of Ireland	92,284	41,077
PAYE / PRSI	169,742	291,305
VAT	32,582	-
Corporation tax payable	174,547	-
	<u>6,633,140</u>	<u>5,296,008</u>

Deferred income represents fees for the 2007 financial year received in the year to 31 December 2006.

GROUP AND SOCIETY

Amounts falling due after more than one year:

	2006	2005
	€	€
- Due within 2 to 5 years		
- bond funding scheme	124,307	124,307
- Due after more than 5 years		
- Education Centre	7,216,087	7,216,087
- Bank loan	6,814,117	-
	<u>14,154,511</u>	<u>7,340,394</u>

The bonds of €124,307, which are interest free, are redeemable at the request of the bond holders and are subject to a prize fund draw.

The amount due in respect of the Education Centre represents the liability under the financing arrangement (note 11).

The bank loan is secured on a site on Benburb Street.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

17. ACCUMULATED RESERVES

GROUP	Total	Society accumulated reserves	Capital expenditure fund	Education Centre fund	Litigation fund	Property fund	Law School accumulated reserves
	€	€	€	€	€	€	€
Balance at 1/1/2006	20,174,338	10,372,924	2,440,856	5,101,704	2,286,467	-	(27,613)
Surplus for year	3,286,531	100,020	475,717	964,593	-	1,136,837	609,364
Transfers	-	226,155	(73,027)	-	(153,128)	-	-
Balance at 31/12/2006	<u>23,460,869</u>	<u>10,699,099</u>	<u>2,843,546</u>	<u>6,066,297</u>	<u>2,133,339</u>	<u>1,136,837</u>	<u>581,751</u>
SOCIETY							
	€	€	€	€	€	€	€
Balance at 1/1/2006	20,062,455	10,261,041	2,440,856	5,101,704	2,286,467	-	(27,613)
Surplus for year	3,492,827	306,316	475,717	964,593	-	1,136,837	609,364
Transfers	-	226,155	(73,027)	-	(153,128)	-	-
Balance at 31/12/2006	<u>23,555,282</u>	<u>10,793,512</u>	<u>2,843,546</u>	<u>6,066,297</u>	<u>2,133,339</u>	<u>1,136,837</u>	<u>581,751</u>

Group and Society

The Finance Committee established the above funds to make prudent allocation of reserves for anticipated expenditure in these areas. On an annual basis, monies from fees and subscriptions income and interest income are allocated to these funds. Transfers between the funds represent internal transfers for projects and other income and expenditure identified by the Finance Committee as being more appropriate to particular funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

18. RECONCILIATION OF SURPLUS BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
	€	€
Surplus before taxation	3,461,078	1,682,287
Depreciation charge	1,484,254	1,216,604
Interest received	(72,437)	(358,129)
(Increase) in stock	(2,265)	(1,317)
(Increase) in debtors	(501,680)	(216,111)
(Decrease)/increase in creditors	<u>(129,665)</u>	<u>814,479</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>4,239,285</u>	<u>3,137,813</u>

19. (a) ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	2006	2005
	€	€
(Decrease)/increase in cash during the year	(11,877,747)	775,142
Increase in bank overdrafts during the year	(1,405,813)	-
(Increase)/decrease in debt during the year	(6,814,117)	1,270
Net funds at 1 January	<u>4,698,783</u>	<u>3,922,371</u>
NET (DEBT)/FUNDS AT 31 DECEMBER	<u>(15,398,894)</u>	<u>4,698,783</u>

(b) ANALYSIS OF NET FUNDS/(DEBT)

	At 1/1/2006	Cashflow	At 31/12/2006
	€	€	€
Cash and bank balances	12,039,177	(11,877,747)	161,430
Bank overdrafts	<u>-</u>	<u>(1,405,813)</u>	<u>(1,405,813)</u>
	12,039,177	(13,283,560)	(1,244,383)
Debt due after one year	<u>(7,340,394)</u>	<u>(6,814,117)</u>	<u>(14,154,511)</u>
	<u>4,698,783</u>	<u>(20,097,677)</u>	<u>(15,398,894)</u>

20. RELATED PARTY TRANSACTIONS

During the year, the Society incurred expenditure on behalf of, and recharged it to, the compensation fund to the extent of €2,348,714 (2005: €2,124,399). The amount due from the compensation fund at the year end is outlined in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

21. PENSIONS

The Society and the Law Society of Ireland Compensation Fund are the participants in a multi-employer defined benefit pension scheme, operated by the Society. It is not practicable to separate the assets and liabilities of the scheme and, accordingly, the society has availed of an exemption under Financial Reporting Standard 17 from making the disclosures required under the standard.

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 1 January 2007. The assumptions that have the most significant effect on the results of the valuation are those relating to the discount rate, the rates of increase in salaries and the rate of increase in pensions in payment. In preparing that valuation, it was assumed that the discount rate would be 6% per annum pre-retirement and 5% per annum post-retirement, that future salary increases would average 4.5% per annum, and that pensions in payment will increase at 2.5% per annum on average. In effect, this means that the investment return pre-retirement would be 1.5% higher per annum than future salary increases and the investment return post-retirement would be 2.5% higher per annum than pension increases.

From 1 January 2005, the Society introduced, on a discretionary basis, indexation to pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. Members of the scheme who wish to be considered for this in the future have increased their contribution rate to 8% of pensionable salary.

The actuarial results at 1 January 2007 indicated that the market value of the assets of the scheme was €10,590,000 and that the actuarial value of the assets was sufficient to cover 89% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment, which are discretionary.

It was recommended that the Society's annual contribution continue at 18% of pensionable salaries. The actuary carried out an update of the discontinuance position at 1 January 2007 and confirmed that the scheme was fully funded at that date, on that basis.

The pension charge for the year was €632,404 (2005: €631,879).

22. SUBSIDIARY AND RELATED UNDERTAKINGS

The Society holds investments in subsidiary and related undertakings as follows:

Subsidiary undertakings:

- Friary Property Services Limited
- Benburb Street Property Company Limited
- Ellis Quay Property Services Limited

Related undertakings:

- Law Club of Ireland
- Law Society of Ireland Compensation Fund
- Law Society of Ireland Scholarship Fund.

23. CAPITAL COMMITMENTS

At the end of the year, the following expenditure had been authorised by the Finance Committee:

Contracted for

Not contracted for

2006	2005
€	€
-	432,191
811,894	21,354,850
<u>811,894</u>	<u>21,787,041</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

24. CONTINGENT LIABILITIES

The Society is, from time to time, a party to legal proceedings and claims, which arise in the ordinary course of its activities. The Finance Committee is satisfied that there are no claims that require provision by the Society at 31 December 2006. Legal costs incurred by the Society to 31 December 2006, in connection with these matters, have been charged in the income and expenditure account.

25. COMPARATIVE AMOUNTS

Where necessary, comparative amounts have been regrouped on a basis consistent with the current year.

**LAW SOCIETY OF IRELAND COMPENSATION FUND
RESPONSIBILITIES OF THE REGULATION OF PRACTICE COMMITTEE**

The Regulation of Practice Committee is responsible for ensuring that financial statements are prepared each year that give a true and fair view of the state of affairs of the Law Society of Ireland Compensation Fund and of its surplus or deficit for that period. In preparing those financial statements, the Regulation of Practice Committee:

- Selects suitable accounting policies and then applies them consistently,
- Makes judgements and estimates that are reasonable and prudent,
- Prepares the financial statements on the going-concern basis.

The Regulation of Practice Committee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the compensation fund. The Regulation of Practice Committee is also responsible for safeguarding the assets of the compensation fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE LAW SOCIETY OF IRELAND COMPENSATION FUND**

We have audited the financial statements of the Law Society of Ireland Compensation Fund for the year ended 31 December 2006, which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies.

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Regulation of Practice Committee and auditors

As set out in the statement of responsibilities, the Regulation of Practice Committee is responsible for the preparation of financial statements that give a true and fair view of the results and state of affairs of the compensation fund. Our responsibility as independent auditors is to audit the financial statements in accordance with the *International Standard on Auditing (UK and Ireland)*.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the compensation fund as at 31 December 2006 and of its result for the year then ended.

Basis of audit opinion

We conducted our audit in accordance with the *International Standard on Auditing (UK and Ireland)* issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Regulation of Practice Committee in the preparation of the financial statements and of whether the accounting policies are appropriate to the compensation fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the compensation fund as at 31 December 2006 and of its deficit for the year then ended.

**Deloitte & Touche, Chartered Accountants and Registered Auditors,
Dublin**

22 May 2007

**LAW SOCIETY OF IRELAND COMPENSATION FUND
STATEMENT OF ACCOUNTING POLICIES**

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments.

INVESTMENTS

Investments are shown at market value. The difference between cost and market value is taken to a revaluation reserve.

CLAIMS

Provisions are made in respect of notified claims and related expenses, if the Regulation of Practice Committee consider it likely that the compensation fund is liable for such claims and expenses. Recoveries are recognised when receipt is certain.

DEFERRED TAXATION

Deferred tax is accounted for, on a full provision basis, on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recoverable.

Deferred tax is recognised on timing differences arising on revaluation of investments to the extent that the compensation fund has, at the balance sheet date, entered into a binding agreement to sell the revalued investments.

PENSION COSTS

Contributions to a multi-employer defined benefit pension scheme are charged in the income and expenditure account over the anticipated working lives of employee members currently in service.

**LAW SOCIETY OF IRELAND COMPENSATION FUND INCOME AND
EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 €	2005 €
INCOME			
Contributions receivable		2,862,288	2,735,925
Income and returns on investments	2	651,470	715,777
Recoveries from defaulting solicitors		1,899,525	515,355
Disciplinary fines and investigation levies		127,904	190,750
		<u>5,541,187</u>	<u>4,157,807</u>
EXPENDITURE			
Provision for claims		2,165,579	3,055,849
Insurance		327,999	317,660
Costs allocated from the Law Society of Ireland		867,176	757,645
Investigation and support staff salaries and expenses		1,252,819	1,126,011
Practice closure expenses		251,161	210,407
Legal and professional fees		1,063,230	290,506
Portfolio management fee		(63,605)	(57,316)
Miscellaneous expenses		15,552	11,013
		<u>5,879,911</u>	<u>5,711,775</u>
DEFICIT BEFORE TAXATION	3	(338,724)	(1,553,968)
Taxation	4	(62,047)	(55,275)
		<u>(400,771)</u>	<u>(1,609,243)</u>

All of the deficit after taxation arose from continuing operations.

The financial statements were approved by the Regulation of Practice Committee and signed on its behalf by:

John O'Connor, Chairman of the Regulation of Practice Committee

Philip Joyce, President of the Law Society of Ireland

22 May 2007

LAW SOCIETY OF IRELAND COMPENSATION FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements cover the activities of The Law Society of Ireland Compensation Fund. Separate financial statements are prepared in respect of other activities of the Law Society of Ireland.

2. INCOME AND RETURNS ON INVESTMENTS

Surplus on sale of investments
Dividends and interest receivable

	2006	2005
	€	€
Surplus on sale of investments	280,949	338,532
Dividends and interest receivable	370,521	377,245
	<u>651,470</u>	<u>715,777</u>
3. DEFICIT BEFORE TAXATION	2006	2005
	€	€
The deficit before taxation is stated after charging:		
Auditors' remuneration	<u>5,250</u>	<u>5,000</u>

4. TAXATION

The compensation fund is liable to income tax on investment income and gains.

	2006	2005
	€	€
Income tax	90,000	115,000
Adjustment in respect of prior years	<u>(35,664)</u>	<u>(30,335)</u>
	<u>54,336</u>	<u>84,665</u>
Deferred tax charge/(credit)	<u>7,711</u>	<u>(29,390)</u>
	<u>62,047</u>	<u>55,275</u>

4. TAXATION (CONTINUED)

The effective tax rate for the year is lower than the standard rate of income tax, which is 20%. The differences are explained as follows:

	2006	2005
	€	€
Deficit before taxation	<u>(338,724)</u>	<u>(1,553,968)</u>
Deficit multiplied by standard rate of income tax of 20%	(67,745)	(310,793)
Effects of:		
Income not subject to taxation	(1,004,091)	(689,875)
Expenses not deductible for tax purposes	1,161,836	1,115,668
Adjustment in respect of prior years	<u>(35,664)</u>	<u>(30,335)</u>
	<u>54,336</u>	<u>84,665</u>

5. FINANCIAL ASSETS

Listed investments – at market value
Market value at end of year

	2006	2005
	€	€
Listed investments – at market value		
Market value at end of year	<u>36,204,022</u>	<u>35,237,448</u>

6. DEBTORS AND PREPAYMENTS:

(amounts falling due within one year)

Other debtors
Taxation recoverable

	2006	2005
	€	€
Other debtors	31,533	41,349
Taxation recoverable	<u>67,217</u>	<u>31,706</u>
	<u>98,750</u>	<u>73,055</u>

LAW SOCIETY OF IRELAND COMPENSATION FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

7. CREDITORS: (amounts falling due within one year)	2006 €	2005 €	9. RECONCILIATION OF REVENUE RESERVES	2006 €	2005 €
Accruals	494,410	404,112	Accumulated surplus at beginning of year	25,820,188	27,429,431
Amounts due to the Law Society of Ireland	<u>622,756</u>	<u>73,352</u>	Deficit for year	<u>(400,771)</u>	<u>(1,609,243)</u>
	<u>1,117,166</u>	<u>477,464</u>	Accumulated surplus at end of year	<u>25,419,417</u>	<u>25,820,188</u>
8. PROVISIONS FOR LIABILITIES AND CHARGES	2006 €	2005 €	10. REVALUATION RESERVE	2006 €	2005 €
Provision for claims			Unrealised surplus on investments:		
At beginning of year	1,580,731	120,964	At beginning of year	8,165,276	5,906,610
Provision made	2,165,579	3,055,849	Movement during year	<u>890,277</u>	<u>2,258,666</u>
Claims paid	<u>(2,374,581)</u>	<u>(1,596,082)</u>	At end of year	<u>9,055,553</u>	<u>8,165,276</u>
At end of year	<u>1,371,729</u>	<u>1,580,731</u>			
Deferred tax			11. RELATED PARTY TRANSACTIONS		
At beginning of year	35,650	65,040	During the year the expenditure of the compensation fund included expenses and payroll costs totalling €2,348,714, which were recharged to it by the Law Society of Ireland. The amount due to the Law Society of Ireland at the year end is disclosed at note 7.		
Charge/(credit) for the year	<u>7,711</u>	<u>(29,390)</u>			
At end of year	<u>43,361</u>	<u>35,650</u>			
	<u>1,415,090</u>	<u>1,616,381</u>			

The entire deferred tax provision at 31 December 2006 and 2005 related to investment income, which is not taxed until received.

12. PENSIONS

The compensation fund and the Law Society of Ireland are the participants in a multi-employer defined benefit pension scheme, operated by the Society. It is not practicable to separate the assets and liabilities of the scheme and, accordingly, the compensation fund has availed of an exemption under Financial Reporting Standard 17 from making the disclosures required under the standard.

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 1 January 2007. The assumptions that have the most significant effect on the results of the valuation are those relating to the discount rate, the investment return and the rates of increase in salaries. In preparing that valuation, it was assumed that the discount rate would be 6% per annum pre-retirement and 5.5% post-retirement, the investment return pre-retirement would be 1.5% higher per annum than future salary increases, and that future salary increases would average 4.5% per annum.

The actuarial report at 1 January 2007 indicated that the market value of the assets of the scheme was €10,590,000 and that the actuarial value of the assets was sufficient to cover 89% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration.

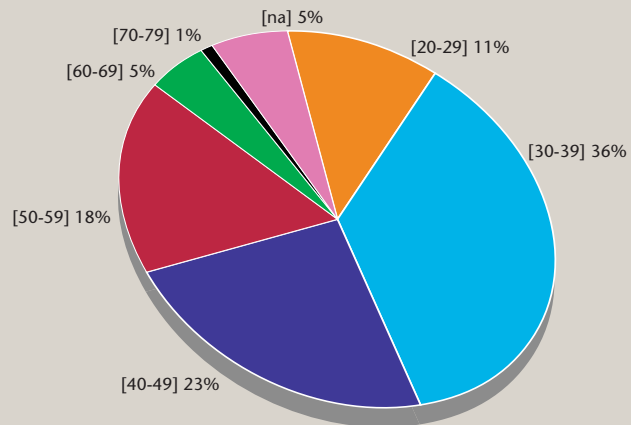
It was recommended that the compensation fund's annual contributions be 10.7% of pensionable salaries. The actuary carried out an update of the discontinuance position at 1 January 2007 and confirmed that the scheme was fully funded at that date, on that basis.

From 1 January 2005, the compensation fund has introduced, on a discretionary basis, indexation to pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. Members of the scheme who wish to be considered for this in the future have increased their contribution rate to 8% of pensionable salary and the Society has increased its contribution to 18% of pensionable salaries.

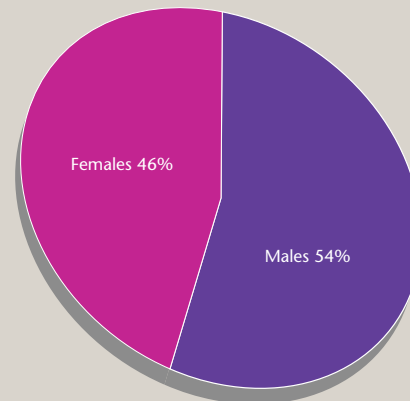
The pension charge for the year was €115,667 (2005: €105,203).

STATISTICS

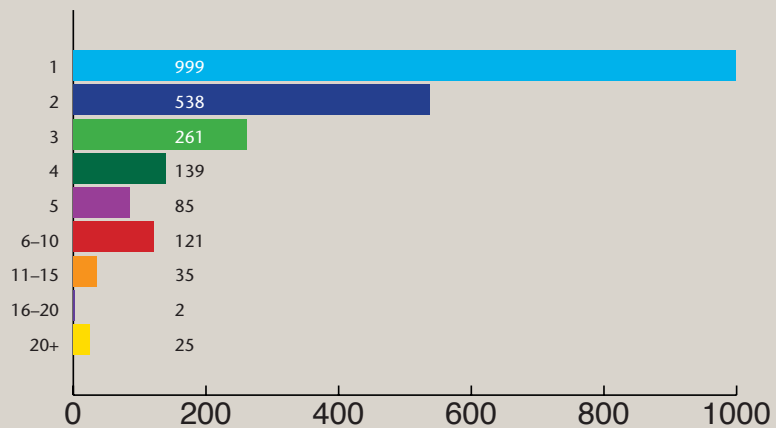
AGE OF MEMBERS (2006/2007)



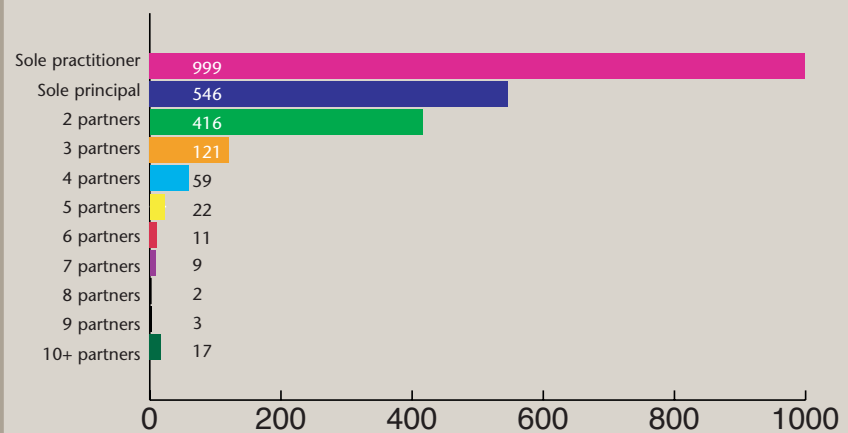
GENDER PROFILE OF MEMBERS (2006/2007)



FIRMS BY NUMBER OF SOLICITORS (2006/2007)



FIRMS BY NUMBER OF PRINCIPALS/PARTNERS (2006/2007)



10,000



*Pictured above and on the front cover is newly-qualified solicitor Ann Matthews.
Hers was the 10,000th name on the Roll of Solicitors when that landmark figure was passed for the first time this year*



Law Society of Ireland

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