



**LAW SOCIETY OF  
IRELAND  
ANNUAL REPORT  
& ACCOUNTS 2008/2009**



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# REPORT OF THE PRESIDENT

## 2008/2009

*The real challenge that the Law Society faces is to maintain high standards, while making it easier for solicitors to practise. Given that we have to reduce our dependency on traditional areas and also find alternatives to private practice, this will require fresh ideas and a lot of hard work.*

As an incoming president, it is a cliché to say that one simply cannot predict what is going to happen in the year ahead. Few could have anticipated the speed and depth of the recession that was just starting to hit us in the middle of last year. However, there is little doubt now that we are in the middle of a once-in-a-lifetime event and, like many other businesses, solicitors face a period of momentous change in order to survive.

It will, therefore, come as no surprise that my year as president has been dominated by the effects of the recession. No solicitor or firm has escaped unscathed and, unfortunately, many solicitors have lost their jobs. Building on the foundations laid by my predecessor, James MacGuill, the strategy of the Law Society in dealing with the consequences of the recession was based on three strands.

Firstly, we tried to provide as much advice and assistance as possible to solicitors on the practice management side of their business. This was done principally by the Practice Management Task Force through articles in the *Gazette* and in the e-zine, together with two major seminars that were both made available by way of a free vodcast on the Law Society's website. This work will continue, so that firms become ever more lean and efficient.

Secondly, through our CPD unit, we provided an increased amount of seminars and lectures, so that solicitors could retrain and reskill themselves. The profession was particularly hard-hit by the virtual collapse in conveyancing and, as this area of work is unlikely to recover in the near future, training in new areas of law will be vital for many solicitors.

Thirdly, we were very conscious of the need to provide assistance and support for those who actually lost their jobs or could not find employment on qualifying. It has been difficult to put an exact number on the solicitors who are out of work, but it is well into the hundreds and, again, it is likely to get worse before it gets better. We recruited a career development advisor, Keith O'Malley, who started work with the Society in May, and he has been the focal point for support and advice for those looking for employment. It is very important that Blackhall Place remains a source of information and support for all its members.

On a more general note, the message that I have been delivering is that we must continue to look forward and that every practice has to examine the way it operates. With this in mind, it is perhaps more useful that I would focus at least part of my report on the future, rather than the past.



Law Society president John D Shaw and director general Ken Murphy travelled around the country to visit the bar associations throughout the year. At the Clare Law Association meeting at the Temple Gate Hotel, Ennis, on 7 April were (*front row, l to r*): Aideen Pendred (vice-president, Clare Law Association), Gareth O'Connell (secretary), Ken Murphy (director general, Law Society), Sharon Cahir (president, Clare Law Association), John D Shaw (president, Law Society), Marie Keane (treasurer) and Mary Cashin. (*Second row, l to r*): Sinead O'Dea, Michael Nolan, Tara Godfrey, Isabel O'Dea, Kate McInerney, Aine O'Dwyer, Lisa Walsh, Marina Keane, Marguerite Phillips, Karol Casey, Mairead Doyle and Ruth Casey. (*Third row, l to r*): Michelle Nolan, John Halpin, John Callinan, Loraine Burke, Gearoid Williams, William Cahir, Patrick Moylan, Fergal O'Dulaing and Sheila Lynch. (Pic: Eamon Ward)

### Single biggest challenge

The single biggest challenge that faces the profession and, by extension, the Law Society, is to deal with the unprecedented numbers of people who want to practise law. It is clear that traditional private practice will not be able to absorb the numbers that are currently in the pipeline. It is imperative, therefore, that we develop alternatives to private practice.

The good news is that our legislators continue to churn out new laws and regulations. Virtually every aspect of our lives is now regulated, and there is a huge area of unmet legal need in simply making people and businesses aware of their rights and obligations. The legal writer, Richard Susskind, has observed that lawyers are traditionally reactive, in that we wait for the client to come to us with the problem, whereas there is a huge amount of work that lawyers can do to prevent the problem ever arising in the first place. As he puts it: "It is better to build a fence at the top of a cliff than calling an ambulance to the bottom of the cliff."

For those in larger firms, the challenge will be to deliver value to an increasingly savvy, demanding, and diverse clientele. Commoditisation of legal agreements and the

delivery of standard documents will become increasingly the norm, and solicitors will have to dig deeper to ascertain what the client truly wants and deliver the advice the client truly requires. The impact of technology will also be felt in smaller firms, too. There is every chance that, by the time the property market picks up again, the bones of an e-conveyancing system will be in place, so the same challenge of providing advice of real value to the client will have to be met by all.

So far, it would appear that litigation is bucking the trend. However, it is becoming increasingly clear that litigation in the traditional sense is really now only truly available to those who have great means at their disposal or are funded by the state. Dispute resolution is central to a just society. This is a service that clients require and demand. PIAB has given us a taste of what can be done – the sky did not fall in – and our destiny in this area is still very much in our own hands. That is why the only task force that I set up was to look at how solicitors can employ methods of alternative dispute resolution, particularly in commercial disputes, and I would urge you to read the report of the task force, which will have been published by the time you read this report.

### Alternative business structures

There will be many other factors that will affect the way we practise. We have to be cognisant of the trends abroad. For example, in some countries, they are looking at alternative business structures, which will allow outside ownership of law firms or corporate models, of which law is only part of the practice. The attitudes of our professional indemnity insurers will also play a huge role, as will our relationship with financial institutions and state bodies. There is plenty of food for thought and, just as individual solicitors and firms must change, so also must the Law Society.

As I mentioned at the outset, it was impossible for me to predict what was going to happen during the year. I was sure that one of the big issues I was going to have to deal with was the appointment of a new Legal Services Ombudsman. As it happens, this will not happen until 2010.

As I have gone around the country visiting the bar associations, I have raised the topic of regulation and representation, as I feel that the role of the Law Society has often been misunderstood. There is not sufficient space within this report to deal with that topic in detail, and it is intended to publish separately a detailed document outlining the thinking that currently prevails – but I think it can be accurately summarised in one simple sentence: ‘Good and effective regulation is also good and effective representation.’

The real challenge that the Law Society faces is to maintain high standards, while making it easier for solicitors to practise. As I have noted above, given that we have to reduce our dependency on traditional areas and also find alternatives to private practice, this will require fresh ideas and a lot of hard work. Like all solicitors, the Law Society will also now face a period of critical self-examination and, given the quality of the people that we have, I am confident that we can all rise to this challenge.

### ‘Excellence in representation’

This brings me neatly to the final part of my report, because the president of the Law Society is only ever one of a large team. I thank my Council members for their encouragement and support. I also thank the committee chairmen and members of the various committees for their hard work and commitment. At the start of the year, the chairmen and vice-chairmen of the advisory committees were encouraged, through training and feedback, to develop an ethos of ‘Excellence in representation’. This will be an ongoing exercise, but I believe we have made a good start.

My own practice, like most others, has been hit hard by the recession and, therefore, I am very grateful to my partners for giving me the space and time to take on this role. I could not have done it without the assistance of my secretary in the office, Sinead McGovern, and my



President Shaw greets the Taoiseach as he arrives at the annual dinner in April 2009



The Australian Ambassador to Ireland, Gill Corcoran, and the President of the Law Council of Australia, John Corcoran, were guests of the Law Society of Ireland on 18 May (*front, l to r*): Jacqui O'Mahony, Margery Nicoll, Eileen Shaw, John Corcoran (president of the Law Council of Australia), John D Shaw (president of the Law Society of Ireland), Her Excellency Ms Anne Plunkett (Australian ambassador to Ireland), Gill Corcoran and Yvonne Chapman. (*Back, l to r*): Michael V O'Mahony (past-president), Ken Murphy (director general), Geraldine Clarke (past-president), Gary Gray, Hugh Mohan SC and Dr Eric Falkiner. (Pic: Lensmen)

secretary in the Law Society, Maria Hoey. My predecessor, James MacGuill, had set a steady course for the ship and he, together with the senior vice-president Gerry Doherty and the junior vice-president James McCourt, have formed the nucleus of a source of great support for me.

***The single biggest challenge that faces the profession and, by extension, the Law Society, is to deal with the unprecedented numbers of people who want to practise law.***

I would also like to record my thanks and appreciation to the ever hardworking Mary Keane. Every organisation needs somebody who is not afraid to offer a challenging view, and Mary's intellect and deep loyalty to the Law Society are invaluable. As for the director general, Ken Murphy, I now see why every president who has gone before me and has worked with him holds him in the highest regard. Sometimes it is easy to forget that he is running a large organisation, the equivalent to a substantial law firm. Not alone is he required to be a strategic thinker, he is also the visible face of the Law Society, which requires almost 24/7 availability. The Jesuits have a role within their organisation – an assistant to the provincial known as a 'socius'. The socius is chosen for being a sounding board and friend, typically the essence of discretion, but approachable, with a capacity for enduring stress. For a president, Ken has all these qualities in abundance, and the Law Society is very fortunate to have him at this time of change.

Finally, I would like to thank each and every solicitor in the country for their support. Notwithstanding the difficulties that you have all faced, I have been greatly encouraged by the support I have received. It is important that you keep us on our toes, and we must take on board the constructive criticism that is offered in good faith. At the end of the day, it is your Law Society and, like most good things in life, you will get out of it what you put into it.

There have, of course, been many enjoyable moments along the way – not least having our Taoiseach, Brian Cowen TD, solicitor, as guest of honour at the annual dinner – and the annual conference in April at Carton House, Maynooth, was a great success. It has been a great honour to represent the Law Society at home and abroad, and I have made a great many new friends throughout my year. It has been a particular honour to follow in the footsteps of my father and grandfather, and I am very grateful to my parents for the opportunities they gave me, which have led to this point.

Finally, I simply could not have done it without the love and support of my wife, Eileen, and my children. It has been a great experience for all of us, and all I can say is that I gave it my best shot.

**John D Shaw,  
President**



# COUNCIL OF THE LAW SOCIETY OF IRELAND

## 2008/2009

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### COUNCIL OF THE LAW SOCIETY – FOR THE YEAR ENDING 6 NOVEMBER 2009

**President:** John D Shaw

**Senior vice-president:** Gerard J Doherty

**Junior vice-president:** James B McCourt

**Council members:** Donald P Binchy, James Cahill, Paul E Connellan, John E Costello, Maura Derivan, Patrick Dorgan, Niall Farrell, Stuart J Gilhooly, Philip M Joyce, Liam A Kennedy, Martin G Lawlor, Barry MacCarthy, James MacGuill, Simon J Murphy, Thomas Murrán, Michelle Ní Longáin, Michele O'Boyle, Daniel E O'Connor, John O'Connor, Gerard O'Donnell, Kevin D O'Higgins, James O'Sullivan, Michael Quinlan, Moya Quinlan, Dara Robinson, Louise Rouse, John P Shaw, Brendan J Twomey

**Past presidents:** Gerard F Griffin, Michael Irvine

**Provincial delegates:** Leinster: Andrew J Cody

Munster: Frances Twomey

Ulster: Margaret M Mulrine

Connaught: Rosemarie J Loftus

**Dublin Solicitors' Bar Association representatives:**

John Glynn, John P O'Malley, Keith Walsh

**Southern Law Association representatives:** Helen

Collins, Patricia Harney, Eamon Harrington, Gail M

Enright, Mortimer Kelleher

**Law Society of Northern Ireland:** James Cooper, Norville Connolly, Donald Eakin, Barry Finlay, Rory McShane



# REPORT OF THE DIRECTOR GENERAL 2008/2009

*The Law Society of Ireland has demonstrated a level of commitment to collegiality with distressed members of our profession that is greater than that of many other law societies internationally. We see it as central to our role, however, and are proud to do so.*

**“The world has changed, and we must change with it”**

– Barack Obama in his inaugural address as the 44th President of the United States, 20 January 2009.

The above words of the new president ring as true, if not more true, for Ireland as for the United States or any other part of the world.

Another famous phrase from the world of American politics also springs to mind. It bluntly identifies the focus of the Irish solicitors’ profession, of the Law Society and of Ireland for the last 12 months, to the exclusion of practically everything else. It is the pithy and potent slogan devised by political strategist James Carville. He hung it as a sign on the wall of Bill Clinton’s campaign headquarters in 1992, designed to keep everyone on message: “It’s the economy, stupid!”

The world’s economic and financial crisis has been felt more acutely in Ireland than almost anywhere else in the developed world. It has driven change, most of it highly unpleasant, in ways and to an extent unimagined just two years ago. The Society’s president, John D Shaw, has written eloquently elsewhere in this annual report on the Society’s overall strategic response to this change.

To avoid duplication, I will concentrate on some of the smaller and more specific changes that fell to be

addressed in the last 12 months. It was a year that began with the emergence of unprecedented and growing levels of unemployment in the profession. It has ended, at the time of writing, with an as yet unresolved crisis in the availability and cost of professional indemnity insurance (PII).

**Change in the economy**

The gravity-defying Irish economy, following more than a decade of spectacular growth, began to lose altitude in mid-2007. Politicians and economists promised us a ‘soft landing’. When that began to look unlikely, we prepared ourselves for a ‘hard landing’. Over the last 12 months, however, we have seen the wreckage of what has truly been a ‘crash landing’.

Because so much of the work of the solicitors’ profession was connected to the general level of economic activity in Ireland and abroad – but work in connection with property in Ireland in particular – the profession has suffered more than most. It had been suggested in the past that the solicitors’ profession was more or less immune to recession. That most certainly is no longer the case. One of the mainstays of the profession’s income traditionally was residential and commercial conveyancing. This has almost completely collapsed. But income from all sorts of commercial transactions – including mergers and acquisitions work and even family law, where it is now almost



impossible to sell the house to conclude the case – has dried up to a large extent.

As I acknowledged in numerous media interviews on the subject in the course of the year, most recently on RTÉ radio's *Morning Ireland* at the end of July, the levels of work in some other areas have actually increased. Most forms of litigation, as was clear from the Courts Service annual report, have increased, with debt recovery and insolvency-type work to the fore here. Employment law and crime have also increased. However, none of this

even remotely redresses the loss of property-related work. The Society is monitoring work levels as closely as it can through daily contact with solicitors in all types of practice and in all parts of the country. For example, the president and I have met and listened to colleagues at bar association meetings on a constant basis. We have also visited the managing partners of the country's largest commercial law firms. What we have learned from contact with colleagues, however, is that, even where they are relatively busy, they have a lot of difficulty in getting paid because of client cash-flow problems.

Everyone is suffering. However, no one in our profession is suffering more than the many hundreds of unemployed solicitors.

### **Help with change**

'Collegiality, communication and help with change' has been the theme of the Society's response to the unprecedented, very sad and shockingly high levels of solicitors who are currently without work. Most, but by no means all, are solicitors who qualified within the last two years.

Very understandably, most of these colleagues are shocked, bewildered and deeply distressed to find themselves in this predicament. The pain in the profession is very real, substantial and growing.

It is not possible for the Society to say with certainty what the rate of unemployment in the solicitors' profession is. What we can say with certainty, however, is that it is many hundreds and, on some of our estimates, could be as high as 800. At the end of September 2009, there were 8,885 solicitors with practising certificates. Of course, by no means every solicitor with a current practising certificate is currently in employment. Equally, by no means every solicitor without a practising certificate is unemployed.

At its meeting on 23 January 2009, the Law Society Council unanimously accepted a package of proposals, to provide practical help to solicitors currently without work, which I put forward. The most high profile of these was a proposal that the Society recruit a career development adviser to assist job-seeking solicitors.

The Council fully accepted the proposition that the Society has a duty to do whatever it reasonably can to be of support and practical assistance to these colleagues. These solicitors remain every bit as much part of the

profession as those who are in practice. The Society must rise to the challenge of being relevant to these colleagues who need assistance from it as never before. Obviously, the Society cannot manufacture or find jobs for anyone. What it can do, however, is equip colleagues with the information and skills to find employment for themselves, whether in the profession or in other careers. It can also seek to rebuild morale and self-confidence among these unlucky colleagues.

The Society was fortunate to be able to recruit very quickly a highly-qualified career development adviser in Keith O'Malley. Keith has years of high-level experience in recruitment and outplacement-type work. He has proved an innovative and expert provider of support services to the many hundreds of solicitors who have beneficially availed of them. This is an initiative that no other law society in Europe or, as far as we are aware, anywhere else has adopted. This may be partly because lawyers in other jurisdictions have not suffered as greatly as they have in Ireland.

However, as colleagues from many other countries have acknowledged to me, it is also partly because the Law Society of Ireland has demonstrated a level of commitment to collegiality with distressed members of our profession that is greater than that of many other law societies internationally, who do not see this as such a central part of their role. We see it as central to our role, however, and are proud to do so.

Of course, the Society's efforts have also been heavily focused on providing support to the great majority of solicitors who remain in practice. The president, John D Shaw, deals with this in his annual report, so I will not duplicate his observations. One example of our efforts that I would add was the meeting that he and I arranged with the Business Banking Committee of the Irish Bank-



Director general Ken Murphy and Minister for Justice Dermot Ahern share a word at one of the parchment ceremonies for newly-qualified solicitors held during the year (Pic: Jason Clarke Photography)



At the conferral of parchments to newly-conferred solicitors at Blackhall Place on 11 December 2008 were (l to r): Director General of the Law Society Ken Murphy, President John D Shaw and guest speaker Charles Flanagan, Fine Gael spokesperson on justice, equality and law reform. Deputy Flanagan qualified as a solicitor in 1982 (Pic: Jason Clarke Photography)

ing Federation. We presented a well-received case to senior representatives of all the major banks that the extension of credit facilities to solicitors' firms – necessary to maintain cash flow – continues to make good business sense.

It is worth noting that the year has not been wholly dominated by the bleakness of the economy, however. In December 2008, the Supreme Court upheld the High Court's decision in the *O'Brien v PIAB* case, in which the Society had been joined, in both the High and Supreme Courts, as an *amicus curiae*. The result of the case is that PIAB is required to communicate with solicitors on behalf of applicants where these applicants so wish. As Mrs Justice Denham said at the commencement of her Supreme Court judgment, "the right to legal representation was at the core of this case". In the Society's view, it was vitally important to ensure that this right was successfully protected in the interests of the public as well as that of the profession.

This year, again with the expert advice of the leading advertising agency, McConnells, the Society undertook a national radio advertising campaign designed to promote the solicitors' profession and its services to the general public. The feedback from the profession and the public on this campaign has been very positive.

There are essentially two purposes to the campaign. One is to raise consciousness in the public mind of the assistance that solicitors can provide with real-life problems. The other, frankly, is to help morale in the profession by hearing positive messages about the profession in the mass media.

### Changes in regulation

Economic recession inevitably produces strains and temptations for practitioners to cut corners. Regulators need to be particularly vigilant at such times to protect the interests of clients and the reputation of the profession.

The volume of legal work in the Society's regulation section has increased greatly. In 2008, there were 86

applications to the High Court under the *Solicitors Acts* (compared with 17 in 2007), resulting in 206 orders (compared with 92 in 2007). The Society's Regulation Department and Regulation of Practice Committee are continuing to deal with the Lynn and Byrne cases while successfully maintaining a solvent, adequately-funded compensation fund. There has been no special levy on the profession, despite the Lynn and Byrne cases and the investment market turmoil.

The recession has caused great stress in the PII market both in Ireland and internationally. The problem has been particularly acute in Ireland due to the avalanche of negligence claims for the failure of solicitors to comply with undertakings given in commercial conveyancing transactions. Throughout 2009, the Society has very closely monitored the pressures in this market, resulting from the major losses suffered by insurers, and has noted with concern the question marks over the availability and cost of insurance in the renewal period due to commence on 1 December 2009. A special task force on PII, chaired by Niall Farrell, has met with all of the insurers in the market, together with a number of potential new entrants, and taken expert advice from Marsh in London, who are the primary advisers in this field to law societies across the common law world.

Based on these soundings and advice, very unusually a special Council meeting was held on 27 August 2009 to make a number of changes to the Society's minimum terms of insurance regulations. These changes were designed to make it much more attractive for insurers to offer renewal at the end of 2009. However, at the time of writing, great uncertainty remains.

### Changes in education

In education, as everywhere else in its activities, the Society has made changes to reflect new realities. The Continuing Professional Development programme – in particular the diploma programme, for which demand remains extraordinarily high – focused on education and training to assist practitioners to transfer from areas where work had reduced or ended to areas for which

Labour Party spokesperson on justice, Pat Rabbitte, was the guest speaker at the parchment ceremony at Blackhall Place on 12 March 2009 (l to r): President of the High Court Mr Justice Richard Johnson, Pat Rabbitte TD and Director General of the Law Society Ken Murphy. (Pic: Lensmen)



there was still demand. The CPD team's success in securing state grant-funding from the Finuas programme and from the Skillnets programme has resulted in substantially reduced costs charged for training events.

However, the biggest change with which the Society's Law School has had to grapple as a result of the recession is the very substantial drop in the number of trainees. In September 2007 a total of 671 trainees commenced the PPC I. In September 2009, that figure had fallen to 452 – a reduction of 33% in just two years. The fee income needed to run the training course also reduced proportionately.

Extensive cuts in non-staff-related costs were implemented by the Society in the course of the year. However, these cuts in expenditure were insufficient to prevent payroll costs having to be reduced also. Very regrettably, but inevitably, a number of staff positions in the Society's Law School – nine in all – had to be made redundant in mid-July 2009.

The Society's Finance and Administration Department, coordinating the work of all departments, has helped with over 100 individual cost-reduction projects, both small and large, which have been implemented in the Society. No area of expenditure has escaped intense scrutiny and, where possible, reduction. A major reduction in the Society's cost base has already been effected and work on this continues, with a determination to achieve even further savings in 2010.

### Managing change

The guest speaker at the Society's annual dinner – a scaled-down event this year – was the first solicitor in the history of the state to be elected Taoiseach, Brian Cowen. In the course of his address, he expressed his "delight as a fellow midlander and member of the Midland Bar Association to acknowledge the tremendous respect in which the Society's president, John D Shaw, and his family have been held. John is the third generation to hold the presidency of the Law Society, and he follows in the eminent footsteps of his father and grandfather."

Having worked very closely as director general with John this year, I would add my strong voice and those of many others to that of the Taoiseach. The already high respect in which John D Shaw was held by his Council colleagues, the staff of the Law Society who worked with him, and the solicitors' profession grew steadily throughout the year. Despite being dealt the most difficult hand any president has received in living memory – with the economic collapse and the pain it has caused in the profession – he has applied all of his considerable energy and intelligence to finding sensible solutions. No matter how great the challenge, he always takes a calm, constructive and positive approach.

He has listened to everyone and led his professional body with sensitivity and sincerity through a painful period of great change – the end of which is not yet in sight. The challenge has been great. But he has been more than equal to it.

Having praised the Shaw family, the Taoiseach in his speech at the annual dinner went on to pay a very warm tribute to officers of the Society, the Council and successive Councils. His theme was change. "Change, while being inevitable, can be robustly debated," he said. "But the Society has always sought to put the concerns of the profession in the wider context of the public good. The Law Society can take a lot of credit for its ability to manage change."

The ability to manage change was the core skill required of everyone in the Society and the profession this year. The good news is that both the Society and the solicitors' profession have demonstrated throughout their history an ability to adapt very successfully to change. We are doing so again now.

The world has changed, and we are changing with it.

**Ken Murphy,  
Director General**

# MINISTER DESCRIBES REGULATION RELOCATION AS BEING 'OF MUCH SIGNIFICANCE'

"Very impressive" is how Justice Minister Dermot Ahern described the Society's new Regulation premises when he spoke as guest of honour at the formal opening on 2 December 2008.

The Regulation Department's move to a leased floor of a new, modern office block in George's Court, near Smithfield, was achieved on time and within budget on 1 December.

All of the Society's regulatory activities, including regulatory committee meetings, are now based on the fourth floor of George's Court, following a move that the Law Society Council decided last year would have major benefits both for

the profession and the public it serves.

The minister described the relocation as "of much significance". He continued: "Not only does the move entail a geographical departure from the venerable premises which the Law Society has occupied for 30 years, but it also reflects, in a very transparent way, the strategic and necessary separation of the regulatory and representative functions of the Society."

He noted that the move coincided with the government decision that there be a non-solicitor majority on the Society's Complaints and Client Relations Committee with effect from 1 January.

The minister added: "When the rights of individual clients are protected and the high standards applied by solicitors who approach their work with integrity and professionalism are safeguarded, the general standing of the profession is upheld."

At the opening ceremony, President John D Shaw said that the move reflected the Society's modernising approach and desire for ever-increasing efficiency in all of its activities. "The move represents a significant investment by the Law Society in the continuing improvement of its regulation process," he added.



At the official opening of the Regulation Department's new offices were (l to r): Ken Murphy (director general), John Elliot (director of regulation), Minister for Justice, Equality and Law Reform Dermot Ahern and John D Shaw (Law Society president). (Pic: Lensmen)



*“The ‘headline’ news provided by the recruitment of a career development advisor was crystallised since May by the delivery of a range of useful information programmes, seminars and other supports.”*

The Policy, Communication and Member Services Department plays a pivotal role in the delivery of the Society’s representational functions. In addition to coordinating the work of the Society’s committees in order to maximise the Society’s influence with government departments and other policymakers, the department is also responsible for the Society’s interface with its members. This interface is provided through:

- The communication tools of the *Gazette*, the e-zine and website,
- The information services provided through the library, the committees and the *Law Directory*, and
- The professional services provided through support services and career support.

The ‘headline’ news provided by the recruitment of a career development advisor was crystallised since May by the delivery of a range of useful information programmes, seminars and other supports (see panel on page 19).

While the number of employment opportunities during the year contracted, it was still heartening to note that the Society’s free online employment register advertised 270 vacancies in the 12 months to August 2009, with 215 (80%) being successfully filled. The free locum register also expanded, with 163 solicitors joining the register and 446 solicitors using it.

Interest in the ‘SolicitorLink’ service meant registration by 151 firms, with many actively pursuing opportunities to sell, buy, merge or share overheads.

Since its launch on 1 January 2008, LawCare has opened 72 Irish case files and has provided confidential advice and support to solicitors, trainees, their families and staff on health issues and related emotional problems. In the same period, LawCare made presentations to 2,306 solicitors and trainees at locations throughout Ireland.

The *Gazette* continues to be the primary source of news and information for members. The e-zine is becoming increasingly popular, with 7,500 members currently subscribed and an ‘open rate’ of 60% for each issue. Visitors to the website increased by 88% and a new-look site was launched in August, with improved functionality and additional features. Use of the traditional research methods also increased, with a monthly average of 560 queries and requests to the library service, and an anticipated total book borrowing of 5,800 in 2009 – an increase of 20% over the previous year.

**Mary Keane, Deputy Director General**





*“The Law Society decided to address public concerns by introducing regulations restricting undertakings to mortgagees where the solicitor or a connected person is beneficially interested.”*

The Lynn and Byrne cases continue to be a significant focus of the work of the Regulation Department. We are receiving applications for production of documents in connection with litigation not directly involving the Law Society. We are cooperating with the Fraud Squad. We are processing claims on the compensation fund.

These cases caused damage to public confidence in solicitors' undertakings. The Law Society decided to address public concerns by introducing regulations restricting undertakings to mortgagees where the solicitor or a connected person is beneficially interested. The *Solicitors (Professional Practice, Conduct and Discipline – Secured Loan Transactions) Regulations 2009* (SI no 211 of 2009) came into force on 1 September 2009.

Following the enactment of the *Civil Law (Miscellaneous Provisions) Act 2008*, the Complaints and Client Relations Committee has a lay majority and has new powers to award compensation to clients for inadequate professional services and to apply for court orders directing compliance with Solicitors Disciplinary Tribunal orders. This latter power is also now vested in the Regulation of Practice Committee.

The professional indemnity insurance (PII) regulations were reviewed to address the need to ensure participation in the market by the maximum possible number of insurers, and significant changes to the minimum terms and conditions have been announced.

A Practice Audit Panel was set up to carry out both risk management audits of firms unable to obtain PII in the market, and practice audits directed for certain firms with poor complaints records.

The Complaints Review Task Force reviewed our complaints handling service, and its recommendations will further improve this service. Complaints about breaches of solicitors' undertakings, driven by increased attention by financial institutions to undertakings, continue to be a notable feature of our work.

Our litigation solicitors have experienced a dramatic increase in workload. In 2008, there were 86 applications to the High Court under the *Solicitors Acts*, compared with 17 the previous year, resulting in 206 orders, compared with 92 in the previous year.

The Regulation Department has relocated to new offices at George's Court near Blackhall Place. The offices were officially opened by the Minister for Justice, Equality and Law Reform, Dermot Ahern TD, on 2 December 2008. Meetings of regulatory committees – the Regulation of Practice Committee, the Complaints and Client Relations Committee, and the Professional Indemnity Insurance Committee – are now held here.

**John Elliot, Registrar of Solicitors and Director of Regulation**



*“Trainee solicitors outperform the best of their peers in the world. Striking evidence of this was a team of trainees who won the International Environmental Moot Court Competition in the USA in March.”*

2008/2009 has been a year of transition. In 2007, 671 students attended the PPC I. This fell to 595 in 2008, a drop of 11%; and to 452 for the PPC I that commenced this September, a further fall of 24% in one year. The number of students sitting the Final Examination – First Part has also fallen by approximately 20%.

The education regulations were revised earlier this year to make it easier for training firms to take on trainees. The payment obligation in the indenture deed has been removed, thus bringing trainees under the statutory national minimum wage framework rather than the Law Society recommended minimum rates of pay. The blocks of experience required by the deed have also been modified to give greater flexibility to trainees and training firms.

Trainee solicitors outperform the best of their peers in the world. Striking evidence of this was a team of trainees, Carol Eager, Ellie Dunne and Michelle Cunningham, winning the International Environmental Moot Court Competition in March and also winning individual prizes for their oral and written arguments.

Diploma courses have done very well this year. 730 solicitors from all over Ireland attended one of our diploma or certificate courses during the past year. New courses on offer include the Diploma in Corporate Law & Governance. A number of online courses will be provided shortly, such as the Certificate in Judicial Review.

Times are more challenging for CPD. The CPD team secured state grant funding from the Finuas programme (for specialised financial training) and from the Skillnets programme (for general training). This has enabled the team to expand its training schedule to 136 training events, the largest number ever. It has also enabled us to substantially reduce the cost charged for training events.

**TP Kennedy, Director of Education**



*“A detailed cost-saving programme has been implemented in 2009 that will yield significant reductions in expenditure this year, and even further savings in 2010.”*

The department's main challenge for 2008/09 is the management of the Society's finances in a very uncertain economic environment. External services – which account for approximately 10% of the Society's turnover and include Four Courts consultation room hire, company formation services, publications sales, premises hire, catering and bar services – have all been severely hit by the recession. All have experienced a significant downturn in business. The Law Society's company formation service was closed in June 2009.

The department manages the Law Society's turnover, which is in excess of €27.5 million. Half of this is attributable to general operations and the other half to educational activities. This income is managed to ensure we get best value from both operational and capital expenditure. A detailed cost-saving programme has been implemented in 2009 that will yield significant reductions in expenditure this year, and even further savings in 2010. A redundancy programme was implemented in July 2009.

The management of the Law Society's investments, primarily the Education Centre fund and staff pension scheme, are currently very challenging. While there were significant losses in 2008, the performance relative to appropriate benchmarks was good, and there has been significant recovery in 2009 to date.

On the facilities side, the biggest development in 2008/09 has been the redeployment/consolidation of all regulatory activities in an offsite location at George's Court. This project was on time and on budget, and the move took place on 1 December 2008. The facilities section also manages the rental of three other properties housing Law Society activities, and implements improve-

ments to ensure the continued efficient and economical operation of the Blackhall Place building. A feasibility study on the potential uses of the Benburb Street site has just been completed. However, current economic conditions mean that there will be no significant progress made on this in the short term.

#### **Systems improvement**

A number of significant IT projects were undertaken during the year, in line with the Society's strategy of systems improvement. This includes continued development of the education information system, improvement in report-writing capabilities of the Society's main databases, and the development of an online booking system for the Four Courts consultation rooms.

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

The department is committed to providing support to the core business functions of the Society and to undertaking a wide variety of tasks, both planned and unplanned. This work is undertaken efficiently and willingly, thanks to the hard work of all the staff in the department.

#### **Cillian MacDomhnaill, Director of Finance and Administration**



The career support team: Keith O'Malley and Sharon Hanson

## SOCIETY ESTABLISHES CAREER SUPPORT UNIT

Career Support was established by the Society in May 2009 in response to difficulties that many solicitors were experiencing in finding employment – and as a resource for others facing the threat of job loss and changed working conditions.

Over 300 solicitors registered with the service during its first three months in operation. They are regularly briefed on employment opportunities, networking events, seminars and other initiatives and are provided with a wide range of supports by career development advisor Keith O'Malley and Sharon Hanson.

Over 100 solicitors availed of one-to-one consultations with the career development advisor during the period

to end-August, and the CV review and feedback service was used by an average of four solicitors or trainees every day from mid-June.

The 'Expand' career development programme was launched within two weeks of the start of the service and is available to all solicitors online, together with a wide range of information on job-seeking, opportunities outside practice, working overseas, emotional supports and government initiatives, among others.

Training seminars were provided to solicitors and to trainees in Dublin and Cork, and this series will be repeated in four regional centres over the autumn and winter months.

In September, 'WorkSearch' – a jobs-club-type – initiative was launched. Participants meet on a weekly basis to share information on opportunities, to discuss new developments and to provide support and encouragement. A major conference on new and emerging opportunities for the profession is planned for year-end.

The career support register also provides an information link between the Society and its members on other supports provided by the Society for those who are not working, such as free membership and discounts on CPD training and diploma courses.

# LAW SOCIETY COMMITTEES

*The Society's committees are appointed by the Council from the November Council meeting in each year until the November Council meeting of the following year. The incoming president selects the chairman and members of each committee and places their names before the Council for approval. The Council regulations distinguish the committees into two categories: 'standing committees' (in the bye-laws, committees of the Council) and 'non-standing committees' (in the bye-laws, committees of the Society). In addition, various subcommittees, task forces and working groups are established to deal with various matters, legislative and operational, as they arise.*

## STANDING COMMITTEES

*The Solicitors Acts provide that the functions of the Society set out in the acts (that is, the statutory functions) are exercisable by the Council, and further provide that the Council may delegate the exercise of any functions of the Council to a committee established for that purpose. As a result of this power, the Council appoints what are known as 'standing committees', which exercise statutory functions on behalf of the Council.*

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### COORDINATION COMMITTEE



The Coordination Committee operates as the oversight committee for the projects undertaken by each of the Society's committees – and reviews the benefits of these projects in terms of resources and delivery. In early 2009, the committee undertook a critical review of all spending proposed by the Society's committees and effected a 40% reduction in the amount of expenditure sought.

During 2009, the committee also engaged with the Society's 14 advisory committees on a programme of 'Working towards excellence in representation'. The advisory committees are those that provide a regular interface with the members, deal with practice queries and provide a support service for members in terms of advice, practice notes, leaflets, seminars and other matters.

The Coordination Committee developed the 'Excellence in representation' programme to agree specific goals for 2009 with the advisory committees under the following four strands:

- Direction – ensuring that the work of the committees is relevant to the needs of the modern lawyer,
- Engagement – realising the full potential of those who make a contribution to the work of the committees, that is, volunteer practitioners, staff and Society officers,
- Relationships – seeking to have strong connections with, and a distinct relevance for, the members,

- Managing expectations – ensuring that the Society's committees are perceived as a responsive, accessible and valuable resource.

The level of interaction between the Coordination Committee and the advisory committees was also strengthened by the appointment of a member of the Coordination Committee to act as a liaison person in the course of the year.

It is intended to build on the 'Excellence in representation' programme in future years to maximise the effectiveness of the committee system and to enhance the contribution made by committee members, who make a substantial voluntary commitment in terms of time and experience.

During the past year, the committee also coordinated the Society's position on a number of key issues, including the establishment of a career support service, the expansion of LawCare to provide services to trainees, the terms of engagement of legal advisors and counsel, issues relating to the Law Clerks Joint Labour Committee and fee estimates by barristers. In addition, it provided a 'sweeper' function for issues falling outside the remit of the other committees, with examples including requests for use of the Society's logo or publications, correspondence with other professional bodies, requests for nominees to other bodies, and requests for membership of Society committees.

**John D Shaw, chairman**

## COMPLAINTS AND CLIENT RELATIONS COMMITTEE



Lay members have participated in the work of the Complaints and Client Relations Committee since 1994. In January 2009, the relevant section of the *Civil Law Miscellaneous Provisions Act 2008* came into effect, as a result of which lay members are now in the majority on the committee. To accommodate

the increasing number and complexity of complaints received by the Society, a third division of the committee was created at the beginning of the year and, with the exception of the month of August, a meeting of one or other of the divisions takes place approximately every two weeks.

In his report last year, my predecessor referred to the increase in the number of complaints concerning undertakings. Regrettably, such complaints continued to dominate the work of the complaints section, comprising more than one-third of the total complaints received. There has also been an increase in complaints alleging overcharging. The complaints section investigated 1,754 admissible complaints, 614 of which related to undertakings – the majority of which were given to financial institutions.

The *Legal Services Ombudsman Act* was passed at the beginning of the year but, to date, the committee has received no indication whether the appointment of the ombudsman is imminent. Until an ombudsman is appointed, the independent adjudicator will continue in office, and our thanks are due to Caroline Casey for her commitment to the position, notwithstanding the uncertainty of her tenure.

My thanks to Linda Kirwan and the hardworking solicitors and staff in the complaints section, my vice-chairmen, Stuart Gilhooly and Andrew Cody, who each have the onerous duty of chairing a division of the committee, and the members of the committee, both solicitor and lay, for their support over the past 12 months.

**Simon Murphy, chairman**

## EDUCATION COMMITTEE



This past year has seen the focus of the Education Committee shift from dealing with ever-increasing numbers of trainee solicitors to dealing with the consequences of the worsening financial situation. The number of students commencing the PPC I course fell from 671 in September 2007 to 595 in September 2008 and was 452 in September 2009 – a 33% drop in two years. The fall in training contracts is as dramatic as the increase that took place between 2003 and 2006.

Partly as a response, new regulations were adopted – the *Solicitors Acts 1954 to 2008 (Apprenticeship and Education) Regulations 2009* (SI 144 of 2009). These regulations removed the obligation to pay the Law Society-recommended minimum wage to trainees, with the result that the new minimum payment levels are set by the *National Minimum Wages* legislation. This allows for greater freedom for training firms in seeking to recruit trainees in more straitened times.

The indenture deed set out various types of legal experience that was required to be undertaken – known as blocks. The 2009 regulations have introduced a greater element of choice in the blocks of training required.

The diploma programme continues to grow, and 2008/09 has seen the introduction of a number of diplomas that blend online content and 'live' lectures and tutorials. In addition, new courses such as a Diploma in Insolvency, a Diploma in Intellectual Property and Information Technology, and a Certificate in Human Rights are being added.

During the past year, CPD has secured significant funding from the Department of Enterprise under the Skillnets and Finuas programmes. This has enabled CPD to significantly discount the cost of its courses.

A high point of the year was the remarkable success of three Dublin trainees in winning the International Environmental Moot Court Competition, against world-wide competition.

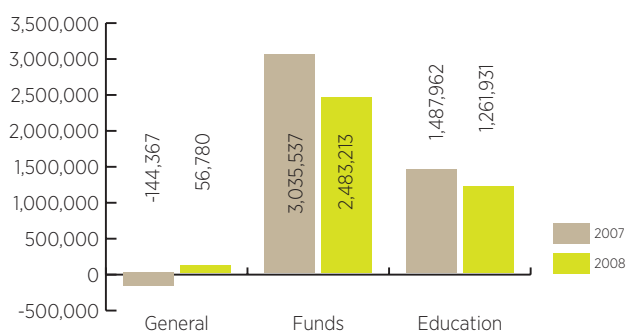
**James O'Sullivan, chairman**

## FINANCE COMMITTEE



Despite the onset of a severe economic downturn in 2008, the Law Society had, on its normal activities, a strong financial year in 2008. Reserves arising from normal activities increased by €3.6 million, including amounts allocated to the litigation, Education Centre and property funds. The after-tax operating surplus for the Law Society's general operations and its education operations was €1.07 million (2007: €1.07 million), which was 4% of income.

### Operating surplus 2008



### Exceptional item

These results are incorporated in 'group' accounts, which include all Law Society subsidiary and related undertakings. The outcome for the Society's group for the year, for normal operations, was a before-taxation surplus of €3.8 million (2007: €4.3 million). However, after an exceptional item, this converted to a loss of €11.1 million. The consolidated group accounts include the accounts of Benburb Street Property Company Ltd, the holding company for the Benburb Street site adjoining the Society's premises at Blackhall Place, purchased by the Society in 2005. These showed a loss for 2008 of €14.7 million, as a result of a revaluation of the site.

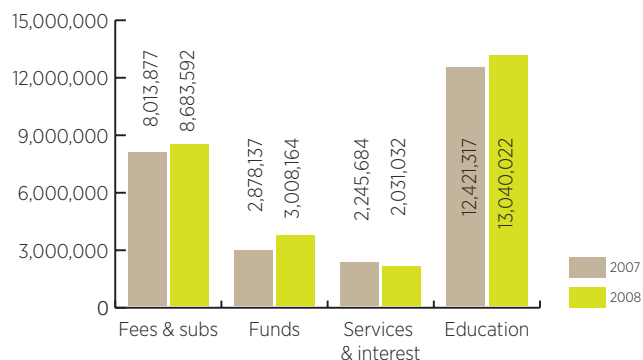
Financial reporting standards require that the value of the site be shown at open market value if this is lower than cost. As you will be aware, making accurate and reliable property valuations is difficult, if not impossible, in the current market. While the site's value has been written down to €7 million, creating a total deficit figure of €11,146k in the audited accounts, this is viewed by the Society as an artificial deficit created by obligatory accounting standards. The market value of the site, which will fluctuate every year, must be understood in the context of the Society never planning to sell the site. It has always been the Society's intention to develop the site for the benefit of future generations of solicitors, although there are no plans to commence any development in the near future. The property is now completely debt free. The Society's mortgage was cleared in full in January 2008.

## Overall results

Entity	Management accounts €	Audited group statements €
General activities	56,780	292,581
Reserve funds	2,483,213	2,483,213
Education activities	1,261,931	1,946,454
Law Club of Ireland	19,200	
Benburb Street Property Co Ltd	-14,791,266	
Friary Property Services Ltd	22,164	-15,611,259
Ellis Quay Property Services Ltd	16,514	
Prior year adjustment	42,453	
Group taxation	-257,156	-257,156
<b>Total deficit</b>	<b>-11,146,167</b>	<b>-11,146,167</b>

While the group accounts give a full picture of the financial performance and the financial position of all Law Society operations, they can distort the view of individual elements of the operation. Consequently, the table above shows the 'management account' results (which shows the actual trading outcome) and the 'audited group statements' for all the activities in question.

### Income sources 2008



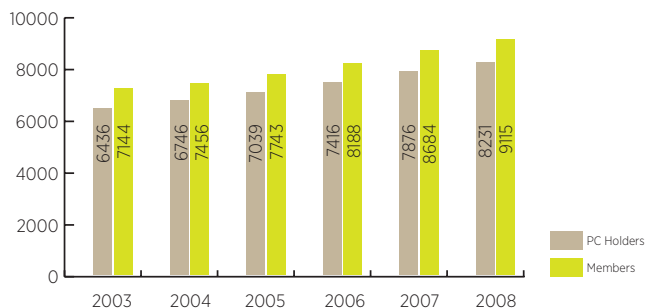
### Our income streams

Total income rose by 5% to €27,548k (2007: €26,302k). Fees and subscription income increased by 7%, education income by 5%, and income from other sources fell by 7%. Fees and subscriptions, which are primarily practising certificate, membership and admission fees income, increased by €800k.

In 2008, there were 8,231 (2007: 7,876) practising certificate holders, an increase of 355. There were 9,115 members (2007: 8,684), an increase of 431. There was a record number of admissions to the Roll in 2008 of 777 (2007: 642). Practising certificate fee income was allocated to the Education Centre fund (€1,009k), litigation fund (€261k) and property fund (€1,738k), totalling €3,008k

(2007: €2,878k). Commercial activities and interest held up reasonably well, despite the economic conditions, and generated an income of €2,031k (2007: €2,246k).

### Practising certificate holders and members 2003 – 2008



Education activities income, at €13,040k (2007: €12,421k), was up by 5%. This income can be broadly analysed as €8 million from professional practice course fees, €2 million from exam fees and indentures and €3 million from PQE seminars and diplomas.

The student intake for PPC I courses in September 2008 was 595 (2007: 667), indicating a 10% decrease in traineeships. Diploma courses and CPD income, including a state Skillnet grant of €267k, increased by 20%.

### Our expenditure

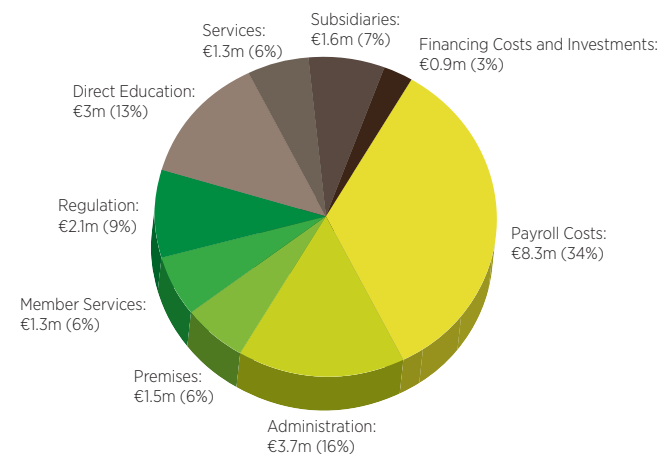
Overall expenditure rose to €23,718k (2007: €21,983k). On the general activities side, operating charges grew by €342k, or 3%, reflecting tight cost control despite significant increases in the cost of the Society's regulatory functions. Operating charges for education activities increased by €764k, or 8%, which was in line with the increase in activity levels. The operating charges included a special contribution to the staff pension scheme to attain minimum funding standard levels.

A loss of €627k was incurred on Education Centre fund investments. €127k of this loss was realised, with the balance of €500k being a revaluation provision. Like all investments, the fund's investments suffered significant losses in 2008. A loss of 20%, which compares well with the average managed fund loss of 35%, is indicative of the cautious investment strategy adopted. Financing costs of €291k, for the most part, represent the costs associated with the sale and leaseback on the Education Centre. 'Other expenditure' are the costs associated with our subsidiaries and, at €1,619k, were on a par with 2007.

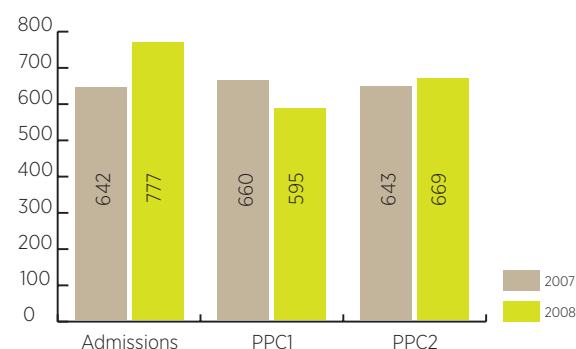
### Our balance sheet

Despite the impact of the revaluation of the Benburb Street site, the balance sheet remains strong, with net assets of €16.3 million. The reserves include two contingency funds for capital expenditure (€2.2 million) and litigation (€1.7 million), which act as reserves to meet costs in these areas as they arise. There are also two 'sinking' funds – the Education Centre fund (€7.7 million) to buy back the Education Centre in 2014 under a sale-

### Areas of expenditure 2008



### Admissions and courses 2008



and-leaseback arrangement, and a property fund (€4.7 million) to pay for the Benburb Street site over a ten-year period. The balance of the reserves is allocated to the Law Society (-€3 million) and the Law School (€3 million).

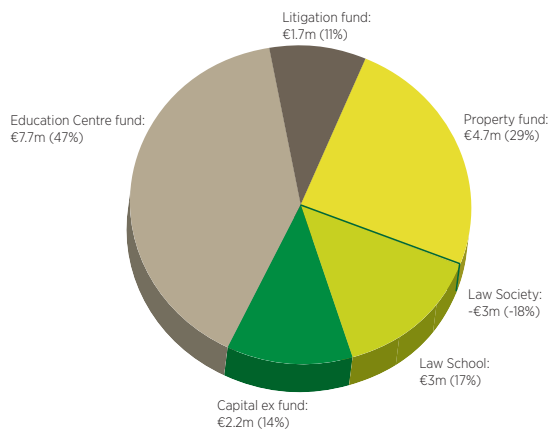
There was no drawdown on the Benburb Street mortgage at the end of 2008 (2007: €3.1 million) and, indeed, this mortgage was cleared in full in January 2008, with the interest cost for the year being €4k (2007: €29k).

### Our subsidiaries and related undertakings

As mentioned previously, the group's structure includes a number of subsidiary entities that are effectively run on a break-even basis. The Law Club of Ireland operates the commercial elements of the Blackhall Place premises and made a surplus of €19k. Benburb Street Property Company Ltd, which owns and manages the Benburb Street site, made an operational loss (before site revaluation provision) of €72k. Friary Property Services Ltd, which rents and manages the Disciplinary Tribunal offices, made a surplus of €19k, and Ellis Quay Property Services Ltd, which rents and manages the CPD offices in Dublin and the Law School's facilities in Cork, made a surplus of €9k.



## Reserves 2008 (€m)



## 2009

While the Society's budget for 2009 was calculated on a very conservative basis and factored in much of the 'bad news', there is still a significant amount of economic uncertainty. A number of trading areas are below budget, and one consequence of this was the closure of the Law Society's company formation service in June. On the positive side, practising certificate income will be ahead of budget, as the fall-off in practising certificate numbers was not as severe as initially anticipated.

Allied with this income boost are significant savings, both payroll and non-payroll, arising from a structured cost-saving initiative programme. The financial performance of education activities is very much a function of the economic environment and these activities are experiencing significant income shortfalls in all areas, including professional practice courses, entrance examinations and CPD. Nine redundancies were announced in July, primarily relating to jobs on the education side of the Society's activities.

The Finance Committee is very conscious of the severe impact of the downturn on the profession. It is working constantly to reduce costs to ensure that the practising certificate fee and the cost of education to practitioners are kept to a minimum despite increasing cost pressures, particularly on the regulation side. The committee will continue to ensure that members get value for money for all operational and project spending, and that the Law Society's operations are sufficiently resourced to serve members in the most efficient and effective manner.

### Gerard Doherty, chairman

## MONEY-LAUNDERING REPORTING COMMITTEE



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 Society is obliged by law to report that suspicion to An Garda Síochána and the Revenue Commissioners.

The fulfilment of this obligation, pursuant to section 57(2) of the *Criminal Justice Act 1994*, as substituted by section 36 of the *Criminal Justice (Terrorist Offences) Act 2005*, has been delegated to the Money-Laundering Reporting Committee.

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.

I would like to thank my fellow committee members, particularly John Elliot, for their input during the year and also the committee's solicitor, Joan O'Neill, and committee secretary Tina Beattie for their assistance.

### John O'Connor, chairman



## LAY MAJORITY ON COMPLAINTS AND CLIENT RELATIONS COMMITTEE

The Law Society's Complaints and Client Relations Committee now consists of a lay majority, since 1 January.

Members of the chairman's division of the Complaints and Client Relations Committee include (l to r): Frank Cunneen (substituting for lay member Dan Murphy), Maura Derivan (solicitor), Frank Brennan (lay member), Simon Murphy (chairman, solicitor), Brendan Hayes (lay member) and Sheila Nunan (lay member). (Absent: Liam Kennedy, solicitor, and Dan Murphy). (Pic: Lensmen)

## PROFESSIONAL INDEMNITY INSURANCE COMMITTEE



Since the issue of the last annual report, the professional indemnity insurance market has deteriorated. Practitioners were faced with substantial hikes in their premia at the end of last year. Unfortunately, these increases in premia are set to continue. The real challenge for the Society will be in trying to ensure that insurers stay in the market.

There has been a large increase in claims, particularly in relation to conveyancing. The committee has moved very quickly to do what it can to ease the situation. At the time of writing, changes to the *Professional Indemnity Insurance Regulations* are being proposed, which were requested by the insurers and their reinsurers. These regulations had been introduced in 2007 to increase protection for solicitors and clients. However, the real difficulty is not the regulations but the incidence of claims and their size. These make the market unattractive for insurers and result in high premia.

Premia (even at the expected increased levels) are similar to those being charged in Britain, and it is unfortunately the case that high premia will be a feature of legal practice in Ireland for some time to come. The best we can do as a profession to combat this is to do all we can to reduce the incidence of claims.

It has been a very difficult year for the Professional Indemnity Insurance Committee. I'd like to thank Rosemary Fallon (committee secretary), John Elliot (Registrar of Solicitors) and Pat Howett (manager of the assigned risks pool) for all their assistance to me and the committee during the year.

**Niall Farrell, chairman**

### PII AND CHANGES TO SOCIETY REGULATIONS

For many months now, the Law Society has been monitoring developments in the PII market. A special Law Society task force has taken independent expert advice from a number of sources in Ireland and in London. In addition, certain task force members have met with all of the current approved insurers and with some potential market entrants. Insurers say that there is very likely to be reduced availability of insurance – and potentially huge increases in premiums – in the renewals for next year.

The Law Society convened a special Council meeting to deal with this issue on 27 August 2009. The Society's task force proposed, and the Council agreed, that a number of changes be made to the Society's regulations, which set out the minimum terms and conditions of PII insurance. These changes make some reductions in the protection of clients and of solicitors, but increase the likelihood that a competitive market will exist for PII renewals this year.

## REGULATION OF PRACTICE COMMITTEE



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 with aspects of the *Solicitors Acts* not assigned to other regulatory committees.

### AUDITED ACCOUNTS

#### Our overall financial performance

The income and expenditure account of the compensation fund reflects a deficit (representing an excess of expenditure over income after taxation) of €10,663,204 for the year ended 31 December 2008, as compared with a deficit of €2,944,736 for the year ended 31 December 2007. The increase of €7,718,468 in the deficit for 2008 compared with 2007 is attributable to an increase in 2008 of €3,790,410 in income, an increase of €11,529,355 in expenditure, compared with 2007, together with a decrease in taxation amounting to €20,477.

#### Our income streams

The increase of €3,790,410 in income in 2008 is attributed mainly to an increase of €3,404,398 in recoveries from defaulting solicitors. Practising certificate income increased by €156,747. A legal action was successfully completed and a settlement of €325,000 received. Disciplinary fines and investigation levies increased by €135,745.

#### Our expenditure

The increase of €11,529,355 in expenditure between the two years is substantially attributable to an increase in the provision for claims of €9,847,246, due largely to claims arising in respect of Michael Lynn and Thomas Byrne. The compensation fund has stop loss insurance in place and claims will be made in accordance with the terms of the policies. The amount and timing of these claims is not certain, but the compensation fund estimates maximum potential insurance recoveries of €4.7 million. No receivables have been recognised in the financial statement in this regard.

#### Our balance sheet

The net assets of the fund as at 31 December 2008 stood at €11,811,477, compared with €27,588,029 as at 31 December 2007. The decrease of €15,776,552 in the net asset position of the fund between the two years' end is reflected in a decrease of €10,663,204 in revenue reserves, together with a decrease of €5,113,348 in the revaluation reserve on the fund's investments. The decrease in the revaluation reserve was caused by the fall in value of global stock markets. 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.

## Developments since December 2008

In the six months ended 30 June 2009, 255 claims were received. Excluding invalid claims refused, these claims amounted to €2,367,559. Payments were made in the sum of €700,168 in respect of claims, and claims amounting to €1,667,391 are still under consideration.

The net assets of the fund are valued at €14 million as at 30 June 2009. The annual contribution to the fund increased to €660 per solicitor for 2009. Insurance cover for €50 million in excess of €5 million is in place for the year ending 31 December 2009.

## Committee activities during the year

The committee met on 21 occasions, for eight scheduled, nine special, and four emergency meetings. In the course of the year, the Society's investigating accountants conducted in excess of 400 investigations of practices. One of the reasons for the increase in inspections on previous years is the augmented complement of investigating accountants. In addition, the committee set up a pilot scheme for one-day inspections for selected firms to make more efficient use of available resources.

Additionally, the secretariat dealt with a high level of claims on the compensation fund (550 compared with 415 in the previous year).

During the year the committee decided to:

- Refer 14 solicitors to the Solicitors Disciplinary Tribunal on foot of findings disclosed in the investigation reports on their practices,
- Refer three 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 four solicitors where dishonesty was discovered,
- Apply to the High Court for an order for the delivery of the files of three practices to the Society,
- Suspend the practising certificates of four solicitors,
- Levy contributions amounting to €93,000 towards the costs of investigations,
- Make application pursuant to section 18 of the *Solicitors (Amendment) Act 2002* in two cases where solicitors failed to comply with Society directions,
- Make application pursuant to section 32 of the *Solicitors (Amendment) Act 1994* confirming the right of the Society to deal with the client account of a deceased solicitor's practice.

The Society recently launched a practice advisory service for solicitors' firms to improve awareness in the profession of the regulatory and financial management issues in running a firm. The service takes the form of a half-day forum conducted on a one-to-one basis in the solicitor's office. It is totally confidential and the Society, while subsidising the service, has decided to contract the service out. This service has been initiated and sponsored by the committee. The committee has recognised that, particularly in the current climate, there are a number of firms that are facing especially severe difficulties. These could benefit significantly from a service focused on the needs of firms in such

a situation, available at low cost to the firm. It is expected that this service will be of benefit, not only to the firms who avail of it, but also to the profession as a whole in helping firms in particular difficulty move towards improving their situation.

The committee appointed Hewitt Associates, an international investment consultancy, as investment consultants to the compensation fund to advise the committee on the strategic management of the fund's investments.

The Donovan Bowen Review Group was set up by the Council of the Society in September 2008 with a remit to review the operations that come under the control of the committee. The terms of reference are:

"To examine the policies, practices and procedures in place whereby the Regulation of Practice Committee seeks to achieve the objectives set out in its mission statement, having regard to best practice in comparable regulatory environments in Ireland and abroad, and to make recommendations arising from such examination."

It is planned that the group will report shortly.

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 an average compliance level now of 99.4%.

The Supreme Court heard the Society's appeal against the judgment of the High Court as to the appropriate sanction in the disciplinary case against Colm Carroll and Henry Colley. The committee had been of the view that the sanction imposed by the High Court was inadequate in the circumstances of the case. The committee is disappointed that the Supreme Court did not find in favour of the Society.

Recently the committee directed the Registrar of Solicitors to issue a practice note reminding the profession that all persons who are on the Roll of Solicitors who are employed in a solicitor's firm and providing legal services are required to hold a practising certificate and that, in particular, it is not permissible for a firm to classify a solicitor employed by the firm as a 'legal executive' or 'paralegal' with a view to avoiding the requirement to hold a practising certificate if the solicitor is engaged in the provision of legal services.

I would like to extend my thanks to the committee vice-chairman, Martin Crotty, and to the other members of the committee for their much-appreciated participation in the work of the committee throughout the year. I would pay particular thanks to our former lay observers, now full members of the committee, Frank Bowen and Cecil Donovan, whose continued contribution is of great assistance.

Finally, I would like to express my appreciation to the Registrar of Solicitors and director of regulation, John Elliot, and his team in the Regulation Department for their excellent work.

**Michael Quinlan, chairman**

## NON-STANDING COMMITTEES

*Non-standing committees are appointed by the Law Society's Council where the Council believes the work of the Society may be better effected by such a committee. They do not perform statutory functions.*

### ARBITRATION AND MEDIATION COMMITTEE



Mediation, arbitration and expert determination are all methods of dispute resolution that increasingly occupy the time of solicitors and our clients. Through the 'Excellence in representation' initiative undertaken by the Law Society, the Arbitration and Mediation Committee developed and implemented the

following set of goals:

- Researched, drafted and submitted a detailed response to the Law Reform Commission on the recommendations set out in its report on alternative dispute resolution,
- Finalised a business arbitration scheme that has now been approved by the Council of the Law Society and is being published to members of the profession and the public,
- Drafted a business mediation scheme that will provide a template for solicitors and their clients to resolve their disputes,
- Made available the updated model arbitration clause on the Society's website,
- Finalised an updated arbitration procedure, which is now available on the Society's website,
- Organised a colloquium that took place in January 2009 to coordinate the response of all arbitration practitioners to the draft *Arbitration Bill*, in cooperation with other organisations active in the promotion and development of other methods of dispute resolution,
- Arising out of that colloquium, submitted to government a consensus report outlining proposed changes to the draft *Arbitration Bill*,
- The organisation of a seminar, to take place in November 2009, which will update all solicitors on the proposed changes to arbitration legislation,
- The circulation before year-end of a short booklet giving an outline of the principles underpinning mediation and expert determination, including information available on the Society's website.

In conclusion, I must record my wholehearted thanks to the committee members, and especially Colleen Farrell, for their dedicated and generous contribution of time and effort in achieving so much.

**Joe Kelly, chairman**

### BUSINESS LAW COMMITTEE



Throughout the year, the committee has considered and represented the profession on a number of practice issues. In particular, it has been liaising with the Companies Registration Office and the Company Law Review Group in relation to the procedures for rectifying the CRO register where a company has overstated its issued share capital on form B5.

In the year under review, the committee dealt with practitioner enquiries, either by way of practice notes for inclusion in the *Law Society Gazette* or in correspondence.

The committee made a number of submissions in response to consultations conducted by the government, including the following:

- The proposed EU *Directive on Consumer Rights*,
- The introduction of limited liability partnerships,
- The proposal for a new *Company Law Directive*,
- Draft guidance for directors and investors availing of business expansion and seed capital schemes,
- The *Report of the Special Group on Public Service Numbers and Expenditure Programmes* for the amalgamation of the Competition Authority and the Irish Takeover Panel.

Current activities of the committee include:

- Examining the statutory system that regulates the formation and general operation of cooperative societies in Ireland, and
- Monitoring and engaging in consultation on various EU initiatives.

I would like to thank my vice-chairman, Mark Pery-Knox-Gore, and our other colleagues on the committee, all of whom put in a considerable amount of time in preparing for, and attending, meetings. Finally, I particularly wish to thank the committee's very hard-working secretary, Joanne Wright, whose organisational skills and efficiency greatly aid the work of the committee.

**John Olden, chairman**

## CONVEYANCING COMMITTEE



Despite the downturn in the property market, the committee had a busy year and continues to work to assist the profession in matters of conveyancing practice.

After lengthy negotiations, the committee reached agreement with the IBF in relation to the new certificate of title system for residential lending, which was launched in May 2009. In conjunction with the Taxation Committee, it issued new VAT pre-contract enquiries and a revised VAT special condition.

The committee aims to keep practitioners updated with regard to changes brought about by new legislation. For example, this year saw the implementation of the new BER regulations, VAT rules, a new charge on residential properties and the entitlement of a business tenant to renounce its statutory right to a new tenancy. The committee issued 15 practice notes and postal or electronic circulars to the profession this year and answered numerous queries from practitioners in relation to these and other matters. There were 852 queries to the telephone helpline, which were dealt with by the committee secretary.

The committee also held meetings with, and/or made submissions to, the relevant government departments and agencies on behalf of the profession in relation to the *Land and Conveyancing Law Reform Bill*, the BER regulations, new stamp-duty procedures to be introduced later this year, the *Multi-Unit Developments Bill*, the *Nursing Homes Support Scheme Bill* and the regulations pursuant to the *Local Government (Charges) Act*.

The committee will continue to review precedents and standard documentation, particularly in view of the impending commencement of the *Land and Conveyancing Law Reform Act 2009*. Sincere thanks to all the members of the committee for their hard work and dedication, and to our tireless secretary, Catherine O'Flaherty.

**Majella Egan, chairman**

## THE CORPORATE AND PUBLIC SECTOR COMMITTEE



The committee aims to represent the perspective of solicitors who work outside of private practice in the corporate and public sectors, often referred to as 'in-house solicitors'.

In November 2008, in conjunction with CPD Focus, the committee ran a seminar entitled 'Value and values: a management seminar for in-house solicitors', which was attended by 124 delegates.

'Surviving the downturn – what next for in-house solicitors?' was the theme of a discussion forum held by the committee in May 2009. The forum discussed strategic issues faced by corporate and public-sector solicitors and shared advice on how they could help to protect their organisations. In all, 65 solicitors employed across the state, semi-state and private sectors attended.

In addition, the committee, with CPD Focus, has organised a seminar on topical compliance issues for corporate and public-sector solicitors for November 2009.

It submitted comments to the Department of Finance on the draft *European Communities (Revised Remedies Directive) Regulations 2009*, which amends the *Public Procurement Remedies Directive*.

The committee deals with queries and problems from the profession. Its *Guide for Solicitors Employed in the Corporate and Public Sectors*, launched in November 2008, is of great assistance in this regard. It liaised with the Business Law Committee and the Employment and Equality Law Committee during the year. It continues to liaise with the Corporate and Public Lawyers' Association and the European Company Lawyers' Association.

I would like to thank all committee members for their hard work throughout the year. A sincere thanks, also, to our secretary, Louise Campbell, for her invaluable enthusiasm and commitment.

**Mary O'Connor, chairman**

### CORPORATE AND PUBLIC SECTOR GUIDE LAUNCHED

The Law Society launched a *Guide for Solicitors Employed in the Corporate and Public Sectors* in 2009. The guide provides key information for existing and prospective in-house solicitors, who represent approximately 9% of total Law Society membership.

It looks at practical issues facing in-house solicitors. At the launch were Corporate and Public Sector Committee members (front, l to r): Sylvia Keane, Colin Babe (vice-chairman), Mary O'Connor (chairman), Louise Campbell (secretary), Geraldine McAlinden and Vivienne Kane. (Back, l to r): Edward Hughes, Donall King and Andrew O'Flanagan.



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## CRIMINAL LAW COMMITTEE



The impact of the reduction in fee income occasioned by the government cutbacks in fees for criminal legal aid work constituted a major item on the committee's agenda this year. The committee had already received numerous complaints from practitioners regarding fees payable but, due to the across-

the-board nature of the cutbacks, there was no possibility of preventing the negative impact on practitioners.

In relation to day-to-day practice issues, committee members again met with the President of the District Court to put forward proposals for efficiency savings to assist in streamlining the running of District Court lists that might obviate the need for sittings during the long vacation period.

Committee members also met with the governor of Mountjoy Prison to discuss ways to improve the waiting times for professional visits, and related security matters. Strong representations were also made to the Irish Prison Service regarding the use of drug-sniffer dogs and searches of solicitors on prison visits. The committee also made submissions to the Courts Service regarding the provision of facilities for solicitors in the new criminal courts complex. The committee also held a very successful seminar on a range of topical issues in Gorey, Co Wexford.

Other activities of the committee over the year included:

- A submission to the Inspector of Prisons regarding prison standards,
- A subcommittee was convened to produce guidance on advising mentally-disordered clients,
- Participation in various court user groups,
- Monitoring of legislation,
- Submissions to An Garda Síochána regarding the expansion of the adult-cautioning scheme.

I would like to thank my vice-chairman, Claire Loftus, and all those involved in the work of the committee, for their support and assistance throughout the year.

**Dara Robinson, chairman**

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## CURRICULUM DEVELOPMENT UNIT



The Curriculum Development Unit continued its work, acting as a conduit between practising members of the profession and the Law School in monitoring and assisting the school to constantly improve the curriculum available to trainee solicitors.

A new legal practice Irish course has been introduced to satisfy the requirements of the *Legal Practitioners (Irish Language) Act 2008*. The course design is particularly innovative and great reliance is placed on IT.

The Society's diplomas programme is being further improved, with the promotion of online learning for solicitors and trainees, with particular emphasis on value for money.

The professional practice conduct and management course has been modified, moving away from book-keeping to concentrate more on the *Solicitors' Accounts Regulations*. The regulations are fully integrated into each tutorial, with a strong emphasis placed on their application and implementation.

The skills course has undergone further development, phase 1 of which was completed last year.

The business law course has been further enhanced and is designed to equip students with the necessary skills to undertake those areas of the law that most particularly apply to business clients, with particular attention being paid to corporate transactions.

Not surprisingly this year, the insolvency elective has proved to be very popular with students.

Finally, the Human Rights Committee of the Law Society has requested that, in future, there should be a greater focus on the mechanics of human rights law in training courses. This will be reflected in the training of students next year.

As always, I would like to record my thanks to all members of the committee. Thanks, also, to TP Kennedy (director of education) and Geoffrey Shannon (deputy director of education) for their continued assistance.

**Colm Costello, chairman**

## EMPLOYMENT AND EQUALITY LAW COMMITTEE



This has been a busy year for employment and equality law practitioners, and the committee aims to keep solicitors updated on developments in case law and legislation. To achieve this, committee members have contributed to CPD seminars, the Society's Employment Law Diploma, Law School programmes, articles for the *Gazette* and articles for the Society's e-zine.

The committee completed a review of precedent employment policies, including template grievance procedures, disciplinary procedures and dignity-at-work policies. The committee also revised and updated its comprehensive *Guide to Employment Legislation Booklet*. These have been added to the suite of precedent contracts already available on the Society's website. Individual committee members have taken up invitations from bar associations to hold information sessions on the precedent documentation.

Meetings were held with the ministers of state with special responsibility for equality, disability issues and mental health, and for labour affairs, at which representations were made on a number of employment and equality-related issues.

### Ongoing projects/activities

The committee is in correspondence with government departments and statutory bodies, including:

- The Employment Appeals Tribunal (EAT), regarding the implementation of changes to the EAT's procedures,
- The Equality Tribunal, regarding amendments to the procedures of the tribunal,
- The Minister for Finance, to obtain clarification on conflicting interpretations of the tax treatment of awards under the *Unfair Dismissals Acts*.

The committee will hold a seminar on equality law, ten years after the introduction of the employment legislation.

The committee continues to monitor the enactment of the *Employment Law Compliance Bill 2008* and will hold a seminar on the bill for practitioners when the legislative process is finalised.

I would like to acknowledge the contribution of all committee members during the year and to express my sincere appreciation of the unstinting support and professionalism of our secretary, Rory O'Boyle.

**Geraldine Hynes, chairman**

## EU AND INTERNATIONAL AFFAIRS COMMITTEE



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.

In what was a very busy year, a number of events on EU law were organised. In February, the committee held the third annual law students' debate on EC law in conjunction with the European Commission, which this year included students from Derry and Belfast and was chaired by Minister Dick Roche.

In May, the committee hosted a conference on competition law in conjunction with the German Irish Lawyers' Business Association. During the same month, the committee was pleased to host a delegation from the Warsaw Lawyers' Association.

In accordance with the Law Society's 'Excellence in representation' strategy, the committee took a number of initiatives aimed at assisting younger members of the profession. These included a presentation and an article on careers in EU law. The committee also organised an exchange programme for newly-qualified lawyers with the French, Spanish and German bars.

The committee continues to support the 'Rule of law' project. This very worthy initiative runs programmes relating to the rule of law in the developing world. The committee also remains the reporting body for delegates to the Council of Bars and Law Societies in Europe, the Union Internationale du Notariat Latin and the International Bar Association.

This year, the committee was pleased to welcome a number of new members whose active contributions were greatly valued. Thanks to vice-chair Niamh Connery and all the members of the committee for their work during the year, and particularly committee secretary Eva Massa for her enthusiasm and dedication.

**David Geary, chairman**

## FAMILY LAW COMMITTEE



Recent times have seen many changes in the practice of family law and the nature of family law cases coming before the courts. The work of the Family Law Committee aims to assist practitioners in this regard by keeping up to date with these changes on an ongoing basis.

The annual Family Law Conference, which will take place on Friday 4 December 2009, will include the impact of the 'credit crunch' in family law, in addition to a range of other interesting and relevant topics for practitioners.

With the publication of the *Civil Partnership Bill* in June 2009, a dedicated seminar was arranged for 18 September 2009 to cover the practical implications of the bill, not only for family law solicitors, but to include the wider implications for conveyancing and probate solicitors.

Following the excellent Alternative Dispute Resolution (ADR) in Family Law Conference in October 2008, a further conference on ADR and current practice in family law was scheduled for 8 October 2009.

Building on the success of the *Family Law Handbook* issued by the committee last year, the Law Society publication *Divorce in Practice* has been revised.

This year saw the introduction of new Circuit Family Court rules introducing case progression, together with a new High Court practice direction on family law, published in July 2009. Practitioners are kept up to date with these and other developments through the *Law Society Gazette*, e-zine and ongoing seminars.

Among the chief aims of the committee for 2008/2009 was to carefully review the area of child law – both private law and public law – and to liaise with the relevant government departments on the representation of children's views. This work is ongoing and, it is hoped, will yield some significant improvements in this area.

My thanks go to all committee members for their time, commitment and hard work throughout the year, and in particular, Carol-Ann Coolican, our vice-chair. Particular thanks are also due to our secretary, Colleen Farrell, for her enthusiastic assistance and support during a busy year.

**Hilary Coveney, chairman**

### A CODE OF PRACTICE FOR FAMILY LAW

The Law Society published a new *Family Law Handbook* towards the end of 2008. Launching the booklet, Mrs Justice Catherine McGuinness said that the handbook was "valuable, practical and, importantly, ethical. In no other aspect of law is the ethical stance of lawyers more important," she said.

## GAZETTE EDITORIAL BOARD



It has been a challenging year, but one in which the *Gazette* continues to thrive. Despite the difficulties caused by the economic downturn and the consequent drop in advertising revenue, standards at the magazine have not been allowed to slip.

The editorial board meets approximately six times a year. Its main task is to provide guidance to the editorial team in respect of subject matter and contributors. The board comprises a mixture of experienced and younger solicitors, covering a wide breadth of practice areas. The ideology of the magazine is to ensure that it contains something for everyone.

At the outset of this year, we determined to put an emphasis on articles that would help solicitors seeking employment. In addition, other practice areas that have very much come into vogue this year, such as insolvency, litigation, employment law and debt collection, have been covered in detail. With so much pressure on practitioners, both in and out of employment, we recognise the crucial role that the *Gazette* must play in providing education, as well as being an important communication channel for the Law Society to the profession.

The next year will undoubtedly see more of the same. Our focus will be similar and our ambition remains that the *Gazette* will be the first port of call for all practitioners for both information and guidance.

I would like to thank the *Gazette* editorial team, led by the redoubtable Mark McDermott, and the editorial board for all their assistance during the year.

**Stuart Gilhooly, chairman**





## GUIDANCE AND ETHICS COMMITTEE



Since the last annual report, there have been nine meetings of the committee, together with a number of subcommittee meetings and a day-long panel meeting. In keeping with the theme of the Law Society's objectives for 2009, the committee, in association with its hardworking Subcommittee on Financial Aspects

of Elderly Abuse, has published a number of items, including:

- The *Guide to Professional Conduct*, and
- The booklet *Locum Solicitors and Setting up in Practice*.

The committee has been working steadily on the issue of conflict of interest, which will lead to an examination of the changing role of the family solicitor. During the year, it reviewed a motion that has been passed by the Law Society to change the law to enable solicitors administer declarations for their clients.

A day-long meeting was held in May for the 50-strong panel of solicitors available to assist solicitors who receive a complaint via the Law Society. The chairs of the Complaints and Client Relations Committee and of the Regulation of Practice Committee attended to answer questions from panel members. These exchanges have led to a greater understanding of the issues confronting those in regulation and the solicitor representatives. This effort will continue in order to encourage solicitors to use the regulatory machinery of the Law Society as a management resource for their offices.

I wish to thank the hardworking committee for their efforts and enthusiasm, and also the Subcommittee on Financial Aspects of Elder Abuse, who came together at short notice. Their practice notes are timeless guides for every solicitor and include:

- 'Joint bank accounts' – *Gazette*, Dec '08, p63,
- 'Drafting wills for the elderly client' – *Gazette*, Jan/Feb '09, p48
- 'Administration of estates' – *Gazette*, March '09, p49,
- 'Gifts: acting for an elderly client' – *Gazette*, Apr '09, p54,
- 'Enduring powers of attorney' – *Gazette*, May '09, p52.

I am pleasantly surprised with the increase in the number of solicitors who are contacting individual members of our committee or our secretary, Therese Clarke, for guidance on what are often complex issues.

**James Cahill, chairman**

## HUMAN RIGHTS COMMITTEE



The Human Rights Committee this year continued with its busy programme of activities promoting human rights, both inside and outside the profession. The Annual Human Rights Conference 2008 (in conjunction with the Irish Human Rights Commission) focused on 'The *European Convention on Human Rights*: five years on'. The 2009 conference will focus on 'Economic, social and cultural rights: making states accountable'.

The Annual Human Rights Lecture 2009 on the topic of freedom of expression was delivered by the Right Honourable Lord Justice Sedley of the Court of Appeal of England and Wales. The Annual Human Rights Essay Competition this year attracted a record number of entries, which were of an excellent standard.

In the year under review, the committee published a report on the disclosure of criminal convictions in conjunction with a number of community/legal groups. It made submissions on the *Charities Bill 2009* and public interest law, and made calls for support on issues such as protocol 14-Bis of the *European Convention on Human Rights*, juvenile sentencing in the USA, and human rights lawyers, such as Jestina Mukoko.

The 'Human Rights Watch' page continued in the *Gazette* and a web-page resource was developed on human rights vacancies in Ireland and internationally.

The committee will continue working on a study on the 'Impact of the *European Convention on Human Rights Act 2003* on Irish Law' (jointly sponsored by the Dublin Solicitors' Bar Association). This is due to be published in early 2010. A Certificate in Human Rights course will begin at the Law Society's Education Centre in October 2009.

I would like to thank the vice-chair, Michael Kealey, and all committee members, for giving so generously of their time, interest and expertise to the work of the committee. In particular, my sincere thanks and good wishes go to Elaine Dewhurst, secretary to the committee, for her dedication and unstinting service, and who has left the Society to take up a position as a lecturer in constitutional law and human rights in Dublin City University.

**Colin Daly, chairman**

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## LAW REFORM COMMITTEE



The major work of the committee in the past 12 months has concentrated on a report into the current status of divorce law in Ireland. This report is due for publication in the first half of 2010.

The committee has also been examining the current law on the enforcement and recovery of consumer debts, and is examining potential reforms in this area.

The tenth Annual Student Law Reform Essay Competition was a great success. The competition attracted the largest number of entries ever received, many of which were of outstanding quality. The committee would like to pay special tribute to the three judges, past-president James MacGuill, Ms Justice Catherine McGuinness and Dr Fiona de Londras, for their expert adjudication of the competition.

Early in 2009, the committee also launched *Law and Practice: Essays on Reform*, which contains a selection of the best essays submitted to the Law Society's Annual Student Law Reform Essay Competition. Each essay, selected for its individual excellence, critically examines specific areas of law, looks at ways in which it might be improved, and issues proposals for reform.

It has been my privilege and honour to serve as chairman of the committee for the past three years. I wish to thank vice-chair Philip Smith and all committee members for their tireless work during the year. I would also like to thank our secretary, Elaine Dewhurst, for her expertise, dedication and commitment.

**Peter Fahy, chairman**

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## LITIGATION COMMITTEE



It has been a pleasure to chair such a vibrant committee this year. With the difficulties that have invaded other sections of the profession, litigation has seen an upturn, which has provided many practitioners with welcome business when most needed. As a result, the committee has been busy both fielding queries, which represents its bread-and-butter function, and also involving itself in new projects, which we hope to see come to fruition in the near future.

Before the end of this calendar year, we will have produced both a frequently-asked questions leaflet and a PIAB guidance booklet. Both will be aimed at the practitioner seeking more education in the litigation sphere and also for the more experienced solicitor who will be looking to hone their skills in these areas.

In addition to these projects, we have set up a subcommittee to investigate the improvement of solicitor advocacy skills. This has commenced its work and will continue into next year.

Future projects include a subcommittee tasked with progressing a proposal to introduce appellate mediation into this jurisdiction. The committee will also liaise more closely with the Arbitration and Mediation Committee, with a view to ensuring that all forms of dispute resolution can be considered, in addition to the litigation option.

Next year will also see commercial litigation continue to grow, and the committee intends to focus on initiatives to broaden every practitioner's knowledge in this area.

Finally, I would like to thank Colette Carey, the committee's wonderful secretary, as well as vice-chairman Ronan O'Neill, in addition to the rest of the committee, for putting in so much time and effort.

**Stuart Gilhooly, chairman**

# SPENT CONVICTIONS REPORT LAUNCHED

In early summer 2009, the Law Society collaborated in the production of a report, titled *Disclosure of Criminal Convictions: Proposals on a Rehabilitation of Offenders Bill*. Contributors to the report included the Human Rights Committee of the Law Society and community groups such as Ballymun Community Law Centre, Ballymun Local Drugs Task Force, Business in the Community, Northside Community Law Centre and Northside Partnership.

The report calls for the introduction of a spent convictions scheme that would ensure that, after certain safeguards have been met, offenders would not have to

disclose their criminal conviction when applying for certain jobs.

The report aims to balance the injustice of requiring an ex-offender to suffer the consequences of an offence indefinitely and the need to ensure public safety. The existence of a criminal record can affect an ex-offender in a number of ways, including access to accommodation, entry to certain professions, applications for various licences, and general employment prospects.

The primary focus of the report was to limit the negative effect of a criminal conviction on employment prospects, as research indicates that failure to obtain

employment is one of the most significant barriers to integration faced by offenders upon their release from prison. In welcoming the report and the opportunity for debate on the issue, Mountjoy governor John Lonergan noted that the “prospects of getting a job if you are totally honest with an employer is nil, unless the employer is very generous”.

The report is available to download from the Law Society website, [www.lawsociety.ie](http://www.lawsociety.ie).



At the launch of the 'proposals on a *Rehabilitation of Offenders Bill*' report were Frank Murphy (Ballymun Community Law Centre), President of the Law Society John D Shaw and Mountjoy governor John Lonergan

## PROBATE, ADMINISTRATION AND TRUSTS COMMITTEE



As a result of the initiative of the President of the Law Society, John D Shaw, in putting together the 'Excellence in representation' project, the committee was able to engage in a proactive programme of communication with various representative groups and bodies associated with this area of law.

Particular success was achieved with the Probate Office in removing the practice of allowing access to members of the press to certain material in connection with probate applications. By order of the President of the High Court, only a beneficiary or a person with an entitlement or a government department or agency may inspect an inland revenue affidavit.

We have also been successful in addressing the creeping practice of accountants engaging in personal probate applications.

The committee, with others, lobbied for changes in capital acquisitions tax practice. The first fruit of this labour, a reformed IT38, has issued. Important reforms to follow include the lodgement of the CA24 directly with the Probate Office.

The committee is probably most useful to the profession in the manner in which enquiries are dealt with from practitioners running into difficulties on a day-to-day basis, although it should be understood that our ability to deal with individual matters is limited to an expression of practice policy.

I would like to extend my thanks to all the members who give so generously of their time, but especially I would like to reserve my gratitude to our hardworking secretary, Padraic Courtney, for his constant advice and management of the committee's affairs.

**Justin McKenna, chairman**

## PUBLIC RELATIONS COMMITTEE



The role of the Public Relations Committee is to devise, plan and implement public relations strategies and to assist the Law Society, its staff, officers and members to convey the messages that the Society wishes to disseminate. The purpose of any PR strategy is to foster goodwill between the Society and its various audiences, including the profession.

The major work of the committee in the year under review related to the radio advertising campaign that was launched in early July, running for nearly three weeks. The background to this campaign is the response from 74% of colleagues who said that they felt that the Society should continue 'brand' advertising.

The committee was well aware that, as the recession started to hit our colleagues very hard in 2009, money spent on advertising might be seen as a waste of resources. Nevertheless, the committee commissioned various presentations from advertising agencies as to what might be done to promote the services of solicitors, even or especially in a recession, and a consensus emerged that something should be done to get across the message that solicitors had lots to offer in these troubled times. The feedback from the radio campaign, with the tag line 'Talk to your solicitor', has been very positive. At time of writing, a professional cost/benefit analysis is being carried out, and the campaign is expected to continue after the holiday season.

The committee continues to advise the Society and its executives and officers in relation to PR strategies, and also arranges media training, briefings and advice for the large number of colleagues who have been interviewed on various topics on both local and national radio and TV.

I would like to thank the members of the committee, some of whom have significant professional expertise in media law and practice, and also Mark McDermott and the staff of the *Gazette* office for their hard work and commitment to PR issues and the image of the profession generally.

**Patrick Dorgan, chairman**



### CALCUTTA RUN ADDS €200,000 TO CHARITY FUND

On 16 May, over 1,000 participants took part in the 11th Calcutta Run. Last year, they raised €340,000 for their pains. Given the effects of the recession this year, a lower target was set, but thanks to a tremendous effort by everyone, €200,000 was added to the charity fund.

All money raised goes to GOAL projects in Calcutta and the Fr Peter McVerry Trust in Dublin. Those running and walking included a mix of solicitors, trainees, Law Society staff, families and friends who gave up their time to support these worthy causes.

## TAXATION COMMITTEE



The past year has been particularly busy for the committee due to the economic downturn and the impact of two *Finance Acts* in quick succession. The committee produced its annual *Tax Guide* and later had to publish a revised edition to take account of the *Finance Act 2009*.

This year, the Society held the chairmanship of the Tax Administration Liaison Committee (TALC) and, unsurprisingly, there was an unprecedented number of meetings held in relation to changes in taxation. In addition, committee members continued to represent the Society on seven TALC subcommittees.

The committee participated in a joint project with the Conveyancing Committee to produce a template for pre-contract enquiries relating to VAT. Work on the initial draft of the document is continuing, and it is expected that a revised edition of the enquiries sheet will be published in the near future.

In conjunction with the Society's Probate, Administration and Trusts Committee, submissions were made to Revenue in relation to its review of capital acquisitions tax. The committee also participated in the review of Revenue as a government entity, which was carried out under the government's Organisational Review Programme. A subcommittee was formed with other of the Society's committees to participate in ongoing discussions with Revenue regarding the introduction of e-stamping towards the end of 2009.

The committee also dealt with individual queries submitted by practitioners and issued practice notes and information items, as required.

I would like to thank my vice-chairman, Tom Martyn, and the committee members who gave so generously of their time in dealing with the committee's business.

**Pat Bradley, chairman**

## TECHNOLOGY COMMITTEE



The main 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 the profession. In addition, where possible, the committee provides advice to individual members, on request.

The committee is keenly aware of the effect of current economic turmoil and, in its work, is focusing on projects that will seek to enhance office productivity, but without incurring any significant capital cost.

The committee's work this year included:

- Hosting a seminar called 'Virtual reality – towards electronic conveyance' on 7 November 2008. In all, 70 attendees were updated on the Society's eVision programme, Revenue's plans for e-stamping, e-registration by the Property Registration Authority, and electronic funds transfer by the banks,
- A very active role on the eConveyancing Task Force,
- Work with the Practice Management Task Force,
- Review of the 'Committees' web page,
- Intensive participation in the Society's contacts with Revenue in reference to its e-stamping project,
- Suggestions for *Gazette* articles,
- The production of guidelines for the drafting of documents where email is the preferred medium of communication,
- A new project to produce relevant and practical advice and tips in the application and implementation of technology to the office environment. These will be available on the committee web page, with advisory notes delivered through the Society's e-zine,
- Ongoing review of best practice in the use of digital signatures; meetings with representatives of government and the civil service,
- Ongoing contact with other jurisdictions to monitor trends and learn from comparative experience,
- Examination of the possible applications of Microsoft *Sharepoint* and other examples of 'cloud computing',
- Hosting of a conference in October 2009 with a theme of maximising the return from existing office technology and infrastructure without incurring further cost.

The committee's web page remains a valuable source of information for the profession, including links to other sites of practical application. Members are encouraged to examine these pages on a regular basis.

Sincere thanks are due to all members of the committee who give unstintingly of their time without recompense and with a genuine wish to offer something of value to the profession. Special thanks to our vice-chairperson, Frank Nowlan, and our tireless and patient secretary.

**Neil Butler, chairman**



Enya Higgins and Aoife Fleming (first-year pupils at St Finian's College, Mullingar) and fellow students pose with their poster '60 Years and Still Kickin' at the human rights exhibition. (Pic: Moya Nolan)

## HUMAN RIGHTS FESTIVAL CELEBRATES UDHR'S 60TH ANNIVERSARY

The Law Society celebrated the 60th anniversary of the *Universal Declaration of Human Rights* by hosting a 'poster action project' and a series of human rights-based events and workshops in December 2008.

An exhibition of art posters titled 'Human Rights – Framed by Young People' was officially launched on 16 December 2008 by President of the Law Society John D Shaw and President of the Irish Human Rights Commission Dr Maurice Manning. The posters were produced by civil, social and political education (CSPE) students to celebrate the 60th anniversary of the *Universal Declaration*

*of Human Rights* (UDHR).

The exhibition showcased the artwork of over 160 young people from all over Ireland, ranging in ages from 12 to 16 years. The essence of the project was to encourage young people to think about human rights and to represent, in a visual manner, their impressions of the most significant issues.

In the true spirit of cooperation, the Irish Human Rights Commission (IHRC) and the Human Rights Committee of the Law Society designed the 'poster action project' as a complement to the new classroom resource on the UDHR, developed jointly by Amnesty International

and the Curriculum Development Unit of the City of Dublin VEC.

Each of the posters addressed serious issues about human rights in Ireland and internationally. While many focused on the denial of human rights globally – raising issues of poverty, exclusion, the control of arms and child labour – others were more focused on specific topics of interest to Ireland, such as the right to vote, the right not to be tortured, the right not to be discriminated against, the rights of women, the right to be free and equal, the right to life, the right to freedom of speech and the right to shelter.

## STANDING COMMITTEES

### COMPLAINTS AND CLIENT RELATIONS

**Chair:** Simon Murphy  
**Vice-chairs:** Stuart Gillhooly, Andrew Cody  
**Solicitor members:**  
John J Buckley  
Gus Cullen  
Maura Derivan  
Patricia Harney  
Liam Kennedy  
Barry MacCarthy  
**Lay members:**  
Frank Brennan  
Michael Carr  
Frank Cunneen  
Eamon Devoy  
Brendan Hayes  
Vera Hogan  
Michael Lynch  
John McDonnell  
Mary Maher  
Dan Murphy  
Lenore Mrkwicka  
Sheila Nunan  
**Secretary:** Linda Kirwan

### COORDINATION

**Chair:** John D Shaw  
James MacGuill  
Gerard Doherty  
James McCourt  
Ken Murphy  
Mary Keane  
**Secretary:** Mary Keane

### EDUCATION

**Chair:** James O'Sullivan  
**Vice-chair:** Michelle Ní Longáin  
Barbara Cotter  
Martin Lawlor  
Dan O'Connor  
John O'Connor  
Claire O'Regan  
John P O'Malley  
Brendan Twomey  
**Ex officio:**  
John D Shaw  
Gerard Doherty  
James McCourt  
**Consultants:**  
Michael V O'Mahony  
Michael Peart  
**Secretary:** Paula Sheedy

### FINANCE

**Chair:** Gerard Doherty  
**Vice-chair:** James O'Sullivan  
Donald Binchy  
John Costello  
Cecil Donovan  
Patrick Dorgan  
Niall Farrell  
James MacGuill  
Tom Murrán  
Owen O'Connell  
**Ex officio:**  
John D Shaw

James McCourt  
**Consultants:**  
Walter Beatty Snr  
Philip Joyce  
**Secretary:** Cillian MacDomhnaill

### ADMINISTRATIVE SUBCOMMITTEE ON FINANCE

John D Shaw  
Gerard Doherty  
James McCourt  
James MacGuill  
Ken Murphy  
**Secretary:** Ken Murphy

### PROPERTY STRATEGY SUBCOMMITTEE

John D Shaw  
Gerard Doherty  
Philip Joyce  
James MacGuill

### MONEY-LAUNDERING REPORTING

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James McCourt  
Michael Quinlan  
John Elliot  
**Secretary:** Tina Beattie

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Donald Binchy  
Gail Enright  
Eamon Harrington  
Rosemarie Loftus  
John P O'Malley  
**Secretary:** Rosemary Fallon

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Frank Bowen  
Helen Collins  
Paul Connellan  
Cecil Donovan  
Mortimer Kelleher  
Martin Lawlor  
Brian McMullin  
Jarlath McNerney  
Gerard O'Donnell  
Dara Robinson  
John P Shaw  
Alma Sheehan  
Boyce Shubotham  
Keith Walsh  
**Lay observers:**  
Frank Bowen  
Cecil Donovan  
**Secretary:** John Elliot

## NON-STANDING COMMITTEES

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**Vice-chair:** Eamon Harrington  
Roddy Bourke  
Michael Carrigan  
Larry Fenelon  
Anthony Hussey  
Liam Keane  
John Madden  
Michael Moran  
Frank Murphy  
Simon Murphy  
**Secretary:** Colleen Farrell

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Colin Babe  
Liam Brazil  
Feargal Brennan  
Joy Compton  
Tom Courtney  
Maire Cunningham  
Eleanor Daly  
David Dillon  
Gerald FitzGerald  
Ann Henry  
Robert Heron  
Paul Keane  
Gillian Keating  
Neil Keenan  
Patricia McGovern  
Jack O'Farrell  
Alvin Price  
Noeleen Redmond  
Mark Ryan  
Michael Twomey  
**Secretary:** Joanne Wright

### CONVEYANCING

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**Vice-chair:** Deirdre Fox  
Suzanne Bainton  
Gareth Bourke  
Gabriel Brennan  
Joan Byrne  
Orla Coyne  
William Devine  
Patrick Dorgan  
Morette Kinsella  
Barry MacCarthy  
Dan O'Connor  
Miriam O'Connor  
Stephen O'Riordan  
Robert Potter-Cogan  
John Reidy  
Alma Sheehan  
Patrick Sweetman  
Joseph Thomas  
**Consultants:**  
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Brian Gallagher  
Rory O'Donnell  
**Secretary:** Catherine O'Flaherty

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Caroline Dee-Browne  
Mary Cummins  
Bill Fleury  
Edward Hughes  
Sylvia Keane  
James Kinch  
Donall King  
Geraldine McAlinden  
Deirdre Nagle  
**Secretary:** Louise Campbell

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**Vice-chair:** Michelle Ní Longáin  
Donald Binchy  
Garry Clarke  
Anthony Ensor  
Conor MacGuill  
Jarlath McNerney  
Attracta O'Regan  
John D Shaw  
**Secretary:** Michelle Nolan

### CRIMINAL LAW

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**Vice-chair:** Claire Loftus  
Yvonne Bambury  
Shalom Binchy  
Conal Boyce  
Frank Buttimer  
Paul Connellan  
Alan Gannon  
Bernadette Greene  
Martin Lawlor  
Grainne Malone  
Margaret Mulrine  
Margaret McEville  
Patrick J McGonagle  
Emer O'Sullivan  
Mairéad Quigley  
Hugh Sheridan  
**Consultants:**  
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Michael E Hanahoe  
James MacGuill  
Michael Staines  
**Secretary:** Colette Carey

### CURRICULUM DEVELOPMENT UNIT

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Jill Callanan  
Ruth Craig  
Dominic Dowling  
Sinead Hayes  
Rosemary Horgan  
TP Kennedy  
Brian Magee  
Margaret Mulrine  
Carol Plunkett  
**Secretary:** Geoffrey Shannon

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Maura Connolly  
Diarmuid Cunningham  
Loughlin Deegan  
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Gina Drum  
Marc Fitzgibbon  
Seamus Given  
Joanne Hyde  
Mary Kelleher  
Fergus Long  
Peter McInnes  
Catherine O'Flynn  
Ciaran O'Mara  
Emma O'Neill  
Hugh O'Neill  
Jennifer O'Neill  
Moya de Paor  
Boyce Shubotham  
Barry Walsh  
**Secretary:** Rory O'Boyle

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Mary Casey  
Geraldine Clarke  
Michael Greene  
Michael Irvine  
TP Kennedy  
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Alina Prendergast  
**Consultant:**  
John Fish  
**Secretary:** Eva Massa

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**Vice-chair:** Carol Anne Coolican  
David Bergin  
Noeline Blackwell  
Audrey Byrne  
Geraldine Carthy  
Helene Coffey  
Stephanie Coggans  
Eugene Davy  
Rosemary Horgan  
Marie Keane  
Sinead Kearney  
Donagh McGowan  
Michele O'Boyle  
Joan O'Mahony  
Deirdre O'Riordan  
Moya Quinlan  
Aidan Reynolds  
Geoffrey Shannon  
**Consultants:**  
Ann Fitzgerald  
Pauline O'Reilly  
**Secretary:** Colleen Farrell

### GAZETTE EDITORIAL BOARD

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Paul Egan  
Richard Hammond  
Simon Hannigan  
Michael Kealey  
Mary Keane  
Aisling Kelly  
Patrick J McGonagle  
Ken Murphy  
**Secretary:** Mark McDermott

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**Vice-chair:** Brendan Twomey  
John Costello  
Brendan Dillon  
Liz Dowling  
Graham Farrell  
Frank Heffernan  
Edward Hughes  
Stephen Maher  
Brid Mimmagh  
Frances Twomey  
**Secretary:** Therese Clarke

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**Vice-chair:** Michael Kealey  
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Grainne Brophy  
Alma Clissmann  
Betsy Farrell  
Michael Farrell  
Michael Finucane  
Brian Gallagher  
Catherine Ghent  
Barbara Joyce  
James MacGuill  
Brian McKenzie  
Colm Stanley  
**Secretary:** Elaine Dewhurst

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**Vice-chair:** Philip A Smith  
Peter Allen  
Anna Broderick  
Jennifer Carroll  
John Costello  
Julia Emikh  
Brian Gallagher  
Rosemary Horgan  
Caroline Lynch  
Daniel Morrissey  
Geoffrey Shannon  
**Secretary:** Elaine Dewhurst

### LITIGATION

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**Vice-chair:** Ronan O'Neill  
Michael Boylan  
Michael Enright  
John Galvin  
Áine Hynes  
Mike Kavanagh  
Joseph Kelly  
James MacGuill  
Joe Mannix

David Martin  
Gerard O'Donnell  
Cormac O'Hanlon  
Patrick O'Riordan  
Owen O'Sullivan  
Kenneth Ruane  
Jim Trueick  
Frances Twomey  
**Consultants:**  
Joseph Deane  
Patrick Groarke  
**Secretary:** Colette Carey

### LITIGATION MANAGEMENT COMMITTEE

**Chair:** Donald Binchy  
Justin Condon  
James McCourt  
Conor McDonnell  
Ken Murphy  
Michael Quinlan  
**Secretary:** Colette Reid

### PROBATE, ADMINISTRATION AND TRUSTS

**Chair:** Justin McKenna  
**Vice-chair:** Nora Lillis  
Pat Bradley  
Richard Hammond  
Aileen Keogan  
Tom Martyn  
Ann Matthews  
Des Rooney  
Anne Stephenson  
Margaret Walsh  
**Consultants:**  
John O'Connor  
Cliona O'Tuama  
**Secretary:** Padraic Courtney

### PUBLIC RELATIONS

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**Vice-chair:** Niall Farrell  
Maura Derivan  
Dominic Dowling  
Gail Enright  
John Glynn  
Michael Kealey  
Liam Kennedy  
James McCourt  
Ken Murphy  
Tom Murrán  
Keith Walsh  
**Secretary:** Mark McDermott

### TAXATION

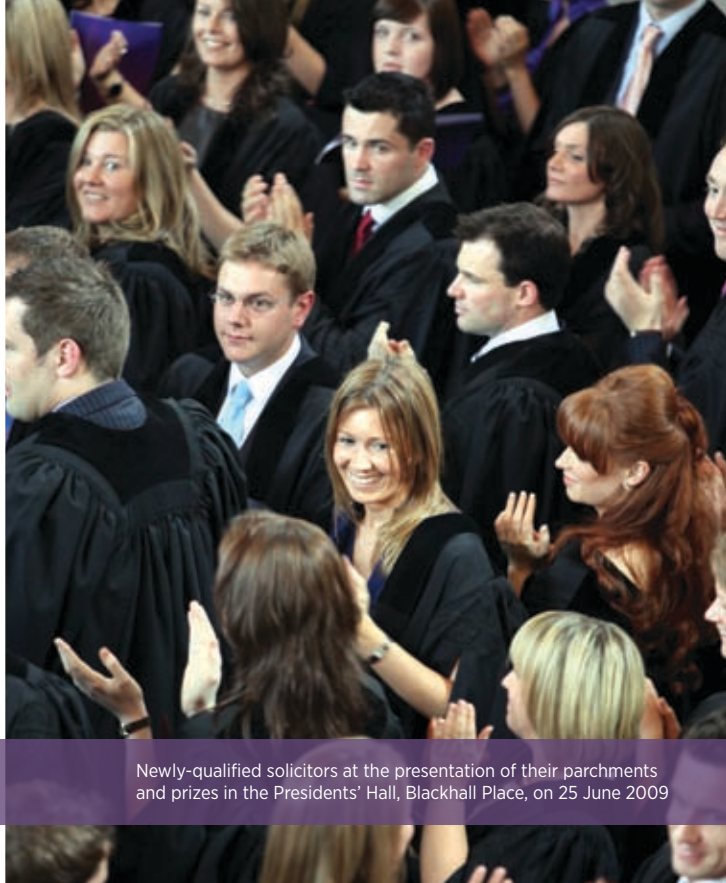
**Chair:** Pat Bradley  
**Vice-chair:** Tom Martyn  
Cormac Brown  
John Cuddigan  
Ciaran Desmond  
Caroline Devlin  
Donal Kennedy  
David Lawless  
Greg Lockhart  
Gavin McGuire  
Justin McGettigan  
Michael O'Connor  
Emmet Scully

James Somerville  
**Consultants:**  
Brian Bohan  
John O'Connor  
**Secretary:** Colette Carey

### TECHNOLOGY

**Chair:** Neil Butler  
**Vice-chair:** Frank Nowlan  
Anthony Brady  
John Furlong  
Jim Heney  
Eamonn Keenan  
Patrick Madigan Jnr  
Daniel Morrissey  
Tom O'Malley  
Reamonn Smith  
**Secretary:** Veronica Donnelly





Newly-qualified solicitors at the presentation of their parchments and prizes in the Presidents' Hall, Blackhall Place, on 25 June 2009



Sitting pretty! Newly-qualified solicitor, Edel Kennedy from Bishopstown in Cork, celebrates her graduation on 16 July 2009 with her niece Emily Kennedy (age 6) from Dripsey, Cork



Attending the presentation of parchments and prizes at Blackhall Place on 16 July 2009 were sisters (l to r): Eleanor, Sheila and Caitriona Cummins from Abbeyfeale, Co Limerick (All photos: Jason Clarke Photography)



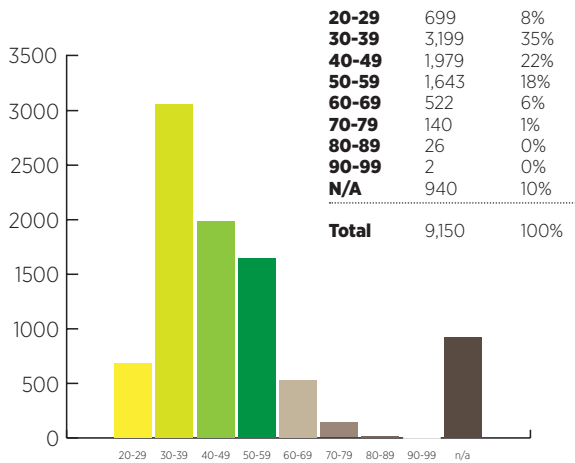
Orla Murphy from Blackrock, Co Cork and Mary Mullen from Monaghan listen attentively to the address by President of the Law Society John D Shaw during the parchment ceremony on 16 July 2009



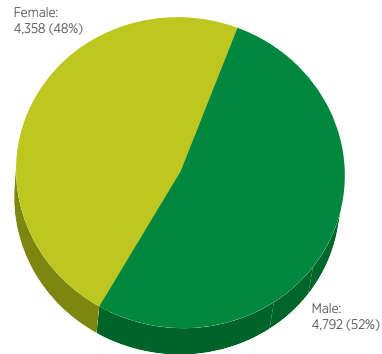
Arm in arm following their parchment ceremony on 3 September 2009 were (l to r): David Callinan (Oranmore, Galway), Emer O'Hora (Ballina, Mayo), Kevin Sherry (Limerick), Ciara Hanley (Sligo), Billy Brick (Kerry) and Caroline Austin (Dublin)

# FACTS ABOUT THE PROFESSION

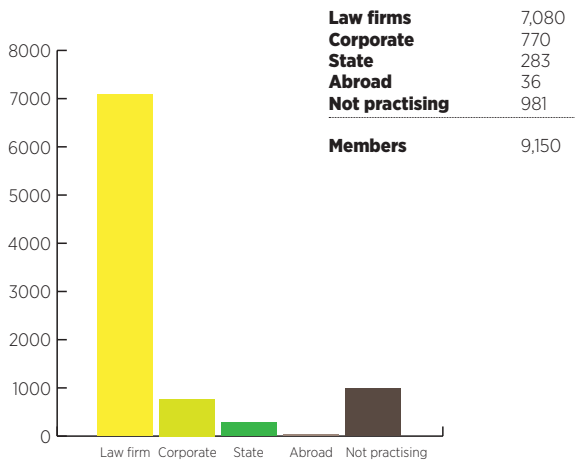
## AGE PROFILE: MEMBERS



## GENDER PROFILE: MEMBERS

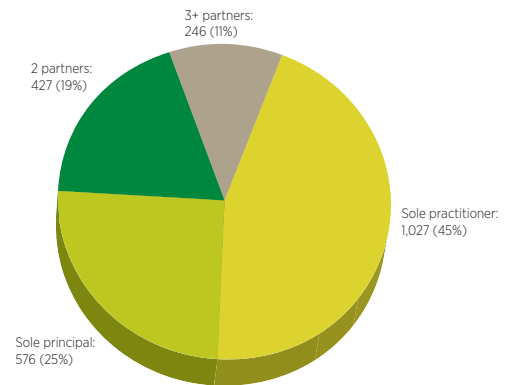


## PRACTISING STATUS

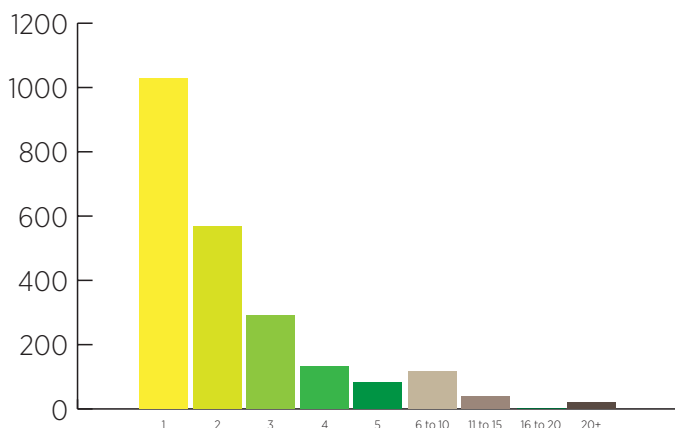


## LAW FIRM PROFILE

Total number of firms 2,276 100%



## FIRMS BY NUMBER OF SOLICITORS AS % OF ALL FIRMS



Solicitors	Firms	%	Cumulative
1	1,027	45%	45%
2	567	25%	70%
3	291	13%	83%
4	133	6%	89%
5	81	3%	92%
6 to 10	118	5%	97%
11 to 15	38	2%	99%
16 to 20	1	0%	99%
20+	20	1%	100%
<b>Total</b>	<b>2,276</b>	<b>100%</b>	

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## 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.

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## 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 2008, 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 in accordance with accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (*Generally Accepted Accounting Practice in Ireland*). Our responsibility, as independent auditors, is to audit the financial statements in accordance with the *International Standards 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 2008 and of the deficit 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 within it. 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 Standards 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 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 2008 and of the deficit of the group for the year then ended.

### Deloitte & Touche

Chartered Accountants and Registered Auditors  
Dublin

21 May 2009

## STATEMENT OF ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

### 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 23 and its interest in a related undertaking, the Law Club of Ireland, which it controls, all of which make up financial statements to 31 December.

### Income

Income is recognised in the income and expenditure account in the year to which it relates. Course fee income received in advance of course participation is deferred and disclosed as deferred income in the balance sheet.

### Tangible fixed assets and depreciation

Development land, which is included in tangible fixed assets, is stated at the lower of cost and net realisable value based on annual revaluations. Where the valuation indicates a permanent diminution in the value of the development land, to a value below cost, the permanent diminution is charged to the profit and loss account. All other fluctuations are transferred to a revaluation reserve.

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.

<b>Premises:</b>	2% per annum
<b>Furniture, fittings and equipment:</b>	20% per annum
<b>Computer equipment:</b>	20% per annum
<b>Motor vehicles:</b>	25% per annum
<b>Leasehold improvements:</b>	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 cost less any provision for permanent diminution in value.

### Publications

Costs relating to the purchase or creation of publications, including books, 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.

### Taxation

Taxation is provided on taxable profits at current rates.

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.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all expenditure that has been incurred in the normal course of business in bringing them 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.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 December 2008

	Notes	2008 €	2007 €
<b>Income</b>			
Fees and subscriptions	4	11,691,756	10,892,014
Education activities	5	13,040,022	12,421,317
Publications	4	946,324	1,105,332
Four Courts rooms	4	681,802	680,569
Company formations	4	200,996	269,241
Interest and investment income	7	201,910	190,542
Other income	8	741,514	743,284
Sundry income		43,760	-
		<u>27,548,084</u>	<u>26,302,299</u>
<b>Expenditure</b>			
Operating charges:			
- General activities	4	(10,374,063)	(10,031,739)
- Education activities	5	(10,806,040)	(10,042,057)
Loss on investments	7	(627,388)	-
Financing costs	6	(291,238)	(316,846)
Other expenditure	8	(1,619,385)	(1,592,637)
		<u>(23,718,114)</u>	<u>(21,983,279)</u>
<b>Surplus for year before exceptional item and taxation</b>			
Exceptional item	9	(14,718,981)	-
		<u>(10,889,011)</u>	<u>4,319,020</u>
<b>(Deficit)/surplus before taxation</b>			
Taxation charge	10	(257,156)	(277,525)
		<u>(11,146,167)</u>	<u>4,041,495</u>
<b>(Deficit)/surplus after taxation</b>			
<b>Allocated as follows:</b>			
General activities		(14,663,524)	(243,937)
Education activities		1,034,144	1,249,895
Education Centre fund		487,350	1,151,454
Property fund		1,734,271	1,884,083
Capital expenditure fund		101	-
Litigation fund		261,491	-
<b>Total</b>		<u>(11,146,167)</u>	<u>4,041,495</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 21 May 2009 and signed on its behalf by:

**Gerard Doherty**, Chairman of the Finance Committee  
**John D Shaw**, President of the Law Society of Ireland

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 2008

	Notes	2008 €	2007 €
<b>Fixed assets</b>			
Tangible fixed assets	11	22,579,155	36,421,654
<b>Current assets</b>			
Investments	14	5,873,110	6,500,498
Stocks	15	21,894	19,219
Debtors	16	1,841,063	1,769,424
Cash at bank and in hand		459,998	72,022
		8,196,065	8,361,163
<b>Current liabilities</b>			
Creditors: (amounts falling due within one year)	17	(6,740,170)	(6,822,629)
Net current assets		1,455,895	1,538,534
Total assets less current liabilities		24,035,050	37,960,188
Creditors: (amounts falling due after more than one year)	17	(7,678,853)	(10,457,824)
Net assets		16,356,197	27,502,364
<b>Reserves</b>			
Accumulated reserves	18	16,356,197	27,502,364

The financial statements were approved by the Finance Committee on 21 May 2009 and signed on its behalf by:

**Gerard Doherty**, Chairman of the Finance Committee  
**John D Shaw**, President of the Law Society of Ireland

**SOCIETY BALANCE SHEET**  
as at 31 December 2008

	Notes	2008 €	2007 €
<b>Fixed assets</b>			
Tangible fixed assets	11	15,481,638	14,582,083
<b>Current assets</b>			
Investments	14	5,873,110	6,500,498
Debtors	16	9,484,384	23,974,629
		15,357,494	30,475,127
<b>Current liabilities</b>			
Creditors: (amounts falling due within one year)	17	(6,614,846)	(6,934,771)
Net current assets		8,742,648	23,540,356
Total assets less current liabilities		24,224,286	38,122,439
Creditors: (amounts falling due after more than one year)	17	(7,678,853)	(10,457,824)
Net assets		16,545,433	27,664,615
<b>Reserves</b>			
Accumulated reserves	18	16,545,433	27,664,615

The financial statements were approved by the Finance Committee on 21 May 2009 and signed on its behalf by:

**Gerard Doherty**, Chairman of the Finance Committee  
**John D Shaw**, President of the Law Society of Ireland

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 December 2008

	Notes	2008 €	2007 €
<b>Net cash inflow from operating activities</b>	19	5,792,133	7,020,442
<b>Returns on investments and servicing of finance</b>			
Interest received		201,910	82,375
<b>Taxation</b>			
Corporation tax paid		(257,492)	(456,062)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(2,380,253)	(1,503,811)
<b>Management of liquid resources</b>			
Purchase of investments		(372,612)	(2,000,000)
Disposal of investments		372,612	1,373,527
		-	(626,473)
<b>Financing</b>			
Decrease in debt		(3,120,606)	(3,696,687)
<b>Increase in net cash</b>	20	235,692	819,784



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

**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 subsidiary undertakings as detailed in note 23. 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 Funds.

**2. (DEFICIT)/SURPLUS BEFORE TAXATION**

	<b>2008</b>	<b>2007</b>
	€	€
The (deficit)/surplus before taxation is stated after charging:		
- Depreciation	1,503,771	1,533,898
- Auditors' remuneration	34,000	34,000
- Finance costs	287,528	287,528
- Finance lease interest	22,775	-
and after crediting:		
- Deposit interest	201,910	82,375

**3. STAFF COSTS**

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>
	General activities	Education activities	Other	Total	Total
	€	€	€	€	€
Salaries and wages	4,756,362	3,619,499	520,819	8,896,680	8,286,274
PRSI	463,772	366,301	50,600	880,673	862,056
Pension costs	611,547	505,603	20,037	1,137,187	904,219
Total	5,831,681	4,491,403	591,456	10,914,540	10,052,549

The average aggregate number of employees during 2008 was 150 (2007: 143).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**4. GENERAL ACTIVITIES (INCLUDING FUNDS)**

	<b>2008</b>	<b>2007</b>
	€	€
<b>Income</b>		
Fees and subscriptions		
Practising certificates	7,753,234	7,170,987
Members' subscriptions	689,412	663,181
Admission fees	240,946	179,709
Fund contributions:		
- Capital expenditure fund	101	-
- Education Centre fund	1,008,591	964,916
- Property fund	1,737,981	1,913,221
- Litigation fund	261,491	-
	<b>11,691,756</b>	<b>10,892,014</b>
<b>Services and interest</b>		
Publications	946,324	1,105,332
Four Courts rooms	681,802	680,569
Company formations	200,996	269,241
Interest and investment income (note 7)	201,910	190,542
	<b>13,722,788</b>	<b>13,137,698</b>
<b>Operating charges</b>		
<b>General activities</b>		
Pay and related expenditure	3,586,371	3,437,048
Administration expenditure	1,329,307	1,321,023
Premises expenditure	649,275	643,668
Members' services expenditure	1,329,796	1,532,821
Regulation expenditure	2,073,743	1,642,968
Admission expenditure	52,121	40,878
<b>Services</b>		
Company formations	195,618	236,582
Publications	935,877	970,692
Four Courts rooms	221,955	206,059
	<b>10,374,063</b>	<b>10,031,739</b>
Finance cost	3,710	29,318
Loss on investments (note 7)	627,388	-
<b>Surplus</b>	<b>2,717,627</b>	<b>3,076,641</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**5. EDUCATION ACTIVITIES**

	<b>2008</b>	<b>2007</b>
	€	€
<b>Income</b>		
Professional Practice Course I fees	5,145,995	5,112,291
Professional Practice Course II fees	3,084,733	2,901,205
Indentures and registration	495,772	526,336
Examination fees	1,468,294	1,457,227
Diploma courses	1,260,859	1,034,350
Continuing professional development	1,410,332	1,194,637
Miscellaneous income	174,037	195,271
<b>Total income</b>	<b>13,040,022</b>	<b>12,421,317</b>
<b>Operating charges</b>		
Pay and related expenditure	4,669,764	4,219,240
Administration expenditure	2,295,432	1,963,983
Direct expenditure	2,967,708	3,017,610
Premises expenditure	873,136	841,224
<b>Total operating charges</b>	<b>10,806,040</b>	<b>10,042,057</b>
Financing costs	287,528	287,528
<b>Surplus</b>	<b>1,946,454</b>	<b>2,091,732</b>

**6. FINANCING COSTS**

	<b>2008</b>	<b>2007</b>
	€	€
Financing costs (note 13) – education	287,528	287,528
Interest payable on loans – general	3,710	29,318
	<b>291,238</b>	<b>316,846</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**7. INTEREST AND INVESTMENT (LOSSES)/GAINS**

	<b>2008</b>	<b>2007</b>
	€	€
Interest – accumulated reserves	95,763	4,004
Interest – Education Centre fund	106,147	78,371
<b>Interest on investment income</b>	<b>201,910</b>	<b>82,375</b>
(Loss)/gain on disposal of investments	(127,388)	108,167
Impairment of investments	(500,000)	-
<b>(Loss)/gain on investments</b>	<b>(627,388)</b>	<b>108,167</b>

**8. OTHER INCOME/EXPENDITURE**

	<b>2008</b>	<b>2007</b>
	€	€
<b>Income</b>		
Catering income	496,236	534,157
Bar income	147,880	122,807
Bed and breakfast income	44,581	44,472
Functions and consultation room income	13,330	21,365
Rental income	17,056	14,229
Sundry income	22,431	6,254
	<b>741,514</b>	<b>743,284</b>
<b>Expenditure</b>		
Catering cost of sales	292,013	269,171
Catering expenditure	520,944	533,366
Bar cost of sales	72,577	68,239
Bar expenditure	148,763	143,040
Rental expenditure	422,833	388,679
Premises expenditure	7,926	8,740
Professional fees	96,846	72,880
Other administration expenditure	57,483	108,522
	<b>1,619,385</b>	<b>1,592,637</b>
<b>Deficit</b>	<b>877,871</b>	<b>849,353</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**9. EXCEPTIONAL ITEM**

	<b>2008</b>	<b>2007</b>
	€	€
Impairment of development land (note 11)	14,718,981	-

The unrealised loss arises on the revaluation of development land in Dublin 7.

**10. TAXATION CHARGE**

	<b>2008</b>	<b>2007</b>
	€	€
Based on the (deficit)/surplus for the year:		
Taxation charge	257,156	277,525

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:

	<b>2008</b>	<b>2007</b>
	€	€
(Deficit)/surplus for year before taxation	(10,889,011)	4,319,020
(Deficit)/surplus for year multiplied by standard rate of corporation tax of 12.5% (2007: 12.5%)	(1,361,126)	539,878
<b>Effects of:</b>		
Income not subject to taxation	(271,673)	(331,365)
Expenses not deductible for tax purposes	1,839,872	5,312
Expenses allowable for tax purposes	(2,326)	(24,061)
Depreciation for year in excess of capital allowances	61,818	64,054
Higher tax rates on interest and rental income	27,296	12,311
Capital gains tax	-	20,441
Retention tax paid	(36,705)	(9,045)
	257,156	277,525

The Society is chargeable to taxation 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.

There were no material deferred tax timing differences that required to be recognised at 31 December 2008 or 2007.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**11. TANGIBLE FIXED ASSETS**

GROUP	Premises	Development land	Leasehold improvements	Furniture fittings & equipment	Computer equipment	Motor vehicles	Total
	€	€	€	€	€	€	€
<b>Cost:</b>							
At 1/1/2008	14,772,181	21,718,981	199,255	7,857,048	4,251,840	121,775	48,921,080
Additions	178,063	-	1,156,022	512,533	527,535	6,100	2,380,253
Impairment	-	(14,718,981)	-	-	-	-	(14,718,981)
At 31/12/2008	<u>14,950,244</u>	<u>7,000,000</u>	<u>1,355,277</u>	<u>8,369,581</u>	<u>4,779,375</u>	<u>127,875</u>	<u>36,582,352</u>
<b>Depreciation:</b>							
At 1/1/2008	3,096,737	-	199,240	6,037,622	3,129,188	36,639	12,499,426
Charge for year	328,951	-	15	682,129	462,232	30,444	1,503,771
At 31/12/2008	<u>3,425,688</u>	<u>-</u>	<u>199,255</u>	<u>6,719,751</u>	<u>3,591,420</u>	<u>67,083</u>	<u>14,003,197</u>
<b>Net book value:</b>							
At 31/12/2008	<u>11,524,556</u>	<u>7,000,000</u>	<u>1,156,022</u>	<u>1,649,830</u>	<u>1,187,955</u>	<u>60,792</u>	<u>22,579,155</u>
At 31/12/2007	<u>11,675,444</u>	<u>21,718,981</u>	<u>15</u>	<u>1,819,426</u>	<u>1,122,652</u>	<u>85,136</u>	<u>36,421,654</u>

The development land was valued by qualified external valuers, Mason Owen & Lyons, on a market value basis at 31 December 2008.

SOCIETY	Premises	Leasehold improvements	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Total
	€	€	€	€	€	€
<b>Cost:</b>						
At 1/1/2008	14,627,895	-	7,562,078	4,251,840	121,775	26,563,588
Additions	178,063	1,156,022	499,782	527,535	6,100	2,367,502
At 31/12/2008	<u>14,805,958</u>	<u>1,156,022</u>	<u>8,061,860</u>	<u>4,779,375</u>	<u>127,875</u>	<u>28,931,090</u>
<b>Depreciation:</b>						
At 1/1/2008	3,067,880	-	5,752,503	3,124,483	36,639	11,981,505
Charge for year	297,209	-	678,062	462,232	30,444	1,467,947
At 31/12/2008	<u>3,365,089</u>	<u>-</u>	<u>6,430,565</u>	<u>3,586,715</u>	<u>67,083</u>	<u>13,449,452</u>
<b>Net book value:</b>						
At 31/12/2008	<u>11,440,869</u>	<u>1,156,022</u>	<u>1,631,295</u>	<u>1,192,660</u>	<u>60,792</u>	<u>15,481,638</u>
At 31/12/2007	<u>11,560,015</u>	<u>-</u>	<u>1,809,575</u>	<u>1,127,357</u>	<u>85,136</u>	<u>14,582,083</u>

The net book amount includes the following amount relating to assets held under finance leases: Leasehold improvements : €432,738 (2007: €Nil)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**11. TANGIBLE FIXED ASSETS (CONTINUED)**

**GROUP AND SOCIETY**

Included in the above are assets relating to education activities:

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
	€	€	€
Premises	5,876,183	978,558	4,897,625
Furniture, fittings and equipment	3,087,076	2,125,445	961,631
Computer equipment	2,264,477	1,515,766	748,711
	<u>11,227,736</u>	<u>4,619,769</u>	<u>6,607,967</u>

**12. ASSETS FINANCED BY FINANCING ARRANGEMENT**

**GROUP AND SOCIETY**

Included in tangible fixed assets are the following assets, which are the subject of a financing arrangement:

**Financing arrangement (note 13):**

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>
	€	€	€
Education Centre premises	5,827,485	963,700	4,863,785
Education furniture, fittings and equipment	53,767	53,767	-
	<u>5,881,252</u>	<u>1,017,467</u>	<u>4,863,785</u>

**13. FINANCING ARRANGEMENT**

**GROUP AND SOCIETY**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**14. INVESTMENTS**

<b>GROUP AND SOCIETY</b>	<b>€</b>
Balance at 1 January 2008	6,500,498
Disposals at cost	(500,000)
Additions	372,612
Impairment	(500,000)
Balance at 31 December 2008	<u>5,873,110</u>

**The investments are comprised of the following:**

- (a) With-profits bond policy ('policy'),
- (b) TAM equity and bond investments ('TAM'),
- (c) Managed fund ('managed fund'),
- (d) High yield fund ('fund'), and
- (e) Cash fund and deposits ('cash')

The policy is linked to a unitised managed fund. The terms provide for a minimum redemption of 100% of the sum invested upon maturity. TAM, managed fund and fund do not carry capital protection. The managed fund has a low risk profile, while TAM and the fund are fully exposed to the volatility in equity markets. The Society has estimated the permanent diminution in the value of its investments, at 31 December 2008, to be €500,000.

The equity investment by the Society in subsidiary undertakings is carried at €Nil (2007: €Nil).

**15. STOCKS**

<b>GROUP</b>	<b>2008</b>	<b>2007</b>
	€	€
Stocks in trade	<u>21,894</u>	<u>19,219</u>

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**16. DEBTORS**

	<b>2008</b>	<b>2007</b>
	€	€
<b>GROUP</b>		
<b>Amounts falling due within one year:</b>		
Debtors and prepayments	1,446,839	1,301,850
Amounts due by Law Society Compensation Fund	182,975	185,430
Deferred finance costs	51,356	51,356
Corporation tax	4,326	3,990
VAT	1,500	21,375
	1,686,996	1,564,001
<b>Amounts falling due after more than one year:</b>		
Deferred finance costs:		
- Due within 2 to 5 years	154,067	205,423
	1,841,063	1,769,424
<b>SOCIETY</b>		
<b>Amounts falling due within one year:</b>		
Debtors and prepayments	1,371,921	1,221,109
Amounts due from Law Society Compensation Fund	182,975	185,430
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	99,038	54,881
- Friary Property Services Limited	77,373	77,399
- Benburb Street Property Company Limited	7,381,019	22,000,000
- Ellis Quay Property Services Limited	162,309	162,309
Deferred finance costs	51,356	51,356
Corporation tax	4,326	11,497
VAT	-	5,225
	9,330,317	23,769,206
<b>Amounts falling due after more than one year:</b>		
Deferred finance costs:		
- Due within 2 to 5 years	154,067	205,423
	9,484,384	23,974,629

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**17. CREDITORS**

	<b>2008</b>	<b>2007</b>
	€	€
<b>GROUP</b>		
<b>Amounts falling due within one year</b>		
Bank overdrafts	648,905	496,621
Creditors and accruals	3,037,233	3,010,276
Deferred income*	2,525,739	3,071,600
PAYE / PRSI	450,023	187,627
VAT	78,270	56,505
	<u>6,740,170</u>	<u>6,822,629</u>

**SOCIETY**

<b>Amounts falling due within one year</b>		
Bank overdrafts	472,276	461,709
Creditors and accruals	2,982,909	2,917,099
Deferred income*	2,525,739	3,071,600
Amounts due to subsidiary undertakings:		
- The Law Club of Ireland	175,990	159,133
- Friary Property Services Limited	-	55,778
- Ellis Quay Property Services Limited	-	94,380
PAYE / PRSI	435,265	175,072
VAT	22,667	-
	<u>6,614,846</u>	<u>6,934,771</u>

\*Deferred income represents fees for the 2009 financial year received in the year to 31 December 2008.

**GROUP AND SOCIETY**

<b>Amounts falling due after more than one year:</b>		
- Due within 2 to 5 years – finance leases	341,635	-
- Due within 2 to 5 years – bond funding scheme	121,131	124,307
- Due after more than 5 years – Education Centre	7,216,087	7,216,087
- Bank loan	-	3,117,430
	<u>7,678,853</u>	<u>10,457,824</u>

The bonds of €121,131, 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 13).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**18. ACCUMULATED RESERVES**

<b>GROUP</b>	<b>Total</b>	<b>Society accumulated reserves</b>	<b>Capital expenditure fund</b>	<b>Education Centre fund</b>	<b>Litigation fund</b>	<b>Property fund</b>	<b>Law School accumulated reserves</b>
	€	€	€	€	€	€	€
Balance at 1/1/2008	27,502,364	11,320,400	2,389,362	7,217,751	1,722,285	3,020,920	1,831,646
Deficit for year	(11,146,167)	(14,663,524)	101	487,350	261,491	1,734,271	1,034,144
Transfers	-	409,653	(174,038)	-	(235,615)	-	-
Balance at 31/12/2008	16,356,197	(2,933,471)	2,215,425	7,705,101	1,748,161	4,755,191	2,865,790

<b>SOCIETY</b>	<b>Total</b>	<b>Society accumulated reserves</b>	<b>Capital expenditure fund</b>	<b>Education Centre fund</b>	<b>Litigation fund</b>	<b>Property fund</b>	<b>Law School accumulated reserves</b>
	€	€	€	€	€	€	€
Balance at 1/1/2008	27,664,615	11,482,651	2,389,362	7,217,751	1,722,285	3,020,920	1,831,646
Deficit for year	(11,119,182)	(14,636,539)	101	487,350	261,491	1,734,271	1,034,144
Transfers	-	409,653	(174,038)	-	(235,615)	-	-
Balance at 31/12/2008	16,545,433	(2,744,235)	2,215,425	7,705,101	1,748,161	4,755,191	2,865,790

**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.

Reconciliation of surplus per consolidated income and expenditure account to surplus for the year per accumulated reserves:

	<b>Total</b>	<b>General activities</b>	<b>Education activities</b>	<b>Capital expenditure</b>	<b>Education Centre fund</b>	<b>Litigation fund</b>	<b>Property fund</b>	<b>Other</b>
	€	€	€	€	€	€	€	€
Surplus before tax (notes 4 & 5)	4,664,081	2,717,627	1,946,454	-	-	-	-	-
Deficit before tax (note 8)	(877,871)	-	-	-	-	-	-	(877,871)
Sundry income	43,760	43,760	-	-	-	-	-	-
Exceptional item (note 9)	(14,718,981)	-	-	-	-	-	-	(14,718,981)
Taxation (note 10)	(257,156)	(18,103)	(227,787)	-	-	-	-	(11,266)
(Deficit)/surplus after tax	(11,146,167)	2,743,284	1,718,667	-	-	-	-	(15,608,118)
Income allocated to specific fund	-	(2,483,213)	-	101	487,350	261,491	1,734,271	-
Exceptional item	-	(14,718,981)	-	-	-	-	-	14,718,981
Inter-group trading	-	(204,614)	(684,523)	-	-	-	-	889,137
(Deficit)/surplus per group accumulated reserves	(11,146,167)	(14,663,524)	1,034,144	101	487,350	261,491	1,734,271	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

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

	<b>2008</b>	<b>2007</b>
	€	€
(Deficit)/surplus before taxation	(10,889,011)	4,319,020
Depreciation charge	1,503,771	1,533,898
Interest received	(201,910)	(82,375)
Profit on disposal of investments	-	(108,167)
Exceptional item	14,718,981	-
Loss on investments	627,388	-
(Increase)/decrease in stock	(2,675)	3,942
(Increase)/decrease in debtors	(71,303)	90,873
Increase in creditors including finance leases	106,892	1,263,251
<b>Net cash inflow from operating activities</b>	<b>5,792,133</b>	<b>7,020,442</b>

**20. (A) ANALYSIS OF CHANGES IN NET DEBT**

	<b>2008</b>	<b>2007</b>
	€	€
Increase/(decrease) in cash during the year	387,976	(89,408)
(Increase)/decrease in bank overdrafts during the year	(152,284)	909,192
Decrease in debt during the year	3,120,606	3,696,687
Net debt at 1 January	(10,882,423)	(15,398,894)
<b>Net debt at 31 December</b>	<b>(7,526,125)</b>	<b>(10,882,423)</b>

**(B) ANALYSIS OF NET DEBT**

	<b>At 1/1/2008</b>	<b>Cashflow</b>	<b>At 31/12/2008</b>
	€	€	€
Cash and bank balances	72,022	387,976	459,998
Bank overdrafts	(496,621)	(152,284)	(648,905)
	(424,599)	235,692	(188,907)
Debt due after one year	(10,457,824)	3,120,606	(7,337,218)
	(10,882,423)	3,356,298	(7,526,125)

**21. RELATED PARTY TRANSACTIONS**

During the year, the Society incurred expenditure on behalf of, and recharged it to, the compensation fund in the amount of €3,397,545 (2007: €2,565,674). The amount due from the compensation fund at the year end is detailed in note 16.

## **22. PENSIONS**

The Society and 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.

The trustees obtained the consent of the Law Society to, on a discretionary basis, index 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 indexation pay a higher contribution rate of 8% of pensionable salary.

The last actuarial valuation was at 1 January 2007, and it indicated that the market value of the assets of the scheme was €10,590,000 and that the assets were 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 that 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 minimum funding standard position at 1 January 2007 and confirmed that the scheme was fully funded at that date, on that basis.

The return on the scheme's assets has been significantly lower than expected since 1 January 2007 due to the falls in equity markets and, as a result, the funding position will have deteriorated. In particular, the scheme failed to meet the minimum funding standard at 31 December 2008 and the employer has decided to pay a special contribution of €400,000 to eliminate the deficit at 31 December 2008. The next formal review of the financing of the scheme will take place at 31 December 2009, the date of the next actuarial valuation.

The pension charge for the year was €1,137,187 (2007: €904,219).

## **23. 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
- Law Club of Ireland\*

\*The Law Club of Ireland is considered a subsidiary, as it is controlled by the Law Society of Ireland.

### **Related undertakings:**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*for the year ended 31 December 2008 (continued)*

**24. CAPITAL COMMITMENTS**

	<b>2008</b>	<b>2007</b>
	€	€
At the end of the year, the following expenditure had been authorised by the Finance Committee:		
Contracted for	547,465	276,833
Not contracted for	112,431	90,039
	<u>659,896</u>	<u>366,872</u>

**25. 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 2008. Legal costs incurred by the Society to 31 December 2008, in connection with these matters, have been charged in the income and expenditure account.

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## 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.

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## 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 2008, 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 17. 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 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 Standards 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 2008 and of its result for the year then ended.

### Basis of audit opinion

We conducted our audit in accordance with the *International Standards 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 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 compensation fund as at 31 December 2008 and of its deficit for the year then ended.

### Deloitte & Touche

Chartered accountants and registered auditors,  
Dublin

21 May 2009

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## 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.

### **Revenue recognition**

Recoveries from defaulting solicitors, disciplinary fines and levies imposed on solicitors are recognised when received. Contribution income and all miscellaneous income is recognised on a receivable basis.

### **Investments**

Investments are shown at market value. The difference between cost and market value is taken to a revaluation reserve and to the income and expenditure account, to the extent that market value is below cost.

### **Claims**

Provisions are made in respect of notified claims and related expenses, if the Regulation of Practice Committee considers it likely that the compensation fund is liable for such claims and expenses.

### **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.



**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 December 2008

	Notes	2008 €	2007 €
<b>Income</b>			
Contributions receivable		3,207,436	3,050,689
Income and returns on investments	2	777,334	708,814
Recoveries from defaulting solicitors	3	4,408,975	1,004,577
Disciplinary fines and investigation levies		293,155	157,410
Litigation settlement	4	325,000	300,000
		<u>9,011,900</u>	<u>5,221,490</u>
<b>Expenditure</b>			
Provision for claims	3	14,047,163	4,199,917
Insurance		290,232	288,267
Costs allocated from the Law Society of Ireland		1,183,355	948,828
Investigation and support staff salaries and expenses		1,697,909	1,305,715
Practice closure expenses		608,514	337,800
Legal and professional fees		1,225,512	1,014,319
Miscellaneous expenses		53,442	29,089
Impairment of investments	7	547,163	-
		<u>19,653,290</u>	<u>8,123,935</u>
<b>Deficit before taxation</b>	5	(10,641,390)	(2,902,445)
Taxation	6	(21,814)	(42,291)
<b>Deficit after taxation</b>	11	<u>(10,663,204)</u>	<u>(2,944,736)</u>

The financial statements were approved by the Regulation of Practice Committee on 21 May 2009 and signed on its behalf by:

**Michael Quinlan**, Chairman of the Regulation of Practice Committee  
**John D Shaw**, President of the Law Society of Ireland

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
*for the year ended 31 December 2008*

	Note	2008 €	2007 €
Retained deficit for the financial year		(10,663,204)	(2,944,736)
Movement in unrealised surplus arising on revaluation of investments	12	(5,113,348)	(3,942,205)
Total recognised losses for the year		<u>(15,776,552)</u>	<u>(6,886,941)</u>

All recognised gains and losses arose from continuing activities.

**BALANCE SHEET**  
as at 31 December 2008

	Notes	2008 €	2007 €
<b>Fixed assets</b>			
Financial assets	7	18,190,216	30,387,217
<b>Current assets</b>			
Debtors	8	50,197	35,329
Cash at bank and in hand		1,367,025	482,674
		1,417,222	518,003
<b>Creditors: (amounts falling due within one year)</b>	9	(983,599)	(893,067)
<b>Net current assets/(liabilities)</b>		433,623	(375,064)
<b>Total assets less current liabilities</b>		18,623,839	30,012,153
<b>Provisions for liabilities and charges</b>	10	(6,812,362)	(2,424,124)
<b>Net assets</b>		11,811,477	27,588,029
<b>Revenue reserves</b>	11	11,811,477	22,474,681
<b>Revaluation reserve</b>	12	-	5,113,348
		11,811,477	27,588,029

The financial statements were approved by the Regulation of Practice Committee on 21 May 2009 and signed on its behalf by:

**Michael Quinlan**, Chairman of the Regulation of Practice Committee  
**John D Shaw**, President of the Law Society of Ireland

**CASH-FLOW STATEMENT***for the year ended 31 December 2008*

	Note	2008 €	2007 €
<b>Net cash outflow from operating activities</b>	13	(6,376,741)	(2,824,120)
<b>Returns on investments and servicing of finance</b>			
Dividends and interest received		268,341	393,600
<b>Taxation</b>			
Taxation (paid)/refund		(52,732)	18,926
<b>Management of liquid resources</b>			
Purchase of investments		(7,016,344)	(5,595,705)
Disposal of investments		14,061,827	7,785,519
		7,045,483	2,189,814
<b>Increase/(decrease) in cash</b>	14	884,351	(221,780)

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

**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**

	<b>2008</b>	<b>2007</b>
	€	€
Surplus on sale of investments	508,993	315,214
Dividends and interest receivable	268,341	393,600
	<u>777,334</u>	<u>708,814</u>

**3. PROVISION FOR CLAIMS AND RECOVERIES**

	<b>2008</b>	<b>2007</b>
	€	€
Recoveries from defaulting solicitors	4,408,975	1,004,577
Provision for claims (note 10)	(14,047,163)	(4,199,917)
Net cost of claims	<u>(9,638,188)</u>	<u>(3,195,340)</u>

The compensation fund has stop loss insurance policies in place, which are subject to an excess of €5,000,000, in any year in respect of each defaulting solicitor. In 2008, the net cost of claims was greater than the excess in two individual cases. Claims will be made in accordance with the policies. The amount and timing of these claims is not certain. No receivables have been recognised in the financial statements in this regard. The Regulation of Practice Committee has quantified the maximum potential claims and the position is as follows:

	<b>2008</b>	<b>2007</b>
	€	€
Net cost of claims	(9,638,188)	(3,195,340)
Maximum potential insurance recoveries	4,700,000	-
Net cost of claims after recognising potential future insurance recoveries	<u>(4,938,188)</u>	<u>(3,195,340)</u>

**4. LITIGATION SETTLEMENT**

During the course of 2008, the compensation fund settled a litigation claim for €325,000 (2007: €300,000).

**5. DEFICIT BEFORE TAXATION**

	<b>2008</b>	<b>2007</b>
	€	€
The deficit before taxation is stated after charging:		
Auditors' remuneration	<u>6,500</u>	<u>5,500</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**6. TAXATION**

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

	<b>2008</b>	<b>2007</b>
	€	€
Income tax	52,732	70,000
Adjustment in respect of prior years	(13,594)	(21,709)
	39,138	48,291
Deferred tax credit	(17,324)	(6,000)
	<u>21,814</u>	<u>42,291</u>

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

	<b>2008</b>	<b>2007</b>
	€	€
Deficit before taxation	(10,641,390)	(2,902,445)
Deficit multiplied by standard rate of income tax of 20%	(2,128,278)	(580,489)
<b>Effects of:</b>		
Income not subject to taxation	(1,700,581)	(981,255)
Expenses not deductible for tax purposes	3,881,591	1,631,744
Adjustment in respect of prior years	(13,594)	(21,709)
	<u>39,138</u>	<u>48,291</u>

**7. FINANCIAL ASSETS**

	<b>2008</b>	<b>2007</b>
	€	€
Listed investments – at market value		
Market value at end of year	<u>18,190,216</u>	<u>30,387,217</u>

The market value of listed investments at 31 December 2008 is €547,163 below their cost, and this amount has been recognised in the income and expenditure account. The balance on the revaluation reserve has been written off against the remaining impairment.

**8. DEBTORS: (AMOUNTS FALLING DUE WITHIN ONE YEAR)**

	<b>2008</b>	<b>2007</b>
	€	€
Other debtors	36,603	35,329
Taxation recoverable	13,594	-
	<u>50,197</u>	<u>35,329</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008 (continued)

**9. CREDITORS: (AMOUNTS FALLING DUE WITHIN ONE YEAR)**

	<b>2008</b>	<b>2007</b>
	€	€
Accruals	800,624	707,637
Amounts due to the Law Society of Ireland	182,975	185,430
	<u>983,599</u>	<u>893,067</u>

**10. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2008</b>	<b>2007</b>
	€	€
<b>Provision for claims</b>		
At beginning of year	2,386,763	1,371,729
Provision made	14,047,163	4,199,917
Claims paid	(9,641,601)	(3,184,883)
At end of year	<u>6,792,325</u>	<u>2,386,763</u>
<b>Deferred tax</b>		
At beginning of year	37,361	43,361
Credit for the year	(17,324)	(6,000)
At end of year	<u>20,037</u>	<u>37,361</u>
At end of year	<u>6,812,362</u>	<u>2,424,124</u>

The entire deferred tax provision at 31 December 2008 and 2007 related to investment income, which is not taxed until received.

**11. RECONCILIATION OF REVENUE RESERVES**

	<b>2008</b>	<b>2007</b>
	€	€
Accumulated surplus at beginning of year	22,474,681	25,419,417
Deficit for year	(10,663,204)	(2,944,736)
Accumulated surplus at end of year	<u>11,811,477</u>	<u>22,474,681</u>

**12. REVALUATION RESERVE**

	<b>2008</b>	<b>2007</b>
	€	€
<b>Unrealised surplus on investments:</b>		
At beginning of year	5,113,348	9,055,553
Movement during year (note 7)	(5,113,348)	(3,942,205)
At end of year	<u>-</u>	<u>5,113,348</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

### 13. RECONCILIATION OF DEFICIT BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	€	€
Deficit before taxation	(10,641,390)	(2,902,445)
Dividends/interest received	(268,341)	(393,600)
Profit on disposal of investments	(508,993)	(315,214)
Increase in debtors	(1,274)	(3,796)
Increase in creditors	4,496,094	790,935
Impairment of investments	547,163	-
<b>Net cash outflow from operating activities</b>	<b>(6,376,741)</b>	<b>(2,824,120)</b>

### 14. (A) ANALYSIS OF CHANGES IN NET FUNDS

	2008	2007
	€	€
Increase/(decrease) in cash during the year	884,351	(221,780)
Net funds at 1 January	482,674	704,454
<b>NET FUNDS AT 31 DECEMBER</b>	<b>1,367,025</b>	<b>482,674</b>

### (B) ANALYSIS OF NET FUNDS

	At 1/1/2008	Cashflow	At 31/12/2008
	€	€	€
Cash and bank balances	482,674	884,351	1,367,025

### 15. RELATED PARTY TRANSACTIONS

During the year, the expenditure of the compensation fund included expenses and payroll costs totalling €3,397,545, 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 shown at note 9.

### 16. CONTINGENT ASSET

A contingent asset exists in relation to claims under an insurance policy purchased in 2007. Full details are set out at note 3.

### 17. 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 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% 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.

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.



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**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 December 2008 (continued)*

**17. PENSIONS (continued)**

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 €126,032 (2007: €122,191).

## LAW SOCIETY PERSONNEL

### DIRECTOR GENERAL

Ken Murphy

### 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  
Maria Hoey, Personal Secretary (President and Director of Policy, Communication and Member Services)  
Emma Jane Williams, Policy Development Executive  
Colette Carey, Committee Executive  
Anthea Moore, Secretary  
Colleen Farrell, Committee Executive  
Mark McDermott, Editor, *Gazette* and PR Executive  
Catherine Dunne/Valerie Farrell (J/S) Secretary (Editor, *Gazette*)  
Carmel Kelly, Web Editor  
Louise Campbell, Support Services Executive  
Gabriel Brennan, E-conveyancing Project Manager  
Keith O'Malley, Career Development Advisor  
Sharon Hanson, Career Development Administrator  
**Library**  
Margaret Byrne, Librarian  
Mary Gaynor, Deputy Librarian  
Eddie Mackey, Assistant Librarian  
Louise Gilsenan, Library Assistant  
Clare Tarpey, Library Assistant

### REGULATION DEPARTMENT

John Elliot, Registrar of Solicitors and Director of Regulation  
Lesley Butler, Personal Secretary (Registrar of Solicitors and Director of Regulation)  
Thelma Gorman, Receptionist  
**Registration (Practising Certificates and Professional Indemnity Insurance)**  
Rosemary Fallon, Executive Officer  
Nicola Darby, Practice Regulation Administrator  
Mary Ann McDermott, Secretary  
**Financial Regulation**  
Seamus McGrath, Senior Investigating Accountant  
Tina Beattie, Executive Officer (part-time)  
Tim Bolger, Investigating Accountant  
Mary Devereux, Investigating Accountant  
Jim Dobson, Investigating Accountant  
Colm Dunne, Investigating Accountant  
Sorcha Hayes, Executive Officer  
Noreen MacCarthy, Investigating Accountant  
Munro Moore, Investigating Accountant  
Andrew O'Brien, Claims Administrator  
Niamh O'Connell, Investigating Accountant  
Jim O'Dowd, Investigating Accountant  
Rory O'Neill, Investigating Accountant  
Jim Ryan, Investigating Accountant

Edward Sheehan, Investigating Accountant  
Christina D'Arcy, Secretary  
Linda Dolan, Administration Assistant  
Yvonne McMahon, Secretary  
Lorraine O'Donoghue, Secretary  
**Complaints and Client Relations**  
Linda Kirwan, Head of Complaints and Client Relations  
Tony Watson, Deputy Head of Complaints and Client Relations  
Helene Blayney, Solicitor (part-time)  
Daragh Buckley, Solicitor (part-time)  
Martin Clohessy, Complaints Executive  
John Darley, Solicitor (part-time)  
Eleanor Hannon, Solicitor  
Fiona Ni Cheallaigh, Solicitor  
Catriona O'Mara, Solicitor (part-time)  
Deborah Finn, Secretary  
Doreen Fitzsimons/Ursula Lynch, (J/S) Secretary  
Orlaith Gallagher/Helen Mountaine, (J/S) Secretary  
Rita Hogan/Carmel Molloy, (J/S) Secretary  
Eamonn Maguire, Secretary  
Colette O'Leary/Yvonne McGarvey, (J/S) Secretary  
Pamela Ryan, Secretary  
**Regulatory Litigation**  
Joan O'Neill, Senior Solicitor  
Mary Fenelon, Solicitor (part-time)  
David Irwin, Solicitor  
Jean O'Cuilinn, Secretary (part-time)  
Anne Molloy, Secretary (part-time)  
Susan Murray, Administrator and Secretary (part-time)  
Eimear Ryan, Secretary  
**Practice Closures**  
Therese Clarke, Senior Solicitor  
Catherine O'Flaherty, Solicitor  
Sheila O'Sullivan, Solicitor (part-time)  
David Mulvihill, Locum Solicitor  
Clare O'Sullivan, Locum Solicitor  
Tracey Butler, Secretary (part-time)  
Suzanne Chesney, Secretary (part-time)  
Anne Collins, Secretary  
Siobhan Daly, Secretary  
Geraldine Molloy, Secretary (part-time)  
**EDUCATION DEPARTMENT**  
TP Kennedy, Director of Education  
Lynda Sheane, Personal Secretary  
Geoffrey Shannon, Deputy Director of Education  
Anne Walsh, Secretary  
Gretta Collins, Secretary  
Paula Sheedy, Education Officer  
Carmel Kearney, Secretary  
Emer Roche, Secretary  
Joan Doyle, Receptionist  
Suzanne Fahey, Receptionist  
Philomena Whyte, Secretary/Admissions Administrator  
Catherine Byrne, Secretary/Administrator  
**Traineeship**  
Fionna Fox, Training Executive  
Mary Walker, Secretary  
Jacqueline Robb, Secretary  
Maritta Moran, Secretary  
**CPD**  
Attracta O'Regan, Head of CPD  
Barbara Joyce, CPD Co-ordinator

Michelle Nolan, CPD Focus Skillnet Executive (part-time)  
Oonagh McCann, Secretary  
Denise Hope, Secretary  
Vanessa Bainbridge, CPD Executive (part-time)  
Sharon Boggans, Secretary  
**Diplomas**  
Freda Grealy, Diplomas Manager  
Rory O'Boyle, Diplomas Executive  
Tina Dwyer, Secretary  
Sharon Hughes, Secretary  
Tara Caffrey, Information & Diplomas Executive  
Pauline Smyth, Secretary  
PPC I and II  
Maura Butler, Course Manager  
Padraic Courtney, Course Manager  
Rachel Hession (Part-time), Course Manager  
Colette Reid, Course Manager  
Eva Massa, Course Manager  
Joanne Wright, Course Manager  
Zoe Donnelly, Secretary  
Alison Gallagher, Secretary (Part-time)  
Teresa Cunningham, Secretary  
Irene Groves, Secretary  
Antoinette Moriarty, Student Development Advisor  
Emma Cooper, Student Development Advisor  
Deirdre Healy, Administration Manager  
Julianne Ward, Secretary  
**Cork**  
Katherine Kane, Course Leader  
Trina Murphy, Administration Executive  
Jane Moffatt, Course Manager  
Caroline Foley, Secretary

### FINANCE DEPARTMENT

Cillian MacDomhnaill, Director of Finance and Administration  
Gayle Ralph, Personal Secretary  
Maree Crowley, Executive Assistant  
**Accounts**  
Seamus Turley, Management Accountant  
Edward McDermot, Accountant  
Patrick McCormack, Accountant (part-time)  
Grace Tambala, Accounts Assistant  
Brigid Pender, 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)  
Caroline Kennedy, IT Systems Administrator – Education Centre  
Paul Mooney, Technical Support – Education Centre  
Peter Maxwell, IT Web Support  
**Four Courts Office**  
Mary Bissett  
Paddy Caulfield  
Dolores Maguire (part-time)  
**Facilities/Internal Services**  
Tony Morgan, Facilities Manager

Catherine Monaghan, Secretary  
Carol O'Riordan, Head Receptionist (part-time)  
Deirdre Mooney, Receptionist  
Kay Byrne, Receptionist (part-time)  
Thelma Gorman, Receptionist (George's Court)  
Sadie Adams, Printing/Post  
Esther McCormack, Printing/Post  
Desmond White, Printing/Post  
Vacant, Head of Security  
Eamonn Clinch, Facilities Supervisor  
Christy Caulfield, Security/Porter/Maintenance  
Charles Mulvey, Security/Porter/Maintenance  
Chris Ryan, Maintenance  
Anthony Casey, Security/Porter/Maintenance  
Ann Murphy, Cleaning  
Paul Connolly, Cleaning (part-time)  
Eileen Brennan, Cleaning (part-time)  
Joan McKeever, Cleaning  
John Gallagher, Security (part-time)  
John Leonard, Security (part-time)  
Michael Troy, Security (part-time)  
Patrick Leahy, Security (part-time)  
John Smyth, Security (part-time)  
Martin Fitzsimons, Security (part-time)  
William Ralph, Security (part-time)  
**Blackhall Catering**  
Aidan Gilhooly, Catering Manager  
Trevor Morris, Head Chef  
Alan Adams, Kitchen Porter  
Brenda Hayden, Waitress  
Kathleen Breen, Canteen Assistant  
John Hurst, Canteen Assistant (part-time)  
Christina O'Brien, Catering Assistant (part-time)  
Elizabeth Taaffe, Catering Assistant  
Aaron Kearney, Commis 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***

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