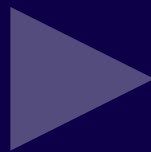




LAW SOCIETY  
OF IRELAND



# ANNUAL REPORT AND ACCOUNTS

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2013/2014



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*"The Strategy Statement 2014-2018 brings our vision, mission and values to life in the form of six strategic objectives, with a strapline that states that we are proud of our tradition – and prepared for the future"*

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# REPORT OF THE PRESIDENT

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▶ View video in your browser

John P Shaw, president

I had the good fortune to have the *Future of the Law Society Task Force Report* to shape my agenda for the past year. The report was based on a survey of the profession that showed that members wanted better representation and better communication.

The report contained 31 recommendations, and I am pleased to say that 29 have been considered and acted upon. The momentum that has built up behind the changes will ensure that the Society continues to become more service orientated in the coming years. The balance between regulation and representation has begun to shift in favour of representation.

We have beefed up our representational role, and the new Policy and Public Affairs Department has, to date, made 24 submissions to Government and other bodies. These submissions are strong, evidence-based, well-researched, and well-argued discussions of the issues they address.

In particular, we made very solid submissions against courthouse closures and proposed significant reform of the judicial appointments process. I am happy to report that we are gaining traction in this area, with the announcement that the Dublin courts reorganisation will not now go ahead. It remains to be seen how effective we will be elsewhere – and in changing the judicial appointments process – but the fight goes on.

Minister for Justice Frances Fitzgerald visited the Law Society on 26 June, where she was guest speaker at a parchment ceremony for newly qualified solicitors. The minister was welcomed by Law Society President John P Shaw and director general Ken Murphy (pic: Jason Clarke Photography)



“We have explored the use of new forms of communication to improve interaction with our members and the general public”

**FINDING OUR VOICE**

We have explored the use of new forms of communication to improve interaction with our members and the general public. Better communication was a specific requirement of the members’ survey.

To that end, we launched our social media strategy in May. You can now tweet, ‘like’, and follow the Law Society of Ireland online, and I would urge all members to get involved.

One of the main initiatives taken within the Society was led by the Representation and Member Services Department, with the development the ‘tone-of-voice’ guidelines.

This project was intended to ensure that everybody who interacts with the Society would be met with an appropriate tone of voice. To reflect a more service-orientated organisation, the department refreshed the Law Society brand and introduced a new logo. This fresh look and sound more accurately represent the profession and the Society as they truly are – modern, dynamic and forward looking.

**THE WAY FORWARD**

A Society-wide strategy statement has also been developed to help shape our direction for the next four years. The *Strategy Statement 2014-2018* brings our vision, mission and values to life in the form of six strategic objectives, with a strapline that states that we are proud of our tradition – and prepared for the future.



Celebrated social justice campaigner Fr Peter McVerry was the guest speaker at the parchment ceremony on 8 May 2014. He told the newly qualified solicitors: “It is a very important role you have in making this society a more just one. The greatest happiness in life is in giving to others. It is the taking up of the cause of those who are poor and marginalised that will give you the most pleasure.” (From l to r): Mr Justice Michael Peart, Law Society President John P Shaw, Fr Peter McVerry SJ and director general Ken Murphy (pic: Jason Clarke Photography)

It also incorporates an annual operational plan for the next 12 months. The performance of the Society will be measured annually against these strategic objectives and will be driven by a new annual plan each year to ensure that there will be no slippage in seeking to achieve the objectives of the strategic plan.

During my term of office, I was lucky to get the opportunity to lead the Society at a time in which many changes have been made. This was done with huge effort and enthusiasm on the part of the staff at Blackhall Place, in particular deputy director general Mary Keane and her team, who provided the wherewithal to make it happen.

Newcomers to the Law Society have been most effective in achieving their brief and have brought us a freshness of approach and a new way of thinking about communications, and I welcome and thank Teri Kelly and her team.

Change can be very threatening, and I am grateful to director general Ken Murphy for keeping a calm head and steering these changes through in the most sensitive way.

Thanks also to my colleagues on the Council who, to a man and woman, were hugely supportive of this change of direction.

I could not have dedicated so much time to the presidency without the support of my partners and colleagues at Michael Houlihan and Partners, Ennis, and I thank them for that.

Last, and by no means least, I am grateful to my wife Mary Nolan and my three daughters Hannah, Ellen and Julie for all their support and encouragement during the year, and for keeping my feet on the ground.

These changes are only beginning, and I have no doubt that our incoming president, Kevin O'Higgins, will pursue the strategic objectives with his usual energy and enthusiasm during his term. I wish him every success in that regard.

JOHN P SHAW,  
PRESIDENT

“The momentum that has built up behind the changes will ensure that the Society continues to become more service orientated in the coming years. The balance between regulation and representation has begun to shift in favour of representation”



An unprecedented meeting of the leaders of the Law Society and of the Irish Banking Federation took place during the summer at Blackhall Place. (Seated, from l to r): Noel Brett, (CEO, Irish Banking Federation), Jim Brown (CEO, Ulster Bank), John P Shaw (president), Richie Boucher (CEO, Bank of Ireland) and Jeremy Masding (CEO, Permanent TSB). David Duffy (CEO, AIB) is missing from the photo but met with the Society subsequently; (standing, from l to r): John D Shaw (chair of Undertakings Task Force), Stuart Gilhooly (Coordination Committee member), Michael Quinlan (junior vice-president), Patrick Dorgan (chair of eConveyancing Task Force), Mary Keane (deputy director general), Ken Murphy (director general), James McCourt (immediate past-president), Kevin O'Higgins (senior vice-president) and Suzanne Bainton (chair of Conveyancing Committee) (pic: Lensmen)



In preparation for the revision of China's patent law, delegates from the Legislative Affairs Commission of the National People's Congress of the People's Republic of China visited the Law Society on 4 July 2014. The delegation, led by vice-chairman Mr Lang Sheng, met with representatives of the Law Society's Intellectual Property Law Committee in order to learn more about patent enforcement in Ireland (pic: Lensmen)

COUNCIL OF THE LAW SOCIETY

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# COUNCIL OF THE LAW SOCIETY

## for the year ending 7 November 2014



**PRESIDENT:** John P Shaw  
**SENIOR VICE-PRESIDENT:** Kevin O'Higgins  
**JUNIOR VICE-PRESIDENT:** Michael Quinlan

**COUNCIL MEMBERS:** William Aylmer, James Cahill, Bernadette Cahill, Christopher Callan, Justine Carty, Maura Derivan, Patrick Dorgan, Paul Egan, Alan Gannon, Stuart Gilhooly, Eamon Harrington, Paul Keane, Aisling Kelly, Liam A Kennedy, David Lavelle, Martin G Lawlor, Barry MacCarthy, James McCourt, Sonia McEntee, Simon J Murphy, Michelle Ní Longáin, Michele O'Boyle, Daniel O'Connor, Gerard O'Donnell, Deirdre O'Sullivan, Valerie Peart, Catherine Tarrant, Brendan J Twomey

**PAST-PRESIDENTS:** Donald P Binchy, John E Costello, Gerard J Doherty, James MacGuill, Moya Quinlan, John D Shaw

**PROVINCIAL DELEGATES:**  
*Leinster:* Andrew J Cody  
*Munster:* Richard Hammond  
*Ulster:* Garry Clarke  
*Connaught:* David Higgins

**DUBLIN SOLICITORS' BAR ASSOCIATION:**  
John Glynn, Aine Hynes, Eamonn Shannon

**SOUTHERN LAW ASSOCIATION:**  
Brendan Cunningham, Mary C Keane, Jonathan Lynch, Shane McCarthy, Peter Groarke

**LAW SOCIETY OF NORTHERN IRELAND:**  
Richard Palmer, Michael Robinson, Arleen Elliott, Imelda McMillan, Brian Speers

# REPORT OF THE DIRECTOR GENERAL

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Ken Murphy, director general

Increased representation has really been the cornerstone of much of your Law Society's work over the past 12 months. This was called for in the now almost 100% implemented *Report and Recommendations of the Future of the Law Society Task Force*, which was adopted by the Council of the Law Society in mid-2013. That report, in its executive summary (based on a comprehensive survey of opinion in the solicitors' profession) called for the Society "to defend the profession, promote the public image of the profession, develop the Society's proactive lobbying and law reform agenda, as well as proactively representing the profession". It went on to specify how this should be done, and the blueprint of that report has been followed.

It was a perfect symmetry that the chair of that task force, the calm and considerate John P Shaw, served as president this year. He performed an outstanding leadership role in ensuring that the recommendations of the task force were implemented practically and embraced passionately.



At the launch on 4 November 2013 of *A Guide to Good Professional Conduct for Solicitors* were (from l to r): Therese Clarke, Ken Murphy, Minister Alan Shatter, then President of the Law Society James McCourt and Brendan Dillon (pic: Lensmen)

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As a result, we have completely re-thought and redeveloped the way we represent our members. The establishment of separate departments of Policy and Public Affairs and of Representation and Member Services is just one of the ways we are providing our members with what they want – more and better representation, communication, and promotion of the solicitors’ profession.

“We have completely re-thought and redeveloped the way we represent our members”

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#### KEY COMMITMENTS

Representing our members’ interests – and indeed the interests of the public – in the legislation and policymaking arena, the new Policy and Public Affairs Department is producing high-quality submissions on a regular basis.

For example, a substantial number of detailed submissions were made, and meetings held in the course of the year, with two successive Ministers for Justice and their officials in relation to the *Legal Services Regulation Bill* – a bill that was first published as far back as October 2011. Both of these ministers have publicly welcomed the Society’s constructive engagement, which has led to a great many significant improvements in the bill.

One of the key commitments secured from Government, after a great deal of lobbying at official level and face-to-face with a succession of Ministers for Justice, is the commitment to introduce limited liability partnerships as a model for solicitors’ firms who wish to avail of it. Although the final form of this will only be seen when the drafting is completed and the necessary amendments to the bill introduced (probably in the Seanad), this is a major modernising step for which the Society has been calling formally since 2001.

#### ISSUES OF FAIRNESS AND JUSTICE

Building on the existing levels of media engagement, the Law Society has been to the fore – on air and in print – on issues of fairness and justice, representing the interests of both our members and the general public.

For example, we were first out publicly, on *Morning Ireland* and elsewhere, on the Courts Service’s plans to close four Dublin courthouses – plans that were unprecedented in their scale and completely unjustifiable, given the enormous number of citizens who would have been negatively affected. We were also first to welcome the announcement that, at least in part due to the Society’s lobbying, the closures will not now go ahead. A decision taken at the September Council meeting to declare ourselves opposed in principle to any further closures reflects our belief that the rationalisation of the Courts Service has now gone beyond the rational and threatens the fabric of the justice system.

In April, we learned that telephone conversations to and from a large number of garda stations were taped over a period of decades. Responding immediately, we sought a statutory commission of investigation in a letter to the Taoiseach, including a list of 41 issues for inclusion in the commission's terms of reference. We now await the conclusion of the Fennelly Commission's inquiries into this most serious breach of privileged solicitor/client conversations.

#### MAJOR BREAKTHROUGH

Also involving garda stations, there was a major breakthrough in the protection of the rights of individuals being interrogated in garda custody. In early May 2014, the Director of Public Prosecutions issued a notice to the effect that persons undergoing questioning in garda stations should be allowed have their solicitor present during the questioning, if they so requested. This brought Ireland into line with the practice in many other common law countries, including Britain and the United States, and with emerging jurisprudence of the European Court of Human Rights. The Society made the concerns of solicitors in relation to the need for fair and economic payments for this new service known to officials of the Department of Justice and to the minister – with a positive result, in that the amount of the scheme eventually decided on by the minister was much improved on what had originally been indicated, as the Department itself acknowledged in writing.

The Justice Media Awards, sponsored by the Law Society, are the longest-running media awards in the country. They give national recognition to journalism that promotes the highest standards and fosters greater public understanding of the law and the legal system. The category and merit winners gathered at Blackhall Place, Dublin, on 12 June, where they were presented with their awards by Law Society President John P Shaw and director general Ken Murphy (all pix: Lensmen)

We are continuing the work of ensuring that claimants and their solicitors are not left high and dry in the wake of the collapse of Setanta Insurance. We have also been vocal on the judicial appointments process, again on *Morning Ireland* and elsewhere, calling for radical reform, including depoliticisation of the process and an end to the glass ceiling for solicitors in appointments to the High Court.

An issue of concern for a number of years has been the delay in the system for taxation of costs, which has very serious and damaging impacts on both parties in litigation and their solicitors. In 2013, the Society wrote to then Minister





The Kilkenny Bar Association met Law Society President John P Shaw and director general Ken Murphy at the Ormond Hotel on 25 June 2014; (front, l to r): Charlene Butler, Mary Molloy (treasurer, Kilkenny Bar Association), John Shaw, Laurence Grace (president, Kilkenny Bar Association), Ken Murphy, Maeve Meaney (CPD officer); (back, l to r): Connor Bass, John G Harte, Timothy Kiely, Martin Crotty, Michelle Treacy, Nicholas Harte, Carol Murphy, Seamus Brennan, David Dunne, Thomas Walsh, John Holland (pic: Pat Moore)

“One of the key commitments secured from Government, after a great deal of lobbying, is the commitment to introduce limited liability partnerships as a model for solicitors’ firms who wish to avail of it”

Shatter pointing out the seriousness of this problem and requesting the introduction of a third taxing master to alleviate it. The Society continued to lobby for this in 2014 at every level, including face-to-face with Minister for Justice Fitzgerald and, in July 2014, the Society was joined as an *amicus curiae* in a set of proceedings involving the taxing master, Rowena Mulcahy, so that major concerns affecting the public interest and that of the solicitors’ profession could be brought to the attention of the court when the issues in these proceedings, which include delays in the taxation process, come to trial.

Those are just some examples of the way in which we, as a Society, listened to the concerns and wishes of our members. We have increased our representative capacity and strengthened our lobbying and policy team. Backed up by a complete refresh of the Law Society’s brand and image, this shows the great strides we have taken to ensure that we are ready and able to meet the challenges of the present and the future, while taking pride in the traditions and achievements of our past.

I am proud to be a solicitor. I am sure you are too. We are members of a profession overwhelmingly characterised by excellence and integrity, and with legitimate interests, together with vital public interests, well represented by your Law Society.

KEN MURPHY,  
DIRECTOR GENERAL

# PARCHMENT CEREMONIES 2014

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Wayne Kenny (Malahide, Co Dublin), Anne Harkin (Clonmany, Co Donegal) and John Bollard (Terenure, Dublin) at the parchment ceremony on 26 June 2014



Hands up for a fab dad: Warren Bolger's children showed their support for their daddy at his parchment ceremony on 26 June 2014. (From l to r): Fleur (3), Blaise (10 months), Warren and Reuben (5)



In the picture: David Flood (Terenure, Dublin) and Gavin FitzGerald (Blackrock, Co Dublin)



The three amigos: At the parchment ceremony on 8 May 2014 were (l to r): Barry O'Sullivan, Robert Vard and Ronan Lennon (All photos: Jason Clarke Photography)

# PARCHMENT CEREMONIES 2014

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Yes Minister: This group of newly qualified solicitors shared their excitement with Minister for Justice Frances FitzGerald at their June parchment ceremony



On the fence: Philippa Mangan, Aisling Carey, Elizabeth Kiely and Claire O'Brien (all from Arthur Cox) at their parchment ceremony on 17 July



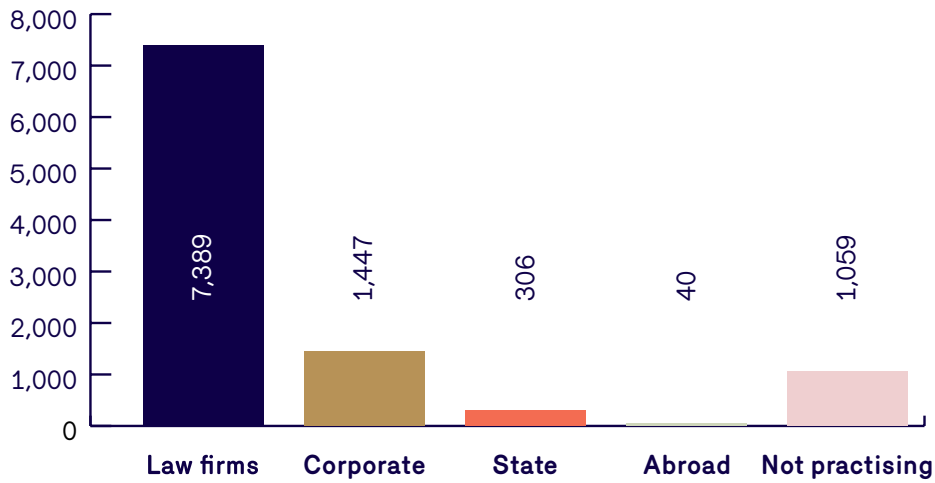
Cecelia Joyce (Arthur Cox) is congratulated by her parents, Maureen and Jimmy Joyce, at the parchment ceremony on 17 July 2014



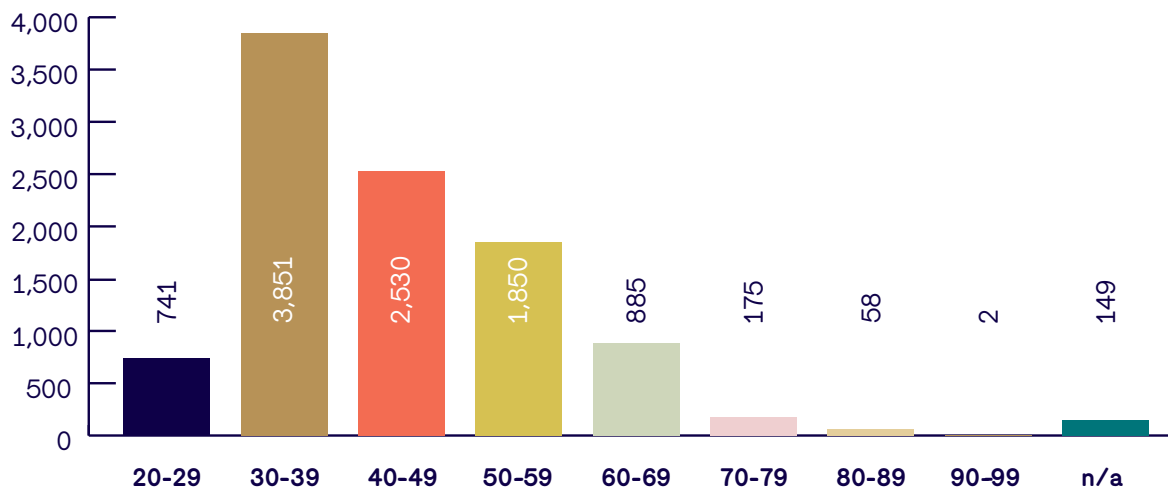
Matheson marvels: Nicola Sammon, Sinéad Kenny and Sandra Moran received their parchments at Blackhall Place on 17 July 2014

# FACTS ABOUT THE PROFESSION

## Practising status

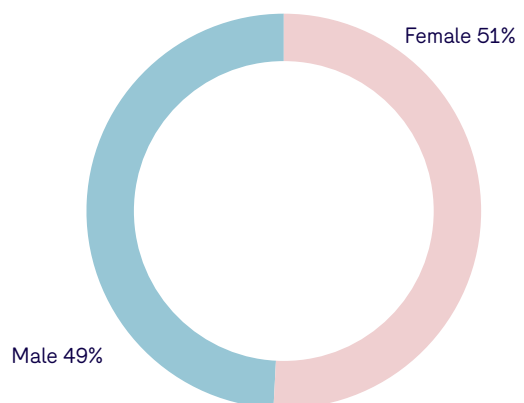


## Age profile of members



## Gender balance (members)

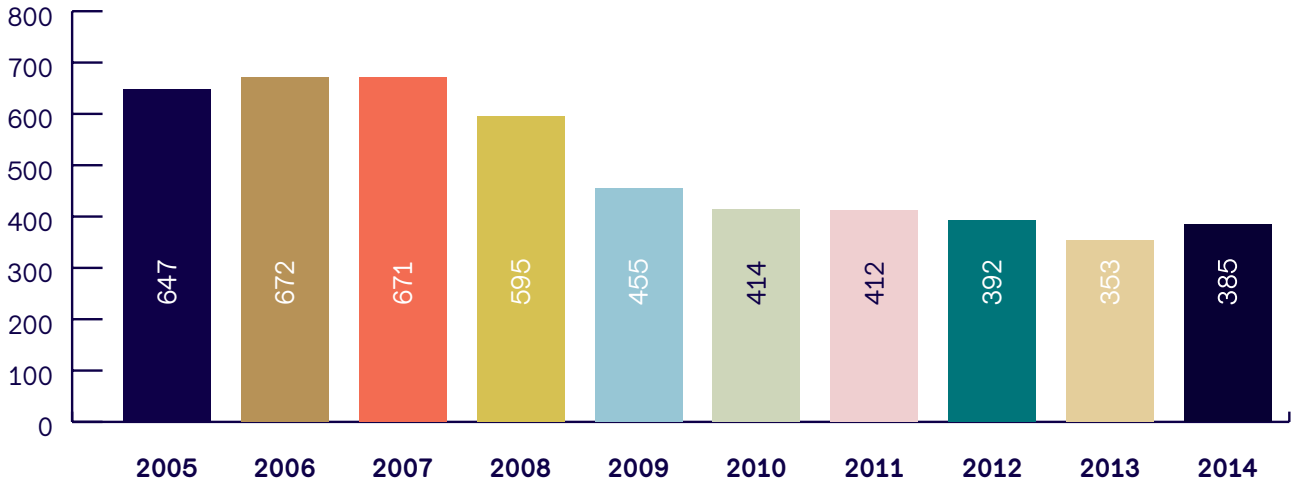
Male	5,057	49%
Female	5,184	51%
<b>Total</b>	<b>10,241</b>	



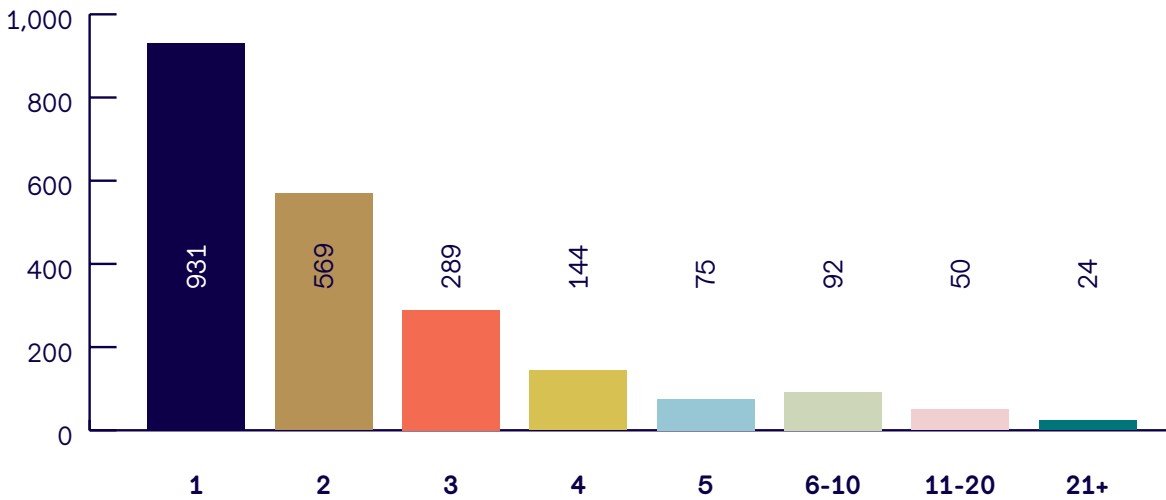


# FACTS ABOUT THE PROFESSION

## PPC1 intake

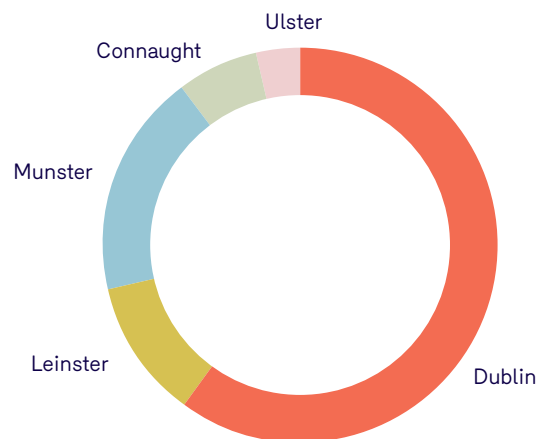


## Firms by number of solicitors



## Where are we in practice?

Dublin	5,364
Leinster	1,010
Munster	1,634
Connaught	603
Ulster	312
<b>Total</b>	<b>8,923</b>



## DIRECTORS' REPORTS

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- Policy and Public Affairs
- Representation and Member Services
- Education
- Regulation
- Finance and Administration

# POLICY AND PUBLIC AFFAIRS

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MARY KEANE,  
DEPUTY DIRECTOR  
GENERAL

The Policy and Public Affairs Department was established as a stand-alone department from 1 January 2014, arising from a need for a strengthening of the Society's lobbying, law reform, research, and policy development functions identified in the *Report of the Future of the Law Society Task Force*.

Recommendation 2 of the report calls on the Society to "develop its proactive lobbying and law reform agenda to encompass matters of interest to the profession and the broader public interest".

Recommendation 22 urges the Society "to develop its capacity for strategic thinking and thought leadership in-house, in order to (a) provide vital support and information to the Society's lobbying and law reform functions, (b) enable the provision of enhanced practice notes and guidance for the profession and (c) provide the resources to participate meaningfully in the consultation process for the reports that the Legal Services Regulatory Authority will be statutorily required to complete".

The new department meets these objectives by:

- Coordinating the Society's work in the policy and public affairs areas,
- Coordinating the work of the Society's specialist advisory committees and task forces, with oversight from the Coordination Committee,
- Providing a policy research resource for the Coordination Committee and the Council,
- Providing a lobbying and public affairs resource for the officers, committees and task forces,
- Overseeing the implementation of the recommendations of the Future of the Law Society Task Force, and
- Managing the Society's eConveyancing Project.

Examples of policy research and development in the first nine months of 2014 include the Society's submissions on:

- The procedures for the appointment of judges,
- The proposed reorganisation of the Dublin District Courts,
- Preliminary research on the studies to be conducted by the Legal Services Regulatory Authority into unification of the solicitors' and barristers' professions and multi-disciplinary practices, and
- Various aspects of the *Fourth Anti-Money-Laundering Directive* to the CCBE and the Departments of Justice and Finance.

The public affairs function involves relationship-building with Government, NGOs and public servants, advice to committees and task forces on how to maximise the impact of Society submissions, monitoring the Government's legislative programme, and tracking the effectiveness of Law Society representations. The department also assists with the appearance by Society representatives before Oireachtas committees.

In the first nine months of 2014, Society representatives attended seven Oireachtas hearings, and 24 submissions were made to Government departments and agencies. Continuous updates are provided on the publication of bills, EU developments, parliamentary questions, department publications, and the Oireachtas's weekly agenda. Contact has been established with the public affairs function in the neighbouring law societies, the research personnel of all political parties, and the EU representative office in Dublin.

In addition, the Society has commissioned an independent economic evaluation of the contribution of the solicitors' profession to the Irish economy.

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## 24

the number of submissions made by the Law Society to various Government departments and agencies in the first nine months of 2014

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## 29

the number of recommendations from the Future of the Law Society Task Force Report that have been considered and acted upon.

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## 1.5 bn

the euro amount that the legal professions contribute annually to the economy, in towns and villages nationwide

# REPRESENTATION AND MEMBER SERVICES

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TERI KELLY,  
DIRECTOR OF  
REPRESENTATION AND  
MEMBER SERVICES

This year, the Law Society has been reorienting itself to ensure we give our members what they want from their membership organisation. The Millward Brown 'Have Your Say' survey showed that our members want more and better representation, regular communication, and active defence of the profession in the media. The Department of Representation and Member Services was established this year to help do just that. The department comprises the communications functions of the Society, including web and social media, as well as the *Gazette*, library and Support Services.

The Law Society established a press office in 2014 and has continued to engage with media on both a reactive and proactive basis. We have met challenges to the organisation's and profession's reputations head-on, with a strong campaign following the sentencing of Thomas Byrne. We have also sought to represent the profession's interests, with campaigns against widespread court closures and the garda-station tapes revelations.

We made a big change to the Society's image in 2014, with a complete refresh of our [brand and logo](#). The new brand was designed to reflect an organisation and profession that is dynamic, respected, and forward looking.

But we didn't just change the way we look, we also changed the way we sound with the launch of our new '[tone-of-voice](#)' guidelines, which were complemented by training. The guidelines will improve the way we write and speak to our members and the public and make all of our communications *courteous and respectful, clear and concise, and of service*.

We have also developed more and better ways to communicate online. This year, we launched a redesigned website with improved navigation and search. Visitors to the website increased 28% this year, to 490,000 unique visitors and 7.9 million page views.

We entered social media in a big way, with a presence on [Twitter](#), [Facebook](#) and [LinkedIn](#). These tools help us engage directly with our members and the public, and we have committed to responding to queries via social media within four working hours.

We have continued to innovate to create member services that are relevant to our members. This year, Support Services established the 'Resolve' and 'Match Up' initiatives aimed at assisting more senior solicitors, and solicitors in regional areas, gain employment. Also, the library issued its first *LawWatch* newsletter, which is a weekly service updating members on judgments, legislation and journal articles.

Amid all this change, one thing has stayed the same – the *Gazette* continues to receive multiple awards and accolades, including this year's 'Business to Business Magazine of the Year' and 'Cover of the Year' awards by Magazines Ireland.

## 26

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the number of awards presented at the annual Justice Media Awards 2014

## 490k

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the number of unique visitors to [www.lawsociety.ie](http://www.lawsociety.ie), an increase of 28% from last year

## 24

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the number of training sessions held for staff and Council members on our new 'tone-of-voice' guidelines

# EDUCATION

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T P KENNEDY,  
DIRECTOR OF EDUCATION

For the first time since 2006, the number of trainees starting their professional training with the Law Society has increased. In 2006, a total of 668 new training contracts were registered. This fell to 353 trainees in 2013. For the 2014 PPC1 year, we have enrolled 388 trainees – a 10% increase on 2013. This is the first increase in trainee numbers since 2006. Most of the new training contracts are from firms in the Dublin region.

Highlights of the year included a series of Law Society successes in international legal skills competition. Emma Farrell and Sean O'Connor won the International Client Consultation Competition. A team came third in the International Environmental Moot Court Competition, while our team in the Telders International Law Moot Court Competition got awards for best speaker in the competition (Shane O'Connor) and best written argument. Other teams received awards in the Jessup International Law Moot Court Competition and the International Mediation Competition.

This year has seen the introduction of iPads as a mechanism for delivering course materials for both PPC1 and 2. A number of educational training courses were offered to the 1,500 solicitors who lecture and tutor for us, and more are planned.

The **Diploma Centre** is flourishing. Over 800 attendees participated in 26 diploma and certificate courses in the year under review. Two free online courses were offered in Social Media and the Law, and an Introduction to Aviation Leasing and Finance. The latter was the first massive open online course (MOOC) offered by an Irish educational institution. Over 900 participants from over 40 countries took part.

Professional training recorded the largest number of solicitors to attend **CPD** events since 2007. One of the year's highlights was the series of very successful regional cluster conferences that ran nationwide. These were run in association with the local bar associations. These low-cost events were made possible by the funding obtained from Skillnet.

As a result of these increasing demands, two new large teaching spaces in the Education Centre were completed in late 2013. These new rooms – the James O'Sullivan Room and the Dominic Dowling Room – have been named in honour of these two notable contributors to the Society's Education Centre. Work is currently under way on the Green Hall to add a moot court room, three large teaching rooms, a study area and ancillary offices.

# 388

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the number of trainees who have been enrolled in PPC1 in 2014

# 2

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the number of free online courses offered by the Diploma Centre in 2014, namely in Social Media and the Law; and Introduction to Aviation Leasing and Finance

# 900

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the participants from over 40 countries who took part in the Diploma Centre's massive open online course – the first such course to be offered by an Irish educational institution

# REGULATION

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JOHN ELLIOT,  
REGISTRAR OF SOLICITORS  
AND DIRECTOR OF  
REGULATION

A strong focus has been put on compliance with the *Solicitors Advertising Regulations*. [Practice notes](#) have been issued. Action is taken against breaches. This can include injunction applications and disciplinary proceedings.

Complaints by financial institutions about undertakings continue, but with a marked decline in frequency. This reinforces the view that this phenomenon is now, to a significant extent, a historical problem.

The Law Society continues to maintain the 'Find a Firm' and 'Find a Solicitor' online search facilities on its website. These allow public access to firms' professional indemnity insurance (PII) information. Work to improve the common proposal form continues.

The practice closures section continued its important work of returning clients' files back to them, or their new solicitors, following the closure of a practice. We only become involved where closure results from regulatory action and alternative arrangements for sale or wind-up are not possible.

Regulatory litigation volumes remain high. In 2013, the Law Society made 137 applications to the Solicitors Disciplinary Tribunal. A total of 249 orders were made by the High Court under the *Solicitors Acts*.

For the first time, evidence was given by video-link in Solicitors Disciplinary Tribunal proceedings. This was done to accommodate an elderly couple in Co Donegal who could not travel. The arrangement worked very well.

Significant efforts have been made to engage with the Solicitors Disciplinary Tribunal to change the tribunal rules to reduce avoidable delays. So far, there have been no definitive developments. If appropriate, we will return to this initiative.

There continue to be some reports of fake solicitors' firms. It is a criminal offence to pretend to be a solicitor. Such matters are reported to An Garda Síochána.

We continue to liaise with the Law Society's Career Support service to assist solicitors seeking employment. This includes a [practising certificate fee waiver scheme](#).

The Regulation Department has participated enthusiastically in developments initiated by the Future of the Law Society Task Force. This included the [rebranding](#) and [tone-of-voice](#) projects.

We have commenced a fundamental review of information technology used in the regulatory process. Our objective is to achieve, in time, a major step-up in harnessing the potential benefits of technology.

I addressed the Law Society Annual Conference on 'Regulation compliance – best practice update'. This focused on everyday issues – mostly matters that affect all firms, including both perennial and topical issues.

A large amount of work is being done to monitor the [Legal Services Regulation Bill 2011](#), which commenced report stage in July 2014. We continue to liaise with, and make submissions to, the Department of Justice and Equality on the bill.

## 8834

the number of practising certificate holders based in this jurisdiction, of whom 4,417 are men and 4,417 are women

## 2:1

the ratio of the number of newly opened firms compared with firms that have closed to date in 2014. This compares with a 1:1 ratio in 2012

## 59%

the percentage decline in the annual number of complaints about undertakings in 2013/14 compared with 2011/12

# FINANCE AND ADMINISTRATION

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CILLIAN MAC  
DOMHNAILL,  
DIRECTOR OF FINANCE  
AND ADMINISTRATION

During the past 12 months, the department has focused on providing internal services, infrastructure and support to the departments providing our core business functions of representation, education and regulation. Of course, we also stayed focused on cost reduction, value for money, process improvement, and protecting the Society's financial assets.

While the Society's income (excluding the compensation fund) in 2013 – at €22.1m – was marginally lower than the previous year, 2014 has brought a significant increase in income due to rising practising certificate numbers (plus 4%) and a 10% increase in PPC1 numbers. General activities account for 62% of income – education the remaining 38%. All of this income is managed to ensure that members receive value for money through a rigorous budgeting process, detailed monitoring throughout the year, and an annual five-year plan review. Notable improvements in the last 12 months include reduced pension costs, an increase in interest and investment returns, and continued improvement in the performance of the Society's commercial activities.

In April 2014, the sale-and-leaseback arrangement on the Education Centre (put in place in 2000) was successfully terminated, leaving a small excess of funds available for projects that will benefit members and students. A revised investment strategy should improve the return on the Society's financial assets.

The finance section supported the Finance Committee in carrying out a major strategic review of the Society's finances, covering general, education, and compensation fund activities, to ensure the availability of resources to support the Society's [Strategy Statement 2014-2018](#).

## 800k

the euro excess in the Education Centre fund that has been used for projects for the benefit of members and trainees

The finance area underwent some major changes during the year, including an upgrade of the Society's finance system, a move to departmental accounting, becoming SEPA-ready, and a move to electronic payments. The department is also playing an important role, insofar as it can, to minimise the set-up and running cost of the proposed Legal Services Regulatory Authority, in order to minimise its impact on the practising certificate fee.

The department put in place a highly competitive financing scheme for tax, pensions, professional indemnity insurance, and practising certificate costs, and there was a very good take-up of the 2013/14 scheme. The Group Life Scheme, which provides cover of €58k, was re-brokered. The redemption of the Blackhall Place Bond Funding Scheme, put in place originally in 1976, is ongoing and will be completed by the end of 2014.

## 544k

the number of emails received by the Law Society in 2013/14.

The facilities section has responsibility for maintaining and protecting the historic building that is Blackhall Place. A conservation plan has been commissioned that will provide a blueprint for structured protection of the building over the next ten years.

The Society's processes are heavily dependent on information technology and the internet. In 2014, the IT section initiated a project with the working title of 'System 360', which is designed to replace the existing membership database with a fully integrated member management system. The objective is to make electronic interaction between the Society and its members easier and more user-friendly.

## 180k

the euro amount raised by the annual Calcutta Run in 2014. The event is just one of several social initiatives run by the Law Society

## HAVE I GOT NEWS FOR YOU

Some of the top stories the Law Society was involved in during the year

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### WELCOME FOR BYRNE VERDICT

The trial of former solicitor Thomas Byrne, which lasted 27 days, was the largest fraud case in the history of the State. The jury was unanimous in convicting Byrne in November 2013 on all counts, following deliberations of 17½ hours over the course of six days.

The Law Society welcomed the sentence of 12 years' imprisonment. Director general Ken Murphy said: "The conduct of Thomas Byrne is a direct affront to every value that the solicitors' profession holds dear. The solicitors' profession views Thomas Byrne's crimes as disgraceful and abhorrent. We welcome the sentence handed down today."

He added: "The Law Society closed Thomas Byrne down faster than any other solicitor in our history."

### MOST SIGNIFICANT CHANGE

The reforms proposed by the *Children and Family Relationships Bill* represent "the most significant change in family law in a generation," according to Dr Geoffrey Shannon.

Speaking at the hearing of the Joint Oireachtas Committee on Justice, Defence and Equality in April, Dr Shannon – a member of the Law Society's Child and Family Law Committee – welcomed the bill as an attempt to reflect "the social reality of contemporary family life in Ireland."

The Law Society's [submission on the bill](#) contained a number of key recommendations regarding issues such as children's rights, parentage in assisted reproduction situations, and guardianship, custody and access arrangements.

### IMBALANCE IN APPOINTMENTS

In April, the Law Society drew attention to the low number of solicitors being appointed as judges to the High and Supreme Courts.

The Society said that the statistics reveal that the system of selecting judges is prejudiced against solicitor candidates in favour of barristers and that this represents a shocking imbalance, given that more than 80% of the practising lawyers in Ireland are solicitors.

In fact, that 80% produced just 8% per cent of the senior judicial appointments in the last 12 years.

This prejudice against solicitor candidates for senior judicial office is a relic of the past that operates against the public interest, the Society said.



### BRAND NEW

In the summer, the Society launched its new logo, visual identity, and 'tone-of-voice guidelines'. Unveiled on 3 July, the logo gives the traditional crest of the Law Society a clean, modern look.

Teri Kelly, director of representation and member services, said: "What struck me is that the old logo of the Law Society didn't accurately represent what this organisation and this profession are all about. We are forward-looking – not old fashioned. We are inclusive – not exclusive. We are proud of our traditions, but we also embrace change and are prepared for the future. That's what our new logo needed to convey."

The traditional crest of the Law Society, which is registered with the heraldic office, will live on, however – for example, on parchments for newly qualified solicitors

New 'tone-of-voice' guidelines were also developed as part of the rebranding, in order to ensure that the Society's development would focus not only on the visual, but on written and verbal communications as well.



## SHOCK AT GARDA REVELATIONS

The Society expressed concern at the revelations in March of the recording of telephone conversations to and from a large number of garda stations. This, it said, undermined the fundamental and constitutionally protected right of citizens to speak freely to their solicitor and to receive advice on a confidential basis.

Director general Ken Murphy said: “The allegation that conversations in and out of garda stations have been recorded for decades is disturbing and has widespread implications. The protection afforded to conversations between clients and their solicitors for the purposes of obtaining legal advice is central to the constitutional right to a fair trial and to the justice system as a whole.”

The Society’s Council unanimously agreed to write to the Taoiseach to express its desire that these revelations be examined thoroughly within the statutory commission of investigation, attaching a list of 41 questions that, at a minimum, should be answered.



## ACCESS TO JUSTICE

The Law Society welcomed the September announcement that the proposed closure of court venues in Swords, Dun Laoghaire, Balbriggan and Tallaght would not go ahead.

“We are delighted that sense has prevailed in this instance. We argued in our submission to the Courts Service on the proposals that closing these courthouses would actually increase costs to the Government as a whole,” said Ken Murphy.

“Every time a local courthouse closes, there are additional costs and burdens placed on the users of the courts. Social workers, HSE employees, and local authority staff must suspend their duties to travel great distances to appear in court. Guards are taken off their local streets to travel to court venues several towns away. Victims of crime, witnesses doing their civic duty and anyone exercising their rights to justice also bear additional expense and burden.”

“With this announcement, justice in Dublin has been saved – but now we must turn our attention to protecting access to justice in rural areas,” Murphy said.

## SLASHING TRANSACTION TIMES

The development of a fully electronic conveyancing system would dramatically reduce the total transaction time for buying a house – to as little as five working days in some cases, the Society has said.

It welcomed the Government’s commitment to assessing the steps required to deliver an e-conveyancing system in the Construction 2020 Strategy launched in May.

The Society has been an enthusiastic supporter of e-conveyancing since it was first proposed by the Law Reform Commission in 2006. It has devoted huge resources to redesigning and re-engineering the processes used, in cooperation with the Property Registration Authority, the banks and other players. It has won the acceptance of the solicitors’ profession to these new concepts, and it has identified a technology partner who is prepared to finance the roll-out of this major infrastructural project at no cost to the taxpayer.

## SETANTA LIQUIDATION CONCERNS

Law Society President John P Shaw expressed grave concern at the announcement on 16 April 2014 that the Malta-registered insurer Setanta was going into liquidation.

“Confusion over the payment of claims, which are likely to number over a thousand, has left many consumers worried that they will not receive the whole amount of their entitlement. In the case of policyholders, there is a concern they will be personally liable for any successfully made claims,” said Mr Shaw.

The Society received advice that the Motor Insurers Bureau of Ireland would be liable for any shortfall in monies owed to claimants, but is concerned that the MIBI may seek reimbursement of any moneys paid by policyholders who are now effectively uninsured. The Society also sought assurances from the Insurance Compensation Fund that, in those circumstances, policyholders who purchased such policies in good faith would be covered.



## LAW SOCIETY COMMITTEES

The Society's committees are appointed by the Council. Their term of office runs from the November Council meeting each year until the November Council meeting 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 divide the committees into two categories: 'standing committees' and 'non-standing committees'. In addition, various subcommittees, task forces and working groups are established to deal with different legislative and operational matters, as they arise.

### STANDING COMMITTEES

The *Solicitors Acts* state that the Council exercises the statutory functions of the Society, which are set out in the acts. The Council may delegate the exercise of any of its functions to a committee established for that purpose. This allows the Council to appoint standing committees that exercise statutory functions on its behalf.

### NON-STANDING COMMITTEES

The Law Society's Council appoints non-standing committees where it believes that these can better assist the Society in carrying out its work. These committees do not perform statutory functions.

## STANDING COMMITTEES

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- Complaints and Client Relations Committee
- Coordination Committee
- Education Committee
- Finance Committee
- Money-Laundering Reporting Committee
- Professional Indemnity Insurance Committee
- Regulation of Practice Committee

## COMPLAINTS AND CLIENT RELATIONS COMMITTEE

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BARRY MACCARTHY, CHAIR

The first task the committee undertook in 2014 was deciding whether to authorise the issue of practising certificates to solicitors against whom there had been multiple complaints the previous year. Practising certificates were refused in three cases, and conditions were imposed in another 11 cases.

The committee sat on 24 occasions during the year and dealt with 382 new complaints, many of which appeared on the committee's agenda on more than one occasion. Meetings generally take all day and require a substantial amount of advance reading. The committee's focus is on resolution, and many complaints are resolved as a result of the committee's intervention. I would like to take this opportunity to record my appreciation for the diligence and application of my fellow committee members and, in particular, vice-chairmen Richard Hammond and Paul Egan.

There has been a substantial fall in the number of complaints received this year, attributable to the decline in complaints made by financial institutions about undertakings. This continues a downward trend that started last year and suggests that we have turned a corner insofar as this problem is concerned.

The *Legal Services Regulation Bill* continues its slow progress through the legislative process. It is challenging for the Society's Regulation Department to plan any strategic improvements or policy changes in such an uncertain environment and, therefore, we wish the current minister well in her endeavours and look forward to the establishment of the new regime as soon as possible.

This year, the Society underwent a major rebrand, central to which is the Society's vision to be the trusted voice of a respected solicitors' profession. I believe that the work carried out by the Complaints Committee contributes greatly to that vision.

## COORDINATION COMMITTEE

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JOHN P SHAW, CHAIR

Since the start of the Council year under review, the agenda of the Coordination Committee has been dominated by a determination to progress the implementation of the *Report and Recommendations of the Future of the Law Society Task Force*.

At every meeting, the first item is an update on progress with the 31 recommendations. It is a matter of pride for the committee that every recommendation has been considered and acted upon, with only two recommendations postponed – of necessity – until the enactment of the *Legal Services Regulation Bill*.

The committee worked with Red Dog Creative Consultants and director of representation Teri Kelly on the Society's new brand identity and tone-of-voice guidelines, which were launched in July 2014. The Society's *Strategy Statement 2014-2018* and *Annual Operational Plan 2014-2015* were also developed in conjunction with Red Dog and the Society's management team and were issued to all members with the August/September issue of the *Gazette*. The recommended review of the committee resource has begun and will be progressed in the coming months.

Aside from implementation of the task force report, the Coordination Committee also operates as a link between the Society's committees and the Council, with an oversight role for the projects undertaken by each of the Society's committees. In this capacity, it reviews the benefit of committee projects in terms of resources and delivery. It allocates finances within an overall budget determined by the Finance Committee, while ensuring that the direction and priority of projects are appropriate to the Society's overall objectives.

It also considers issues falling outside the remit of any of the other committees and provides a useful forum for the resolution of operational and procedural matters.

# EDUCATION COMMITTEE

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SIMON MURPHY, CHAIR

The year proved to be very significant one in the development of the Education Centre and its facilities:

- The buy-back of the Education Centre was completed, meaning that it has now been fully paid for and is owned by the profession.
- A project has recently been completed to provide two new large teaching spaces in the Education Centre, converting what had been a car park into a new floor of the building. Two new rooms in that area were named after our recently deceased colleagues, James O'Sullivan and Dominic Dowling, and we were delighted to have had the opportunity of honouring their memory at a special function, which was attended by their business partners and family members.
- Works are nearing completion on a project to develop a moot courtroom, two new teaching spaces, and associated offices in the Green Hall.

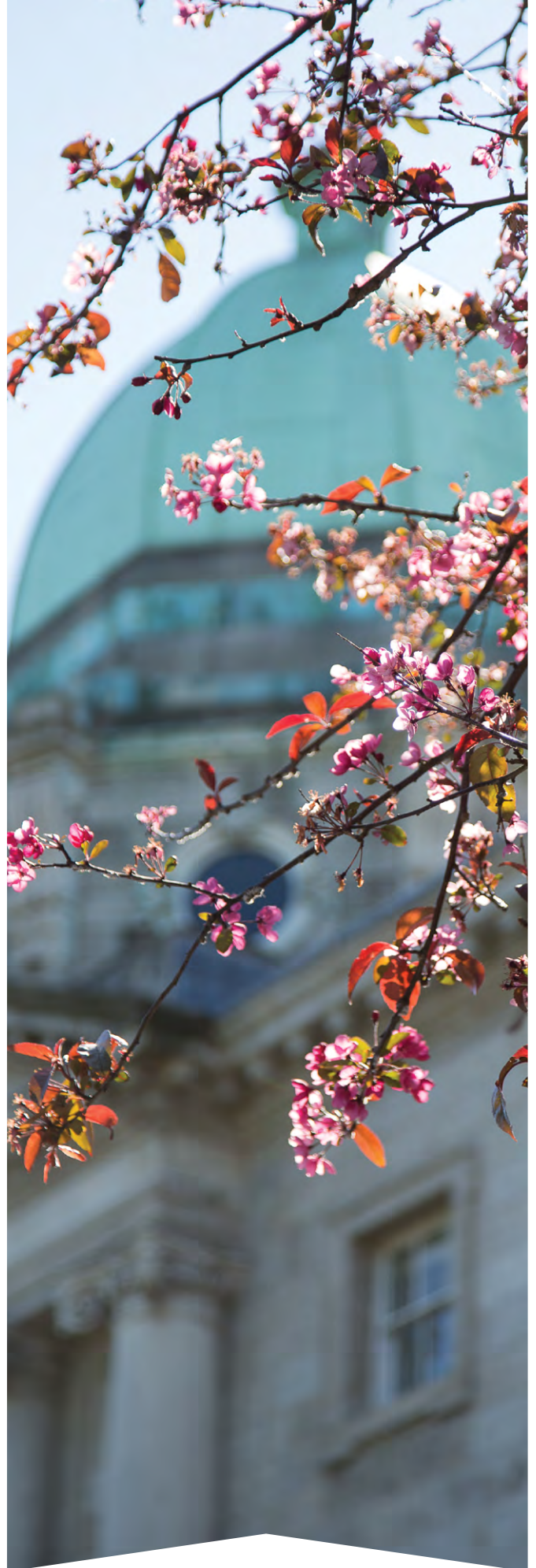
For the first time since 2008, the number of trainees attending PPC<sub>1</sub> has increased, which hopefully reflects a sign of better times.

The post-qualification training programmes continue to be popular with the profession – over 800 colleagues attended 26 Diploma Centre courses. Law Society Professional Training also welcomed the largest number of members to training events since the downturn of the economy in 2008.

New regulations were drafted by the committee to provide for a trainee code of conduct. From January 2015, training solicitors and trainee solicitors will be required to sign the code before being permitted to enter into indentures of apprenticeship.

It has also been an extremely busy year for the Education Committee, and I would like to thank my vice-chairman Valerie Peart and members of the committee for their hard work. Very special thanks goes to T P Kennedy (director of education), Geoffrey Shannon (deputy director) and all members of the staff of the Law School and Education Department.

I have discovered in my two years as chairman that the quality of their work is outstanding. The Law Society and the profession are lucky to have people of their calibre.



# FINANCE COMMITTEE



MICHELLE NÍ LONGÁIN, CHAIR

The financial statements for the year ended 31 December 2013 are at [page 56](#) of this annual report. The stability that returned to the Law Society's finances in 2012 gave the Finance Committee confidence to set a break-even budget for both general and education activities in 2013. The committee also maintained the practising certificate fee at its 2012 level, despite the reallocation of an additional €60 to the compensation fund contribution, bringing it to €760. Despite the break-even budget, due to significant savings on legal fees and rental costs, the after-tax surplus from operations was €658k (2012: €441k). This included a tax rebate of €98k. This is a surplus of 3.4% of income. Education activities operated very close to their break-even budget. Law Society reserves, including amounts allocated to the litigation, Education Centre and capital reserve funds, increased by €597k (2012: €2.2m). The operating surpluses for the Law Society are incorporated in 'group' accounts, which include all Law Society subsidiaries and related undertakings. The Law Society's group made a surplus of €605k (2012: €2.2m) after tax and exceptional items. The exceptional item that created the main variance between the two years was an additional impairment charge of €2m on the Benburb Street site. This additional write-down must be seen in the context of the Society never planning to sell the site. There was an onerous lease charge of €750k in 2012.

While the group accounts give a full picture of the financial performance and financial position of all Law Society operations, they can distort the view of the various elements of the operation. The 'overall results' table below displays the management accounts results, which show actual operating outcome and the audited group statements for all the activities in question.

## OVERALL RESULTS

ENTITY	MANAGEMENT ACCOUNTS	GROUP STATEMENTS
General activities	553,747	651,740
Funds	1,939,077	1,939,077
Education activities	6,277	430,049
Impairment	-2,000,000	-2,000,000
Law Club of Ireland	-22,625	
Benburb Street Property Co Ltd	-1,043	-376,478
Ellis Quay Property Services Ltd	25,991	
Sundry income	5,999	9,903
Restructuring costs		-31,769
Group taxation	97,647	-17,452
<b>TOTAL SURPLUS</b>	<b>605,070</b>	<b>605,070</b>

## OUR INCOME STREAMS

Total income decreased by 2% to €22,139k (2012: €22,683k). Fees and subscription income – which are primarily practising certificate, membership and admission fees – at €11,971k were 2% lower than in 2012. The allocation of the additional €60 to the compensation fund reduced income by approximately €520k, but this was somewhat offset by an increase in practising certificate numbers. Education income, at €8,323k, was also down by 2%, and income from other sources, at €1,899k (2012: €1,985k), was down by 4%, primarily as a result of a fall in investment gains.

In 2013, there were 8,895 (2012: 8,768) practising certificate holders, an increase on the year of 127, or 1.4%. Over the last four years, the average increase in practising certificate numbers has been 2%. The increased numbers accounted for an income increase of €176k. Membership numbers, at 10,157 (2012: 9,962), increased by 195. The membership number includes 435 solicitors who availed of free membership on the basis of being over 50 years admitted or being unemployed. In 2013, there were 554 (2012: 525) admissions to the Roll. Admissions have stabilised at approximately 500 per annum. Practising certificate fee income totalling €1,765k (2012: €2,244k) was allocated to the litigation fund (€581k) and the capital reserve fund (€1,184k). Education activities income was €8,323k (2012: €8,518k), a fall of 2%. This income can be broken down as €5,912k from professional practice courses, exams and so on, and €2,411k from LSPT seminars, grants, and diploma courses.

There were 353 PPC1 students in September 2013 (2012: 392). This represents a fall of almost 50% from a high of 666 in 2007. FE1 sittings, at 1,565 (2012: 1,599), seem to have stabilised, but are down over 50% from a high of 3,328 in 2007. Diploma courses had another strong year in 2013, increasing income by 20% to €1,480k (2012: €1,229k). LSPT, with its Skillnet and Finuas programmes, had income of €409k (2012: €460k), and also attracted grants of €400k (2012: €485k).

Other income sources included services, investment returns, and income relating to our subsidiaries, and these yielded €1,899k (2012: €1,985k). Education fund investments earned €87k in interest and a similar amount on investment gains.

## OUR EXPENDITURE

Overall expenditure was €19,516k, a drop of 1% on 2012 (€19,694k). On the general activities side, operating charges were marginally below 2012. There were significant cost reductions in legal fees in the regulatory area and rental costs in relation to George's Court. These were somewhat offset by taking, for the first time, a full year's depreciation on the refurbished consultation rooms in the Four Courts. All other areas continued to show tight cost control. Educa-

# FINANCE COMMITTEE

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tion activities operating charges increased by €191k, or 3%. Most of this related to additional staff in the diplomas area, which yielded a significant increase in income. Financing costs of €293k were incurred, and these are effectively a rent charge under the sale-and-leaseback arrangement on the Education Centre.

Costs associated with our subsidiaries were €582k (2012: €797k). This reduction reflects the elimination of the rental charge on the Law School's Cork premises.

## OUR BALANCE SHEET

The net asset position in the balance sheet improved by €605k to €25.2m (2012: €24.6m), despite the exceptional impairment charge of €2m. A total of €15.5m of these reserves are accounted for by fixed assets. The reserves also include two contingency funds for capital expenditure (€2.2m) and litigation (€2.1m). These are reserves maintained to meet costs in these areas as they arise. There were also two 'sinking' funds, the Education Centre fund (€7.6m), which was used to buy back the Education Centre in April 2014 under a financing arrangement, and a capital reserve fund (€14.7m) to recover the cost of the Benburb Street site over a ten-year period. The balance of reserves is allocated to the Law Society, which has a deficit of -€4.8m, and the Law School, which has a surplus of €3.4m.

The money raised to date through the SMDF levy (€3.5m) is reflected in the balance sheet as an asset with a matching liability.

## RELATED UNDERTAKINGS

The group 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, after subsidies of €80k, made an operational loss of €23k. Benburb Street Property Company Ltd, which owns and manages the Benburb Street site, made an operational loss of €1k (2011: €278), but also absorbed the impairment charge of €2m. Ellis Quay Property Services Ltd, which rents and manages the Law School facilities in Cork, made a surplus of €26k (2012: €595) as a result of a write-off by a creditor.

## 2014

It is anticipated that there will be an increase of approximately 330 or 4% in practising certificate numbers this year, which is over twice the increase of last year. PPC1 student intake in September also increased by 9%, from 353 to 385. This is the first significant increase since 2008. Both the practising certificate and trainee numbers are very encouraging and mirror the growth being generally experienced in the economy.

To date, all Law Society operations are performing to budget. There was a major provision in the 2014 budget for set-up costs associated with the Legal Services Regulatory Authority but these are now unlikely to be incurred until 2015. Significant additional budgeted costs are being incurred in 2014 on increasing the resources provided to the representative function of the Law Society. This was done without any increase to the practising certificate fee.

The SMDF financial support levy as approved by members has yielded €5.1m to date. As yet, there has been no requirement by the SMDF to draw on these funds. The wind-down of the SMDF is proceeding, and it is being monitored closely by the Law Society.

While there is continued uncertainty in relation to the shape and form of the Legal Services Regulatory Authority, there will be significant set-up costs associated with its establishment in 2015. There will also be an increase in ongoing costs of regulation as a consequence of the establishment of the authority. The Society is working hard to put in place control systems to minimise any increases, and the Finance Committee hopes to finance any associated set-up costs through reserves, without having to place an additional burden on practitioners through practising certificate fee increases.

The sale-and-leaseback arrangement put in place for the Education Centre in 2000 was terminated in April and has generated a surplus of approximately €800k. In 2014, the Society will commence a significant investment programme in IT to ensure that its IT systems effectively support its various roles.

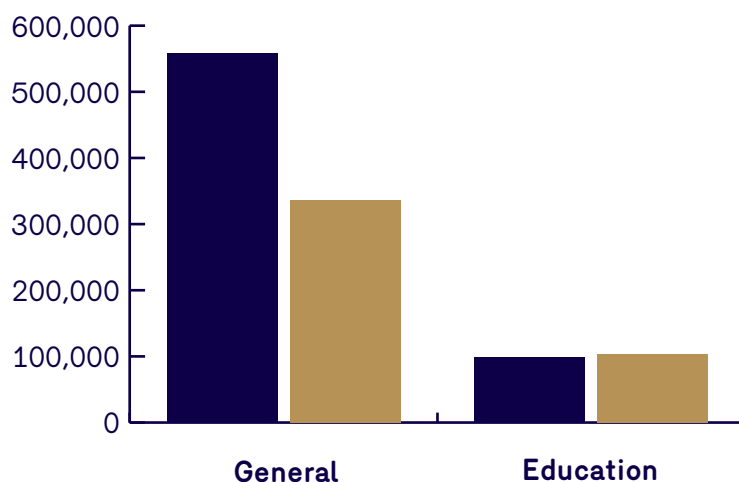
The Finance Committee continues to work to its objective of reducing costs and ensuring that the practising certificate fee and the costs of education to practitioners are kept to a minimum. The committee works to ensure that members get value for money for all operational and capital spending and that the Law Society's operations are sufficiently resourced to service members in the most efficient and effective manner into the future.

The full audited financial statements for 2013 of the Law Society and the compensation fund are available on the Law Society's website – [www.lawsociety.ie](http://www.lawsociety.ie).

# FINANCE COMMITTEE (GRAPHS)

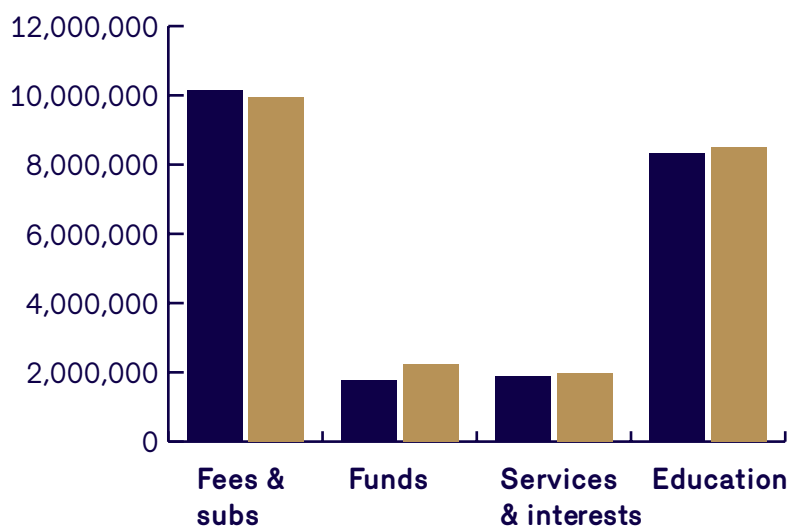
## After tax operating surplus 2013

	2013	2012
General	558,355	337,072
Education	99,316	104,101



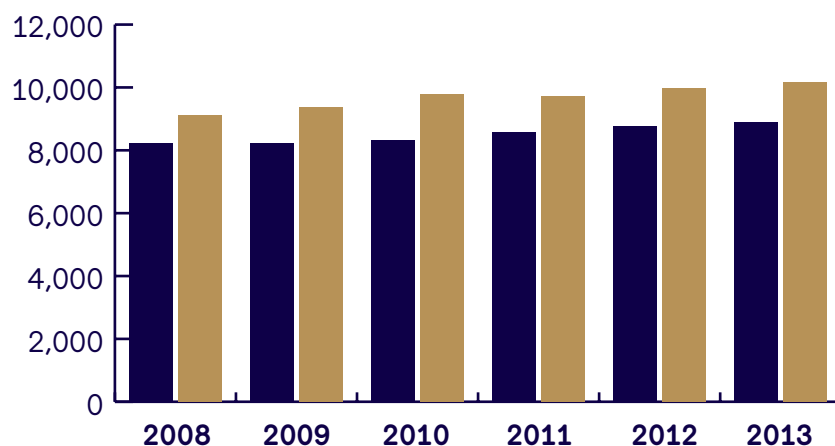
## Income sources 2013

	2013	2012
Fees and subs	10,152,353	9,935,519
Funds	1,764,952	2,244,291
Services and interest	1,898,638	1,985,213
Education	8,322,787	8,517,758



## Practising certificate holders and members 2008-2013

	PC holders	Members
2013	8,895	10,157
2012	8,768	9,962
2011	8,571	9,717
2010	8,335	9,774
2009	8,225	9,360
2008	8,231	9,115



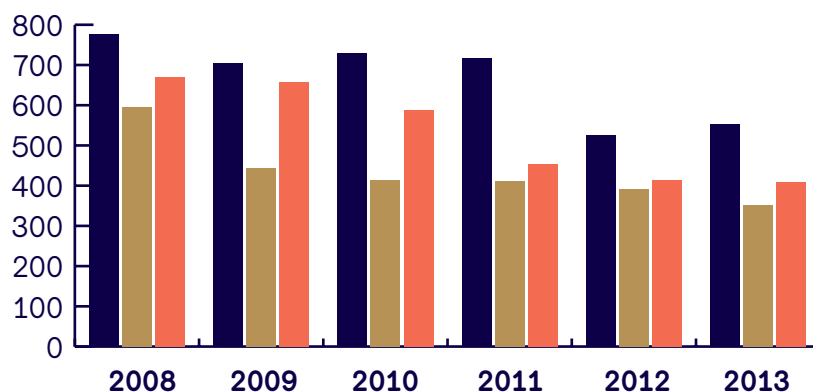


# FINANCE

## COMMITTEE (GRAPHS)

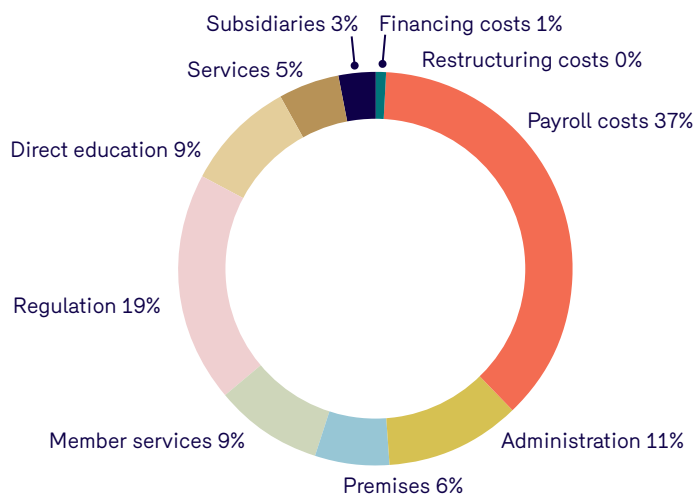
### Admissions and courses 2008-2013

	Admissions	PPC1	PPC2
2013	554	353	408
2012	525	392	414
2011	718	412	454
2010	729	413	588
2009	705	445	658
2008	777	595	669



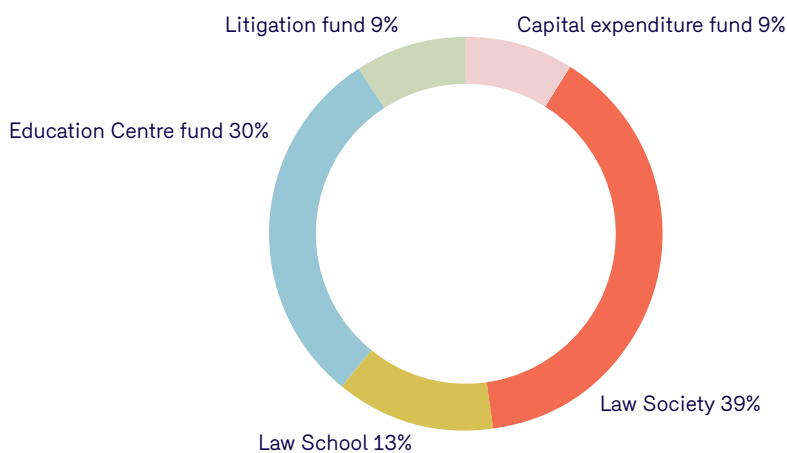
### Areas of expenditure 2013

Payroll costs	€7.2m	37%
Administration	€2.1m	11%
Premises	€1.2m	6%
Member services	€1.7m	9%
Regulation	€3.7m	19%
Direct education	€1.7m	9%
Services	€1.1m	5%
Subsidiaries	€0.6m	3%
Financing costs	€0.3m	1%
Restructuring costs	€0.03m	0%



### Reserves 2013

Law Society	€9.8m	39%
Law School	€3.4m	13%
Education Centre fund	€7.6m	30%
Litigation fund	€2.1m	9%
Capital expenditure fund	€2.2m	9%
Total	€25.1m	



## MONEY-LAUNDERING REPORTING COMMITTEE

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MICHAEL QUINLAN, CHAIR

The committee, in meeting the Society's obligations with regard to money laundering and relevant offences reporting, convened on a regular basis throughout the year.

The Society is legally obliged to report to the relevant authorities any suspicions that money laundering, or an offence of financing terrorism, has been committed by a practising solicitor. During the past year, the Society made five such reports.

The Society is also tasked with investigating due compliance with **anti-money-laundering obligations** by solicitors. It has been noted that, while the majority of practices investigated have written procedures in place, these procedures are not being applied in all relevant cases. There is still a degree of uncertainty on the part of some members of the profession about anti-money-laundering due diligence in relation to client identification in relation to existing clients. The Society issued a **practice note** on this matter, clarifying that the legislation applies to existing as well as new clients and, as a result, it is hoped that compliance levels in this regard will improve.

The Society must also – where it has information that it knows or believes might be of material assistance in preventing the commission of a relevant offence pursuant to the provisions of **section 19** of the *Criminal Justice Act 2011* or securing the apprehension, prosecution or conviction of a person for such a relevant offence – report that information as soon as is practicable to An Garda Síochána. During the past year, the Society made nine such reports.

The introduction of a paperless meeting format at the start of the committee year has streamlined the administration work considerably.

I would like to thank my fellow committee members for their guidance and assistance during the year. I also express my thanks to the Society's senior investigating accountant, Seamus McGrath, and committee secretary Tina Beattie for their work.

## PROFESSIONAL INDEMNITY INSURANCE COMMITTEE

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STUART GILHOOLY, CHAIR

The Professional Indemnity Insurance Committee is tasked with dealing with all matters relating to solicitors' professional indemnity insurance and has met on a regular basis throughout the year. We have endeavoured to ensure that the good work of the

2012/13 indemnity period has continued and that the market works in as smooth and economic a manner as possible.

Through the offices of the Participating Insurers' Liaison Committee (formerly known as the Qualified Insurers' Liaison Committee), which comprises representatives of the PII Committee, the insurers' market, and the Special Purpose Fund manager, we have maintained a regular dialogue while monitoring the regulation of the market, seeking new entrants, and addressing the concerns of current participants.

In addition, the Special Purpose Fund Management Committee, which consists of the PII Committee chairman, the director of regulation, the two participating insurers with the largest market share by premium, and the Special Purpose Fund manager, continues to monitor the Special Purpose Fund, which is made up of the Assigned Risks Pool (for those unable to attain insurance on the open market) and the Run-off Fund (for firms that cease to practise).

The common proposal form remains a success and has been further modified to improve it following feedback from the profession. Continued feedback is welcome through the PII helpline (tel: 01 879 8707 or email: [piihelpline@lawsociety.ie](mailto:piihelpline@lawsociety.ie)).

One of the committee's main priorities is the importance of financial rating as a consideration when choosing an insurer, which we have continued to impress on the profession.

We will continue to pay the closest attention to the requirements of the profession in this most important area of practice. We are acutely aware that the improvements of the last three renewal periods must be at least maintained – and preferably enhanced.

Many thanks to all of the committee members and, in particular, vice-chairman Michael Quinlan. The committee is deeply indebted to the hard work of Sorcha Hayes and John Elliot, without whom it simply could not function.

# REGULATION OF PRACTICE COMMITTEE



MARTIN LAWLOR, CHAIR

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.

## OVERALL FINANCIAL PERFORMANCE

The income and expenditure account of the compensation fund reflects a deficit (representing an excess of expenditure over income) of €360,440 for the year ended 31 December 2013, compared with a surplus of €680,938 for the year ended 31 December 2012. The reason for the deficit in 2013 compared with the surplus in 2012 is attributable to a decrease in 2013 of €1,732,273 in income, offset by a decrease of €681,451 in expenditure, compared with 2012, together with a decrease in taxation amounting to €9,444.

## OUR INCOME STREAMS

The decrease of €1,732,273 in income in 2013 is attributed mainly to a decrease of €1,244,515 in insurance recoveries under the fund's excess loss insurance policy, together with a decrease of €1,463,376 in recoveries from defaulting solicitors. These decreases have been offset by an increase in contributions receivable of €636,133.

## OUR EXPENDITURE

The decrease of €681,451 in expenditure as between the two years is substantially attributable to a decrease in the provision for claims of €682,265.

## OUR BALANCE SHEET

The net assets of the fund as at 31 December 2013 stood at €16,813,639 compared with €16,193,108 at 31 December 2012. The increase of €620,531 in the net asset position of the fund between the two years' end is reflected in a decrease of €360,440 in revenue reserves, together with an increase of €980,971 in the revaluation reserve on the fund's investments. These investments are recognised in the accounts at prevailing market valuations at year end.

The audited accounts can be accessed [here](#).

## DEVELOPMENTS SINCE DECEMBER 2013

In the six months ended 30 June 2014, 216 claims were received. Excluding invalid claims refused, these claims amounted to €2,366,133. Payments were made in the sum of €408,991 in respect of claims, and claims amounting to €1,957,142 are still under consideration.

The net assets of the fund are valued at €17 million as at 30 June 2014. The annual contribution to the fund was €760 per solicitor for 2014. Insurance cover for €50 million in excess of €5 million is in place for the year ending 31 December 2014.

## ACTIVITIES DURING THE CURRENT YEAR

The committee met 16 times, for 11 scheduled, three emergency, and two special meetings. Arising from these meetings, the committee decided to:

- Refer 13 solicitors to the Solicitors' Disciplinary Tribunal on foot of findings disclosed in the investigation reports on their practices,
- Refer nine solicitors to the Solicitors' Disciplinary Tribunal for failure to file reporting accountants' reports on time,
- Refer one solicitor to the Solicitors' Disciplinary Tribunal for failure to engage with the committee as directed,
- Apply to the High Court for an order freezing the accounts of six solicitors where dishonesty was discovered,
- Apply to the High Court to suspend the practising certificates of six solicitors,
- Levy contributions amounting to €44,600 towards the cost of investigations,
- Apply to the High Court pursuant to section 18 of the *Solicitors (Amendment) Act 2002* in two cases for an order compelling the solicitors to attend committee meetings and to provide certain documentation,
- Appeal a decision of the Solicitors' Disciplinary Tribunal to the High Court in relation to the sanction imposed by the tribunal,
- Impose conditions on a solicitor's practising certificate where the solicitor had unsatisfied judgments,
- Impose conditions on a solicitor's practising certificate where the solicitor had entered into a debt arrangement,
- Appeal a decision of the High Court to refuse an application by the Society to freeze a solicitor's accounts,
- Refuse an application for a practising certificate in respect of two solicitors.

The team of investigating accountants conducted approximately 400 investigations throughout the year.

In order to distribute the committee's considerable workload on a more manageable basis, the committee now sits in four divisions (previously three), each chaired by the chairman, or one of the three vice-chairmen, with a lay committee member appointed to each division.

Warnings have been issued that claims on the Law Society Compensation Fund must be received by the Law Society within six months of the loss coming to the attention of the claimant (see *Gazette*, April 2014, p53).

# REGULATION OF PRACTICE COMMITTEE

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Responsibility for enforcement of the *Solicitors (Advertising) Regulations 2002* has been transferred from the Complaints and Client Relations Committee to the Regulation of Practice Committee. Special focus has been placed on raising awareness in the profession about these regulations, with a view to improving compliance levels and thereby ensuring a level playing field for the profession advertising their services (see *Gazette*, [March](#), p52; [April](#), p54; [May](#), p53; and [June](#), p52)

A practice note (see *Gazette*, [December 2013](#), p55) was issued to remind the profession that it is never permissible for a solicitor to deduct fees, prior to completion of a sale, from deposit monies held by the solicitor in trust or as stakeholder, whether or not so authorised by the solicitor's client.

There has been an increase in solicitors adjudicated bankrupt, having unsatisfied judgments and participating in debt arrangements. Bankrupt solicitors are automatically suspended, but may apply to the Law Society to have the suspension lifted. The committee has issued a practice note on bankruptcy, judgment and debt arrangements (*Gazette*, [November 2013](#), p53). Such matters are decided by the committee on a case-by-case basis.

From time to time, a solicitor is found to be practising without a practising certificate. It is professional misconduct and a criminal offence for solicitors to provide legal services of any kind – reserved or non-reserved – without holding a practising certificate. Such cases are addressed by the committee and reported to An Garda Síochána.

A practice note was issued to advise that any solicitor, whose practising certificate is dated after the date on which they commenced providing legal services, should make an application to the President of the High Court to have their practising certificate backdated to the date on which they commenced providing legal services (*Gazette*, [July 2014](#), p53).

In-house solicitors were advised by practice note that they are required to hold a practising certificate, regardless of the areas of law in which they practise (*Gazette*, [July 2014](#), p53).

As reported in last year's annual report, consideration of draft new *Solicitors Accounts Regulations* was adjourned by the Council of the Law Society pending the enactment of the *Legal Services Regulation Bill*. There have been no further developments on this matter since then.

The *Solicitors Accounts (Amendment) Regulations 2013*, which came into force on 1 January 2014, ensure that moneys received by a solicitor acting as a personal insolvency practitioner (PIP) are regulated under the *Solicitors Accounts Regulations*.

Currently, solicitors are required to comply with five different statutory instruments in relation to clients' moneys:

- *Solicitors Accounts Regulations 2001*,
- *Solicitors (Interest on Clients' Moneys) Regulations 2004*,
- *Solicitors Accounts (Amendment) Regulations 2005*,
- *Solicitors Accounts (Amendment) Regulations 2006*,
- *Solicitors Accounts (Amendment) Regulations 2013*.

Solicitors and reporting accountants find it difficult to follow regulations that are spread over five different statutory instruments, and it is therefore proposed to consolidate the *Solicitors Accounts Regulations 2001-2013* in one statutory instrument to make it easier for users to follow the regulations.

The committee continues to support the confidential Practice Advisory Service, provided through Outsource, which gives advice on regulatory compliance, financial management, and future business options through tailored, one-to-one, half-day sessions at firms' offices.

I take this opportunity to thank my committee vice-chairmen, Martin Crotty, Dara Robinson and Chris Callan, for their commitment and unstinting work throughout the year. I also wish to thank all other committee members, including lay members Frank Bowen, Frank Mee, Richard George and David Martin, for their continued invaluable input.

On behalf of all committee members, I would like to record my thanks to the committee secretary John Elliot (registrar of solicitors and director of regulation) and his team for yet another year's sterling work.

## NON-STANDING COMMITTEES

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- Alternative Dispute Resolution Committee
- Business Law Committee
- Conveyancing Committee
- Criminal Law Committee
- Curriculum Development Unit
- Employment and Equality Law Committee
- EU and International Affairs Committee
- Family and Child Law Committee
- *Gazette* Editorial Board
- Guidance and Ethics Committee
- Human Rights Committee
- In-House and Public Sector Committee
- Intellectual Property Law Committee
- Litigation Committee
- Probate, Administration and Trusts Committee
- Public Relations Committee
- Taxation Committee
- Technology Committee

## ALTERNATIVE DISPUTE RESOLUTION COMMITTEE



LARRY FENELON, CHAIR

The committee has been working hard to promote the various forms of alternative dispute resolution to the profession during the year.

On 30 September, alongside Law Society Professional Training and the EU and International Affairs Committee, we hosted a seminar on the new EU *Directive on Online Dispute Resolution for Consumer Disputes*. This directive heralds a new era of online dispute resolution and offers the opportunity to reach out to other stakeholders. The committee also made a submission on the consumer alternative dispute resolution (ADR) and online dispute resolution (ODR) legislation to the Department of Jobs, Enterprise and Employment.

To address qualitative and quantitative issues, the committee reconstituted the Law Society's Arbitration Panel. All existing and prospective members were required to re-apply and follow a formal application and interview process. A new Arbitration Panel has now been established, with over 30 members in place. A clearly defined process was put in place for dealing with future applicants.

This autumn, the committee hosts two seminars focusing on specific areas of ADR: a domestic arbitration catch-up workshop for arbitrators on 5 November, and a roundtable expert determination discussion on 23 November.

We continue to monitor the progress of the *Mediation Bill* and are liaising with Cormac Ó Cúlain, the Society's public affairs executive. In adjudication, we are prepared for the long-awaited commencement of the *Construction Contracts Act 2013*. We will host an educational seminar for members as soon as it has been introduced. In addition, we are working with Law Society Professional Training to design a planned certificate course for practitioners. Our members have also been working closely with the Diploma Centre on the new *Diplomas in Mediation* and *Arbitration*.

The committee continues to promote arbitration and mediation to members through the *Gazette*. We have published three articles this year, with another two planned in the coming months.

## BUSINESS LAW COMMITTEE



PAUL KEANE, CHAIR

The Business Law Committee is responsible for representing, informing and assisting the profession over a broad range of topics.

We have organised our responsibilities under five major areas:

- Business organisation (including companies and partnerships),
- Regulation of business (including competition law),
- Financial service/securities,
- Commercial law (including contracts and consumer law), and
- Insolvency.

The committee has been active under each of these headings. It has made six submissions on various legislative proposals, issued four *practice notes*, and published a number of articles for the *Gazette* on the *Companies Bill*, the rights of residential mortgage holders, and the reform of consumer law.

The committee met with Helen Dixon, chief executive of the Companies Registration Office (CRO), in relation to the practical implementation of the *Companies Bill* and has provided feedback on relevant CRO forms and leaflets.

The enormous output of the committee in terms of submissions, practice notes, articles and representation is only possible because of the commitment and enthusiasm of the committee members.

The *Companies Bill* is likely to be enacted before the end of this year and will come into effect next year. This is both a major challenge and an opportunity for the profession. Company law is one of the pillars of commercial practice. It is essential that the profession maintains and expands its activity in this area. A major programme of education, advice and support will be required for members of the profession to ensure that they are sufficiently familiar with the new regime.

I wish to thank the members of the committee who have given generously of their time and expertise, as well as Robert Heron (vice-chairman) and Joanne Cox (committee secretary) for their diligent work.

# CONVEYANCING COMMITTEE

SUZANNE BAINTON, CHAIR



The Conveyancing Committee sees its role as assisting and guiding solicitors in conveyancing practice. It is a resource provided very much by solicitors, for solicitors. It carries out this role by responding to queries from members, by issuing practice notes to

the profession, and by representing solicitors' interests in its engagement with Government bodies and departments. Services provided this year included the following:

- A total of 25 practice notes were published in the *Gazette*, while three electronic circulars were issued to the profession,
- The committee secretary dealt with 1,334 telephone enquiries to the committee's conveyancing helpline. This is similar to the amount dealt with last year, which represented a 30% increase on the average calls over the previous five years,
- In all, 70 new matters were considered by the committee at its monthly meetings, and written responses were issued on these matters.

Practice notes were issued on matters connected with lending institutions, property registration, the *Multi-Unit Developments Act 2011*, distressed sales, the new building regulations, and issues regarding property taxes.

Matters to do with lending institutions and the residential certificate-of-title system still account for most queries. Notwithstanding that the committee finds it increasingly difficult to get the *Banking & Payments Federation Ireland* (formerly the IBF)/Irish Mortgage Council to engage with it on matters to do with the residential certificate-of-title system and other matters, it continues to make representations on behalf of practitioners.

Solicitors continue to experience issues regarding e-stamping. The linkup between the local property tax and e-stamping – which was introduced with a very short lead-in time – resulted in much work at short notice in trying to address issues of concern with the Revenue, and in dealing with enquiries on the issue from the profession. Another major topic arose with local property tax during the period November/December 2013, due to the difference in the liability and payment dates for the tax. Despite these difficulties being well publicised in the media, the position remains the same. Hopefully, it will be less of a practical issue for solicitors into the future.

There is ongoing liaison with the Society's Taxation Committee, the Alternative Dispute Resolution Committee, the Business Law Committee, and the eConveyancing Task Force on matters of mutual interest.

Achievements and notable areas of activity during the year include:

- The publication of a new edition of the requisitions on title, which is imminent.
- A number of precedents have already been issued to deal with the conveyancing implications of the *Multi-Unit Developments Act 2011*. This precedent suite of documentation is to be added to and completed shortly.
- A review of the new *Building Regulations*, engagement with relevant other professions, and the issue of appropriate guidance to the profession.
- Meetings (in conjunction with other Society committees) with Revenue on the local property tax and e-stamping.
- Liaison with the Department of the Environment and local authorities on the Non-Principal Private Residence Charge and household charge.
- Meetings with the HSE and its legal representatives on nursing-home charges under the *Fair Deal Scheme*.

The committee's ongoing projects and activities ensure that another very busy year is anticipated. These include the following:

- A task force within the committee is carrying out an extensive review of residential landlord and tenant law, with a view to the committee making a submission to the Department of Justice in the context of that department's own review and proposed new legislation in this area. The task force recently had a very productive meeting with the department.
- Ongoing liaison with lending institutions on behalf of the profession.
- Ongoing review of the certificate of title system and the banks' adherence to it.
- Ongoing review of the *Personal Insolvency Act 2012* and its impact on conveyancing practice.
- Interaction with the *Property Registration Authority* on a wide range of practice matters to do with registered and unregistered title, including the new rules, issues surrounding mapping (including the report of the Inter-Professional Task Force on Property Boundaries), and the registration of easements.

Sincere thanks are due to all the committee members, vice-chairman Joe Thomas, and our secretary Catherine O'Flaherty for their time, hard work and support throughout the year.

## CRIMINAL LAW COMMITTEE

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SHALOM BINCHY, CHAIR

This was a very busy year for the Criminal Law Committee. We contributed to the Law Society's vision to be the trusted voice of a respected solicitors' profession by, among other things, responding to the overnight decision to allow solicitors to attend garda station interviews (including work on legal-aid arrangements, the garda code, solicitor training, and guidance). A strong emphasis was placed on communicating with the profession in a timely manner.

You can read the president's *eBulletins* for more information about the committee's work on this topic:

- [Garda Station Legal Aid Revised Scheme and Fennelly Commission](#) (30 July 2014),
- [Solicitors can now attend interviews in garda stations](#) (20 May 2014), and
- [Solicitors can now attend interviews in garda stations](#) (8 May 2014).

The committee also drafted 41 recommendations for the terms of reference for an inquiry into recording of telephone conversations in places of detention, which were approved by the Council and forwarded to the Taoiseach by President Shaw.

We continue to liaise with the Fennelly Commission and the Inspector of Prisons regarding their inquiries into recording of telephone conversations. You can read the president's *eBulletin* and our news release about the 41 recommendations below:

- [Law Society responds to garda tape revelations](#) (27 March 2014), and
- [41 questions that must be answered](#) (4 April 2014).

The committee researched and drafted numerous submissions on law reform in the criminal justice area (the [DNA Database Bill](#), the [Community Sanctions Bill](#), restorative justice, community courts, search warrants, independent policing authority, and so on).

Members of the committee appeared at two Oireachtas committee hearings on community courts and the [Community Sanctions Bill](#), which involved delivering opening statements and contributing to questions and answers.

We also hosted a successful seminar in May on giving advice in garda stations in conjunction with Law Society Professional Training, and we continue to represent criminal law practitioners' needs with various State bodies on a daily basis, including various prisons, the [Legal Aid Board](#), the [Courts Service](#), and the [Department of Justice](#).

In the coming year, the committee will continue to research and draft submissions on law reform in the criminal justice sphere and participate in Oireachtas committee hearings as required, continue to help practitioners when attending garda station interviews, regularly review/monitor the evolution of this new area of practice, and deliver nationwide workshops on attending garda station interviews. A pilot workshop took place on 9 October in conjunction with Law Society Professional Training.

We will respond to issues facing criminal law practitioners as they arise and continue to liaise with the Fennelly Commission and the [Inspector of Prisons](#) regarding their inquiries into recording of telephone conversations as required.

I would like to thank all committee members for their contribution this year and also our committee secretary, Emma-Jane Williams.



## CURRICULUM DEVELOPMENT UNIT

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CAROL PLUNKETT, CHAIR

The Curriculum Development Unit (CDU) meets to review curricula and materials provided to trainee solicitors and students of the continuing legal education, diploma, and certificate courses. The Law Society is the premier provider of continuing legal

training in Ireland, continuously updating courses to keep abreast of developments in order to assist solicitors to provide the best possible advisory services to the public. The CDU makes suggestions on how courses might be improved and on topics for new courses, for consideration and adoption through the Education Committee.

This year, we reviewed the progress of the e-delivery of material by iPads distributed to students and solicitors on certain continuing legal education courses, and through pre-recordings that allow participants to access lectures online. The new system operates very satisfactorily and brings education by the Law Society squarely into the 21st century.

The CDU reviewed the PPC2 electives, diploma courses and various elements of the PPC1 course. We considered the training review published in England and Wales and its proposed plans for the future. We also looked at the operation of the Certificate in Teaching, Learning and Assessment and the master's programme run in conjunction with DIT.

In May, the CDU visited Queen's University Belfast, meeting the new director of the School of Law and his colleagues to discuss their course for training solicitors and barristers, even though the two streams operate separately once qualified. This was interesting, given the proposals outlined in the *Legal Services Regulation Bill*. It gave the CDU food for thought as to how we might operate were the two professional arms to be merged.

Thanks are due to each CDU member for their contribution, to Dr Geoffrey Shannon (deputy director of education) for his unerring secretarial support, and to the dedicated managers and tutors of the Law Society School, CPD and diploma courses.

## EMPLOYMENT AND EQUALITY LAW COMMITTEE

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MAURA CONNOLLY, CHAIR

This has been another busy year for employment and equality law practitioners.

The Government's reform agenda in relation to the system for adjudication of workplace disputes has taken more concrete form, with the publication in July of the *Workplace Relations Bill 2014*. Intended to streamline and replace the current adjudication bodies with a centralised Workplace Relations Commission, this legislation represents a radical overhaul of the current system and presents significant challenges for clients and their advisors. Having previously taken part in the general consultation process initiated by the Department of Jobs, Enterprise and Innovation, the committee will be actively reviewing and seeking to influence the form of the legislation as it goes through the next stages.

Separately, and as an aid to practitioners, we have updated and published the *Guide to Employment Legislation* on the members' area of the website. We have established a subgroup to review and report to the committee on the issue of workplace bullying and the possible need for a standalone forum to adjudicate on such disputes.

Members of the committee will contribute to the Society's annual *Employment Law Update* seminar.

I warmly acknowledge and thank the committee members for their enthusiastic engagement in projects during the year.

## EU AND INTERNATIONAL AFFAIRS COMMITTEE

### MARY CASEY, CHAIR



The Law Society maintained its representation in EU and international organisations during the year, including:

- [Council of Bars and Law Societies of Europe](#) (Eva Massa and James MacGuill),
- [International Bar Association](#) (John D Shaw),
- [American Bar Association](#) (Eva Massa),
- [Union Internationale du Notariat](#) (Mary Casey),
- [German-Irish Lawyers' and Business Association](#) (Niamh Connery).

Committee members continue to submit articles for publication in the 'Eurlegal' section of the *Gazette*, for which I thank all contributors, including TP Kennedy.

The Leonardo Da Vinci Programme ceased to operate for Irish exchanges abroad this year; however, the committee continued to work with lawyers from Spain. Two such lawyers remained on in new jobs in Dublin after the expiry of their stage.

On 21 March, the committee welcomed [seven international delegates](#) to a very successful roundtable discussion, attended by deputy director general Mary Keane and committee members.

On 4 April, the committee cooperated with the Institute of International and European Affairs on a talk on the International Criminal Court, delivered by James Stuart, deputy prosecutor of the ICC, and chaired by Nora Owen.

On 29 May, a seminar was organised on the [Fourth Anti-Money-Laundering Directive](#), with speakers Paula Reid, Cormac Little and Brendan Nagle from the Central Bank. It was an excellent opportunity for an exchange of views between solicitors and the panel of expert speakers.

The final event of this year, on 30 September 2014, was a seminar hosted jointly with the European Consumers Centre on the implementation of the new EU Directive 213/11/EU on alternative dispute resolution.

I would like to thank all committee members for their contributions over the two years of my chairmanship and, in particular, the secretary and convener, Eva Massa.

## FAMILY AND CHILD LAW COMMITTEE

### CAROL ANNE COOLICAN, CHAIR



The Family and Child Law Committee continued to update and inform the profession on developments in this area of law by regular contributions of articles, practice notes and guidance in the *Gazette*. In partnership with the Law Society Professional

Training, our annual conference highlighted recent developments in family and child law and the implications for practice and procedures.

The proposed *Children and Family Relationships Bill* will result in the most significant change in family law in decades. We made a [written and oral submission](#) to the Joint Oireachtas Committee on Justice, Defence and Equality, identifying technical and legal issues, highlighting inconsistencies and making positive proposals for amendments. The submissions were commended by the joint Oireachtas committee. We made a significant and substantial contribution to the development of this new legislation.

We have representatives on relevant external agencies and organisations. We reviewed and made recommendations on the proposed *Solicitors Accredited Practitioner Regulations*. We engaged with the [Family Lawyers Association](#) in resisting the proposed move of the High Court family law courts to Blanchardstown.

We hope to review the [Family Law Handbook](#) and resume our information sessions for the profession next year.

I would like to thank the committee members, vice-chairman Donagh McGowan, and our secretaries Colleen Farrell and Jane Moffatt, for their drive, input, good humour and enthusiasm, which resulted in the achievement of our objective to help shape the law reform agenda in our area of expertise.

# GAZETTE

## EDITORIAL BOARD

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MICHAEL KEALEY, CHAIR

The editorial board meets bi-monthly to provide guidance and advice to the *Gazette's* editorial team on potential articles and contributors. Members of the board include experienced and younger solicitors from a wide variety of practice areas. This mix is

important, ensuring that the board functions effectively and that a broad range of practice areas are covered by the magazine.

The *Gazette's* goal is to provide comprehensive coverage of the most important legal issues of the day, delivering information in a timely and relevant fashion. It continues to focus on legislative changes, which are regarded as priority information for members and a vital support service. It also aims to give its readers accessible articles on issues of importance to daily practice, from both a professional and business perspective.

The magazine is regarded by members of the profession as one of the Law Society's most significant communication channels, evidenced by the report by the Future of the Law Society Task Force, in which all respondents indicated that they read the *Gazette*. It received the highest ranking as a 'good' or 'excellent' means of contact for members with the Society.

The popularity of the magazine among the members was reinforced externally when it won the 'Best Business-to-Business Magazine of the Year' and 'Cover of the Year' awards at the annual [Magazines Ireland awards](#) in December 2013.

The *Gazette* continues to feel the effects of the recession – mirroring the impact being felt by other print and broadcast media. It has been difficult to generate advertising revenue for the past number of years, particularly due to the decline in recruitment advertising. There is evidence, however, that advertising revenue is beginning to show signs of recovery, albeit on a very gradual basis. The *Gazette* is seeking to take advantage of the move to online advertising and is developing a microsite that will facilitate such advertising. This is expected to launch in the new year.

In January 2014, the *Gazette* unveiled its interactive digital edition, which is published each month in tandem with the magazine's hard copy. Through links, readers can access a significant amount of online information referred to in articles, including legislation, case law, judgments and literature. The digital edition has led to savings in printing and distribution costs, with all trainees now benefiting from access to the *Gazette* on their iPads.

I extend my thanks to my editorial board colleagues for their dedication and valuable input in the year under review. I wish to congratulate the *Gazette* team, led by editor Mark McDermott. Their national awards are tribute to their creativity and hard work in producing a magazine that focuses so relevantly on fulfilling the knowledge and information needs of the Society's members.

## GUIDANCE AND ETHICS COMMITTEE

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BRENDAN DILLON, CHAIR

The third edition of the *Guide to Good Professional Conduct for Solicitors* was published in October 2013. A copy was sent to every practising solicitor. It is an essential manual to help solicitors identify where their professional duties lie, in any particular situation.

The committee has been working with the National Consumer Association on a project that will encourage solicitors to make it easier for individuals to obtain online quotations when they wish to instruct a solicitor's firm. Questionnaires will help the solicitor elicit whether the transaction is likely to be a straightforward one. Outlines of the solicitors' work will help clients understand the work solicitors do for the fees they earn.

Our ongoing practice management series of 'ten steps' practice notes, published in the *Gazette*, has been very well received.

The committee continues to promote the use by all firms of the solicitors' *terms and conditions of business* document.

Existing and new projects to support collegiality among members of the profession are very important for the committee. Our annual workshop for members of the Panel to Assist Solicitors in Difficulty with the Law Society raises the awareness of that panel. Our 'Meet Your Colleagues' event brings collegiality to a local level, which in turn can have a ripple effect within the communities in which solicitors practice.

The Guidance and Ethics Committee Helpline gives guidance to individual members when needed. The service is available to all colleagues.

My thanks to vice-chairman Fergus Mullen and the all committee members, who have worked assiduously on the many projects in progress during the year. Thanks also to our committee secretary, Therese Clarke, whose tireless work behind the scenes makes us all look good!

## HUMAN RIGHTS COMMITTEE

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MICHAEL FINUCANE, CHAIR

The Human Rights Committee this year continued with its busy programme of activities, promoting the law and practice of human rights, inside and outside the profession.

We hosted the Annual Human Rights Conference 2014 on 11 October (in conjunction with the Irish Human Rights Commission). It focused on the challenges that exist within the Irish criminal justice system to advance towards a state of increased compliance with modern standards of human rights law.

The committee also hosted the Annual Human Rights Lecture, which was delivered by the deputy president of the UK Supreme Court, Lady Brenda Hale, and was chaired by Mr Justice Donal O'Donnell. The topic, 'Freedom of religion and belief' provided a stimulating and thought-provoking analysis of a topic around which the law continues to evolve.

The committee is currently working on a study of the impact on Irish law of both the *European Convention on Human Rights Act 2003* and the *EU Charter of Fundamental Rights* (jointly sponsored by the Dublin Solicitors' Bar Association), due to be published by the end of 2014. The committee also made a submission, in conjunction with the Criminal Law Committee, on the *Criminal Justice (Forensic Evidence and DNA Database System) Bill 2013*.

The committee also continued its educational initiatives with the annual Human Rights Essay Competition, and regular contributions to the 'Human rights watch' page of the *Gazette* and the *eZine*.

I would like to thank vice-chair Gráinne Brophy and all committee members for giving so generously of their time, interest and expertise. In particular, my sincere thanks go to Helen Kehoe and Joyce Mortimer for their assistance and support as secretaries to the committee.

## IN-HOUSE AND PUBLIC SECTOR COMMITTEE

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JAMES KINCH, CHAIR

On 20 November 2013, the committee held its annual conference, which focused on data protection.

On 21 March 2014, the committee launched a new initiative, consisting of a focus group meeting with in-house solicitors from the private and public sectors, with a view to identifying particular needs.

On 14 May 2014, the committee held a panel discussion: 'The in-house lawyer – how to get value and be viewed as valuable by your client'. Law Society President John P Shaw gave the welcoming address. The director general also attended.

On 24 July 2014, the chairman and committee representatives met the president and director general to discuss how the Society could continue to support the in-house sector.

The committee hosted a meeting in October of representatives from the in-house committees/divisions from the four law societies of Ireland, England and Wales, Scotland and Northern Ireland.

Our 2014 [annual conference](#), 'Enhancing value – sourcing and managing legal services', is being held on 7 November.

The committee continued to represent the Society at board meetings of the European Company Lawyers' Association.

It continued to provide guidance to members of the profession through the Society's website and the *Gazette*. Its [Guide for Solicitors Employed in the Corporate and Public Sectors](#) provides key information.

I would like to thank all committee members for their contribution this year, with special thanks to vice-chairman Brian Connolly and our secretary, Louise Campbell.

## INTELLECTUAL PROPERTY LAW COMMITTEE

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PATRICIA MCGOVERN, CHAIR

A decision by the Government to opt not to host a local division of the proposed Unified Patent Court (UPC) would have consequences for Ireland's intellectual property (IP) community and the economy. Hence, the committee submitted a [further submission](#) to the Department of Jobs, Enterprise and Innovation in which the concerns were highlighted. Committee members met with Ministers Sherlock and Perry, department officials, and representatives from commerce, including Enterprise Ireland, IBEC, the American Chamber of Commerce Ireland, Intertrust Ireland, and the Irish Technology Transfer and Innovation Group. Committee members also informed practitioners of the issues at the annual In-House Practitioners' Conference in 2013, and through the Law Society *eZine* and *Gazette*.

The committee has made four [other submissions](#), relating to the protection of business and research know-how, draft procedural rules of the UPC, the Government's IP protocol, and the IP consequences of the proposed plain packaging legislation.

The committee views the building of alliances with professional bodies and public representatives as a major role. Members have met with representatives from Revenue, the gardaí, the Patent Office, and a [delegation](#) from the Legislative Affairs Committee of the People's Republic of China.

The committee is currently engaging with the Courts Service to carry out an ongoing review of the [Rules of the Superior Courts](#).

I would like to thank all the committee members and secretary for their hard work and enthusiasm.

## LITIGATION COMMITTEE



EAMON HARRINGTON, CHAIR

This was a particularly busy year due to the major changes in jurisdiction in civil matters, substantial changes to the District Court civil procedures, and the introduction of the [Recoverable Benefits Scheme](#). These changes required intense activity from the committee, including preparing submissions, meeting with the Department of Social Protection, and issuing guidance to the profession.

The area of taxation of costs generally continues to raise issues for solicitors, and the Law Society applied to be joined as *amicus curiae* in recent judicial review proceedings.

The committee prepared a [submission](#) for the review of the operation of the [Personal Injuries Assessment Board Act 2003](#) and the Injuries Board, which is being conducted by the Department of Jobs, Enterprise and Innovation.

Members of the committee met with various groups and bodies, including the Medical Council and the Injuries Board User Group. The committee continued to collaborate with the Society's representatives on the Court Rules Committees.

The committee sought to inform the profession on a wide variety of issues of concern to it. The committee and its members published articles and guidance via the *eZine*, the *Gazette* and the Law Society's [website](#) on a variety of topics, including the new civil jurisdictions, the changes to solatium, the solicitor's lien, getting affidavits right for filing, new court fees, and the new [District Court Rules](#). In addition, the committee provided input on a draft protocol regarding the payment of barristers' fees.

The committee continues project work on matters including:

- Protecting the infant litigator,
- Updating committee publications, including [Medico Legal Recommendations](#), the [Compendium of Frequently Asked Litigation Questions](#), and [Guidelines for Solicitors Dealing with Injuries Board Claims](#),
- Issues concerning the instructing of expert witnesses, expert reports, attendance at court and related fees, and
- Monitoring the [Legal Services Regulation Bill 2011](#) as it affects civil litigation.

I would like to thank my vice-chairman, Ronan O'Neill, for his support and commitment and also each member of the committee for their valued contributions. We are all enormously indebted to our excellent committee secretary, Colette Reid.

## PROBATE ADMINISTRATION AND TRUSTS COMMITTEE



MARGARET WALSH, CHAIR

The committee dealt with a variety of issues during the year. The single most significant matter was the proposed [Fourth Anti-Money-Laundering Directive](#) and the compulsory registration of all private trusts, including will trusts. This involved lobbying through the Law Society at national and EU level alongside STEP Ireland and STEP UK.

The committee participated in shaping the [Assisted Decision Making \(Capacity\) Bill](#). The regulations and guidelines that will flow from the bill will, in due course, contribute to the maintenance of the Society as the trusted voice of a respected solicitors' profession.

In addition, the committee dealt with the correction (through TALC) of an erroneous interpretation of the taxation of discretionary trusts where the beneficiary is living with a disability; questionnaires and quotations in relation to will drafting and administration of estates prepared by the Guidance and Ethics Committee and the National Consumer Agency; and the Society's budget submission.

The committee successfully lobbied for no change to CAT file-and-pay deadlines.

The committee continues to engage with the CAT ROS Users Group, the Probate Office Users Group, the TALC Capital Taxes Ad Hoc Committee, and other fora where stakeholders, including committee members representing the Law Society, meet with representatives of ITI, STEP and Accountancy Ireland, the Revenue Commissioners and the Probate Office to deal with areas of mutual concern, including the Probate Office €40 re-submission fee.

The committee also continues to provide assistance to colleagues who contact it in relation to particular areas of the law and practice relating to probate and trusts.

Several articles were published by the committee and its members on [EU succession planning](#), [preparing administration accounts](#), and the extension of the [deadline for payment of CAT online](#).

Committee members continue to speak at Law Society and other seminars throughout the country, too numerous to mention.

My thanks to all the committee members for their hard work over the year.

# PUBLIC RELATIONS COMMITTEE

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MAURA DERIVAN, CHAIR

The Public Relations Committee plays an important role in assisting the Law Society with formulating and developing its public relations policy. That policy includes promoting the Society's vision of being the trusted voice of the solicitors' profession. The committee also consults on public relations issues that arise throughout the year.

In the year under review, the PR Committee hosted the annual [Justice Media Awards](#) and a highly successful Communications Day in June for bar association presidents and PROs. The committee also developed the radio advertising campaign to promote the profession at both [local](#) and [national](#) levels.

The Justice Media Awards assist in promoting the Law Society within the print and broadcast media. The popularity of the event continues to grow, with the Society receiving the largest ever number of entries from journalists and broadcasters in 2014.

In recent years, the committee has undertaken a series of radio advertising campaigns that have promoted the profession as one that members of the public can trust to protect their interests. The focus has been on the solicitor as someone who is in your corner, available to provide sound advice, and who ensures that clients are provided with access to justice. The goal is to promote awareness of the services provided by solicitors to the public and to promote good relations between the Law Society and its members by raising the profile of solicitors.

In meeting its role of enhancing the reputation of the profession, the PR Committee focuses, not just on building the national image of the profession, but also its image at local level. To this end, it hosted a highly successful communications day for presidents and PROs in June that encouraged bar associations to engage with their local newspapers and radio stations. A practical communications workshop for bar association representatives will follow in due course.

Projects currently being developed by the committee include:

- Communications workshops at Blackhall Place, which will include media expertise,
- Promoting good relations between the Law Society and its members by implementing practical help and assistance through *Gazette* articles and other communications channels,
- Reviewing the radio advertising campaign, taking into account developments in social media, and
- Fostering good and necessary relationships with the media, which includes organising and hosting the annual Justice Media Awards.

I extend my appreciation to the members of the committee (especially vice-chairman Michael Kealey) for their dedication and hard work during the year. I am grateful, too, to outgoing committee secretary Mark McDermott and his team for their hard work and creativity in developing the committee's various programmes during the past nine years, and I look forward to working with the incoming secretary Kathy McKenna. It is also appropriate to recognise and thank the Justice Media Awards judging panel for the hard work it carried out this year.

## TAXATION COMMITTEE

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JAMES SOMERVILLE, CHAIR



The Taxation Committee has had another busy year. It has represented the Society and its members in interaction with the Revenue Commissioners and other tax advisors. This occurs chiefly through its continued active participation in the Tax Administration

Liaison Committee (TALC) and its relevant subcommittees dealing with direct taxes, indirect taxes, capital taxes, audit, technical tax issues, and collection tax issues. It also continued to liaise with the Revenue Commissioners in relation to e-stamping and local property tax issues.

As usual, the committee prepared a detailed pre-budget submission, which was submitted to the Minister for Finance.

It also reviewed (to the extent appropriate) and commented on the provisions of the *Finance Act 2014* as it passed through the legislative process, summarising its relevant consequences in the annual *Tax Guide* published and distributed to members.

We continued to issue [practice notes](#) and advisories throughout the year.

The committee was involved in two additional work streams in the year under review. We made a detailed written and oral [submission to the OECD](#) in the context of its [Base Erosion and Profit Shifting \(BEPS\) Project](#), insofar as it related to the application of double tax treaties. In this, we robustly represented Ireland's interests in the context of the discussion draft published on this, which contained proposals that could adversely affect small economies dependent on international investment. We also made a submission to the Minister for Finance on the reform of the tax appeal system and attended the follow-up consultations.

I have been ably assisted in my role by my vice-chairman, Justin McGettigan, and the committee's secretary Rachel Hession, and I thank them for their support and assistance throughout the year.

## TECHNOLOGY COMMITTEE

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RAYMOND SMITH, CHAIR



The main functions of the Technology Committee are to monitor developments in technology that are relevant to the solicitors' profession, promote the use of technology as a business resource to improve efficiency and profitability, and facilitate an organ-

ised and consistent approach to risk management and reduction through the use of technology.

The committee also monitors and comments on other bodies' – particularly State agencies – use of technology, insofar as it affects our profession and clients and, where possible, assists individual members of the profession with technology-related difficulties.

At the start of the year, a list of projects was drawn up by the committee, and members took on responsibility for different areas. The categories of projects include:

- Use of practice management systems,
- Government online services,
- Communications and seminars, and
- Emerging technologies.

This structured approach has borne fruit and, hopefully, will continue to do so as projects are brought to a conclusion and new projects begin.

The repeat seminar on 'New ways to work', which was held in December 2013 in Tipperary, was very well attended. The seminar focused on the impact of the cloud on a legal office, the legal aspects of cloud computing, and the practical aspects of implementing cloud-based solutions. Another seminar is planned for November 2014 on data-sharing and the use of 'deal rooms' by the profession.

The committee submitted a report to the Coordination Committee in February, recommending that the Society define and document its policies in relation to e-government systems. The committee believes that having a consistent approach to e-government and the types of problems that arise across most e-government projects will strengthen the Law Society's performance and importance as an e-government stakeholder, to the benefit of practitioners.

The committee also submitted a report to the Coordination Committee proposing the use of a knowledge and document-management system across all committees. It



is hoped that the insights contained in the report and the demonstrations of available technologies will be of use to the Society in its approach to knowledge management.

Special thanks are due to Neil Butler for all his hard work in compiling this report.

The committee participates with the Conveyancing Committee, the Taxation Committee and the Probate, Administration and Trusts Committee in making submissions and representations to Revenue in relation to proposed changes to e-stamping.

The committee published two brief practice notes on [on-line interaction with Government](#) (Jan/Feb Gazette) and the cessation of [support for Windows XP](#) (April Gazette).

With the Conveyancing Committee and Taxation Committee, the committee also assisted the Society in publishing an urgent note to assist practitioners to deal with problems with e-stamping using the ROS offline application in the days before Christmas.

Through its representative, John Furlong, the committee has continued to monitor EU level developments that may affect the profession. The committee assisted the Society in dealing with the [CCBE](#) and the [EU Commission](#) in relation to technical aspects of the commission's 'find-a-lawyer' project.

The committee published a note on E-Day (19 September 2014) and the impact these changes may have on the way in which practitioners conduct business and interact with Government departments and agencies, including the Courts Service, the Property Registration Authority, Ordnance Survey and the Companies Registration Office.

I wish to thank all the members of the committee for their productivity and conscientious commitment throughout the year, despite the time pressures and demands that all practitioners are subject to. I would especially like to thank Veronica Donnelly, secretary to the committee, for her extraordinary commitment, assistance, support and good advice, and to thank vice-chairman Greg Ryan for his valued support. Lastly, I wish my successor as chairman all the best in the busy year ahead.



# TOP TEN ACHIEVEMENTS OF 2013/2014

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## 1

### ACTION ON 29 RECOMMENDATIONS

Out of a total of 31 recommendations listed in the *Future of the Law Society Task Force Report*, 29 have been considered and acted upon. The remaining two have been postponed until the *Legal Services Regulation Bill* has been enacted. One of the most significant of those recommendations concerned the implementation of a four-year *Strategy Statement 2014-2018* and an annual operational plan – both approved by the Council on 11 July 2014. The strategy statement is a formal expression of the Society's determination to strengthen the Society's representative role and establish a stronger relationship between the Society and its members.

## 2

### NEW DEPARTMENT DRIVES REFORM

The new *Policy and Public Affairs Department* was established on 1 January 2014. It has strengthened the Law Society's lobbying, law reform, research, and policy development functions. The department monitors the Government's legislative programme and tracks the effectiveness of Law Society representations. To date, it has made 24 *submissions* on behalf of the Law Society to Government departments and agencies.

## 3

### IDENTITY PARADE

A second new department – *Representation and Member Services (RMS)* – was established following recommendations made in the *Future of the Law Society Task Force Report*. RMS led the development of a new logo and visual identity, which was launched by the Law Society in July 2014. The logo gives the traditional crest a clean and modern look. The logo is part of a complete *rebranding* exercise carried out by Irish design agency Red Dog, which has included the development of 'tone-of-voice' guidelines that direct all communications by the Law Society to be courteous, respectful, clear, concise, and of service.

## 4

### SOCIAL GETS PERSONAL

It was a case of 'refresh your page' when the Law Society launched its *new website* and social media campaign in early summer. The new-look website has introduced many interactive and user-friendly features and now supports mobile and tablet devices. Social media sharing buttons are a useful feature. The Society also embraced the brave new world of social media when it embraced *Twitter, Facebook, LinkedIn* and *Google+* in order to share news, events and useful information with its members. It has promised a four-hour response time (working hours) to social media queries.

## 5

### PROFESSIONAL CONDUCT – GET THE GUIDE!

The third edition of *A Guide to Good Professional Conduct for Solicitors* was launched on 4 November 2013. The then Minister for Justice Alan Shatter said that the guide was "about ensuring that individual members of the profession behave in a manner that ensures the profession is in good standing with the general public, that people feel that they can approach their solicitor with a sense of trust and confidence, and a sense that their lawyer will give them, not just the right advice, but will always act in their best interests". The chairman of the Guidance and Ethics Committee, Brendan Dillon, added that the guide stood as a reminder to the profession about the standards and ethics that should govern how solicitors carry out their duties.

# TOP TEN ACHIEVEMENTS OF 2013/2014

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## TOP MARKS FOR EDUCATION CENTRE

The Education Centre received a welcome boost with the news of a 10% increase in the number of trainees who enrolled in its PPC1 courses in 2014, compared with the previous year. This is the first increase in trainee numbers since 2006, when 668 new training contracts were registered. The [Diploma Centre](#) has enjoyed a resurgence in take-up of its post-qualification courses. It continues to lead the way with innovative online courses. For instance, over 900 participants from over 40 countries took part in the Diploma Centre's 'massive open online course' (MOOC) – the first such programme to be offered by an Irish educational institution.

6

## TAKING THE INTERNATIONAL STAGE BY STORM

Law Society trainees boasted a number of successes in several renowned international legal skills competitions. Emma Farrell and Sean O'Connor won the International Client Consultation Competition. A team came third in the International Environmental Moot Court Competition, while our team in the Telders International Law Moot Court Competition received awards for best speaker in the competition (Shane O'Connor) and best written argument. Other Law Society teams took the laurels in the Jessup International Law Moot Court Competition and the International Mediation Competition.

7

## MARKED DECLINE IN UNDERTAKINGS COMPLAINTS

There was a marked decline in the number of complaints by financial institutions over [solicitors' undertakings](#) – reinforcing the view that this phenomenon is now, to a significant extent, a historical problem.

8

## IMPROVEMENTS BY DEGREES

The Society initiated a project, with the working title of 'System 360', to replace the existing membership database with a fully integrated member management system. The end result will make electronic interaction between the Society and its members easier and more user-friendly. Further improvements are being made to the [practising certificate](#) application process. From 2015, it will be possible for members to complete and pay for their practising certificates online. The Society has invested significantly in new PCs, software, server, Wi-Fi and other network upgrades.

9

## ADVERTISING WATERSHED

The Regulation Department has been closely monitoring compliance with the [Solicitors Advertising Regulations](#). Actions, including injunction applications and disciplinary proceedings, can be taken against those who breach them.

10

# STANDING COMMITTEES

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## COMPLAINTS AND CLIENT RELATIONS

CHAIR: Barry MacCarthy

VICE-CHAIRS: Paul Egan

Richard Hammond

### SOLICITOR MEMBERS

William Aylmer

Bernadette Cahill

James Cahill

Gerard Flynn

Geraldine Kelly

Michael Quinlan

### LAY MEMBERS

CHAIR: Dan Murphy

Brian Callanan

Michael Carr

Ultan Courtney

Frank Cunneen

Noirin Greene

Vera Hogan

Michael Lynch

John McDonnell

Peter McLoone

Lenore Mrkwicka

SECRETARY: Linda Kirwan

## COORDINATION

CHAIR: John P Shaw

Kevin O'Higgins

Michael Quinlan

James McCourt

Simon Murphy

Stuart Gilhooly

Ken Murphy

Mary Keane

SECRETARY: Mary Keane

## EDUCATION

CHAIR: Simon Murphy

VICE-CHAIR: Valerie Peart

Chris Callan

Colm Costello

Paul Egan

Kevin O'Higgins

Carol Plunkett

Brendan Twomey

### EX OFFICIO

John P Shaw

Michael Quinlan

### CONSULTANTS

Barbara Cotter

John O'Connor

Michael V O'Mahony

Michael Peart

SECRETARY: Paula Sheedy

## FINANCE

CHAIR: Michelle Ní Longáin

VICE-CHAIR: Stuart Gilhooly

Gerard Doherty

Patrick Dorgan

Eamon Harrington

Martin Lawlor

James McCourt

Simon Murphy

Owen O'Connell

Valerie Peart

Michael Quinlan

Austin Slattery

### EX OFFICIO

John P Shaw

Kevin O'Higgins

SECRETARY: Cillian MacDomhnaill

## ADMINISTRATIVE SUBCOMMITTEE

### ON FINANCE

CHAIR: John P Shaw

Kevin O'Higgins

Michael Quinlan

James McCourt

Michelle Ní Longáin

Ken Murphy

SECRETARY: Ken Murphy

## LITIGATION MANAGEMENT

### SUBCOMMITTEE

CHAIR: Michael Quinlan

Liam Kennedy

James McCourt

Conor McDonnell

Ken Murphy

Brendan Twomey

SECRETARY: Belinda O'Keeffe

## MONEY-LAUNDERING REPORTING

CHAIR: Michael Quinlan

John Elliot

Martin Lawlor

Dara Robinson

SECRETARY: Tina Beattie

## PROFESSIONAL INDEMNITY INSURANCE

CHAIR: Stuart Gilhooly

VICE-CHAIR: Michael Quinlan

Martin Crotty

John Elliot

Alan Gannon

Peter Groarke

Michele O'Boyle

Valerie Peart

Brendan Twomey

### LAY MEMBER

Jim O'Mahoney

SECRETARY: Sorcha Hayes

## REGULATION OF PRACTICE

CHAIR: Martin Lawlor

VICE-CHAIRS: Chris Callan

Martin Crotty

Dara Robinson

### SOLICITOR MEMBERS

Conall Bergin

Gerard Carroll

Garry Clarke

Michael Cullen

Brendan Cunningham

Maura Derivan

Frank Gearty

David Higgins

Mary C Keane

David Lavelle

Terry Leggett

Rosemarie Loftus

Jonathan Lynch

Shane McCarthy

Katherine McMahan

Patrick McNeice

Dan O'Connor

John G O'Malley

Eugene O'Sullivan

Imelda Reynolds

Eamonn Shannon

### LAY MEMBERS

Frank Bowen

Richard George

David Martin

Frank Mee

SECRETARY: John Elliot

# NON-STANDING COMMITTEES

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## ALTERNATIVE DISPUTE RESOLUTION

**CHAIR:** Larry Fenelon  
**VICE-CHAIR:** James Kinch  
William Aylmer  
Michael Carrigan  
Eamon Harrington  
Anthony Hussey  
Helen Kilroy  
Orlaith McCarthy  
James McCourt  
David Phelan  
**CONSULTANTS**  
Bernard Gogarty  
Frank Murphy  
**SECRETARY:** Colleen Farrell

## BUSINESS LAW

**CHAIR:** Paul Keane  
**VICE-CHAIR:** Robert Heron  
Philip Andrews  
Joy Compton  
Maire Cunningham  
Eleanor Daly  
Philip Daly  
Mark Homan  
Mark Kavanagh  
Neil Keenan  
Conor Lupton  
Colm McGuire  
Seán Nolan  
Jack O'Farrell  
John Olden  
Daragh O'Shea  
Deirdre O'Sullivan  
Mark Pery-Knox-Gore  
Alvin Price  
Noeleen Redmond  
Paul Robinson  
Mark Ryan  
Seán Ryan  
Lorcan Tiernan  
**CONSULTANTS**  
Paul Egan  
Patricia McGovern  
**SECRETARY:** Joanne Cox

## CONVEYANCING

**CHAIR:** Suzanne Bainton  
**VICE-CHAIR:** Joseph Thomas  
Gabriel Brennan  
Orla Coyne  
Majella Egan  
Deirdre Fox  
Joyce Good Hammond  
Fergus Hennessy

Geraldine Kelly  
Morette Kinsella  
Barry MacCarthy  
Eleanor McKiernan  
Sandra Murphy  
Dermot O'Dwyer  
Stephen O'Riordan  
Patrick Sweetman  
**CONSULTANTS**  
John F Buckley  
Patrick Dorgan  
Brian Gallagher  
Rory O'Donnell  
**SECRETARY:** Catherine O'Flaherty

## CRIMINAL LAW

**CHAIR:** Shalom Binchy  
**VICE-CHAIR:** Darach McCarthy  
Yvonne Bambury  
Conal Boyce  
Alan Gannon  
Aisling Kelly  
Shane McCarthy  
Margaret McEvilly  
James MacGuill  
Peter Mullan  
Joan O'Brien  
John O'Doherty  
Emer O'Sullivan  
Robert Purcell  
Mairéad Quigley  
Hugh Sheridan  
David Waters  
**CONSULTANTS**  
Dara Robinson  
Michael Staines  
**SECRETARY:** Joyce Mortimer

## CURRICULUM DEVELOPMENT UNIT

**CHAIR:** Carol Plunkett  
**VICE-CHAIR:** Jill Callanan  
Bernadette Cahill  
Colm Costello  
Ruth Craig  
Emma Crowley  
Freda Grealy  
T P Kennedy  
Andrew McGovern  
Gemma Neylon  
Rory O'Boyle  
Bernard O'Neill  
Fiona Ormond  
Aideen Ryan  
Deborah Spence  
**SECRETARY:** Geoffrey Shannon

## EMPLOYMENT AND EQUALITY LAW

**CHAIR:** Maura Connolly  
**VICE-CHAIR:** Joanne Hyde  
Susan Battye  
Conall Bergin  
Jennifer Cashman  
Andrew Cody  
Helen Coughlan  
Áine Curran  
Loughlin Deegan  
John Dunne  
Carol Fawsitt  
Geraldine Hynes  
Mary Kelleher  
Michael Kennedy  
Deirdre Malone  
Ronnie Neville  
Catherine O'Flynn  
Emma O'Neill  
Hugh O'Neill  
Terence O'Sullivan  
Michael Shanley  
Barry Walsh  
**SECRETARY:** Deirdre Flynn

## PENSIONS SUBCOMMITTEE

**CHAIR:** Deborah McHugh  
James Campbell  
Maura Connolly  
Declan Drislane  
Grace Guy  
Sonia McEntee  
Tommy Nielsen  
Fiona Thornton  
Keith Walsh

## EU AND INTERNATIONAL AFFAIRS

**CHAIR:** Mary Casey  
**VICE-CHAIR:** Louise Carpendale  
Diane Balding  
Martin Cooney  
Marco Hickey  
Niamh Hodnett  
Richard Kelly  
T P Kennedy  
Cormac Little  
James MacGuill  
Ross McMahan  
John D Shaw  
**SECRETARY:** Eva Massa

# NON-STANDING COMMITTEES

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## FAMILY AND CHILD LAW

*(with responsibility also for civil legal aid)*

CHAIR: Carol Anne Coolican

VICE-CHAIR: Donagh McGowan

David Bergin

Noeline Blackwell

Betty Dinneen

Marie Keane

Sinead Kearney

Geraldine Keehan

Joseph Madigan

Joan O'Mahony

Moya Quinlan

Aidan Reynolds

Justin Spain

Geoffrey Shannon

Keith Walsh

CONSULTANT

Rosemary Horgan

SECRETARY: Colleen Farrell

## FINUAS NETWORK

CHAIR: Simon Murphy

Kate Browne

Maura Kelly

T P Kennedy

Kevin Lavin

Attracta O'Regan

Aisling Scully

SECRETARY: Michelle Nolan

## GAZETTE EDITORIAL BOARD

CHAIR: Michael Kealey

Mairéad Cashman

Paul Egan

Hilary Forde

Richard Hammond

Mary Keane

Teri Kelly

Aisling Kelly

Tracy Lyne

Patrick J McGonagle

Aisling Meehan

Heather Murphy

Ken Murphy

Andrew Sheridan

SECRETARY: Mark McDermott

## GUIDANCE AND ETHICS

*(with responsibility also for guidance on practice management)*

CHAIR: Brendan Dillon

VICE-CHAIR: Fergus Mullen

Justine Carty

Caroline Crowley

Gus Cullen

Liz Dowling

Graham Farrell

John Glynn

Peter Groarke

Rachael Leahy

Michael Moran

Michele O'Boyle

Brian Sherry

CONSULTANT

Brendan Twomey

SECRETARY: Therese Clarke

## HUMAN RIGHTS

CHAIR: Michael Finucane

VICE-CHAIR: Grainne Brophy

Hilkka Becker

Noeline Blackwell

Justine Carty

Alma Clissmann

Kieran Cummins

Siobhan Cummiskey

Betsy Farrell

Michael Farrell

Aine Flynn

Barbara Joyce

Shane McCarthy

Clare Naughton

Rose Wall

CONSULTANT

Colin Daly

SECRETARY: Joyce Mortimer

## IN-HOUSE AND PUBLIC SECTOR

CHAIR: James Kinch

VICE-CHAIR: Brian Connolly

Patrick Ambrose

Darragh Byrne

Caroline Dee-Brown

Fiona Conroy

Mary Cummins

John Healy

Eleanor Keogan

Aoife Marrinan

Andrew McGovern

Sylvia McNeece

Mary O'Connor

James O'Rourke

Deirdre O'Sullivan

Maureen Synnott

Catherine Tarrant

SECRETARY: Louise Campbell

## INTELLECTUAL PROPERTY LAW

CHAIR: Patricia McGovern

VICE-CHAIR: Ann Henry

Mary Bleahene

Peter Bolger

John Cahir

Maureen Daly

David Hackett

Deirdre Kilroy

Fred Logue

Elaine McGrath

David McMunn

Aoife Murphy

Fiona O'Beirne

Alistair Payne

Maurice Regan

Colin Rooney

Laura Scott

CONSULTANT

Tara MacMahon

SECRETARY: Katherine Kane

## LITIGATION

CHAIR: Eamon Harrington

VICE-CHAIR: Ronan O'Neill

Michael Boylan

Lisa Carty

Andrew Cody

Jonathan Cullen

Fiona Duffy

Derek Elliott

Ciara Farrell

Áine Hynes

Mike Kavanagh

Liam Kennedy

Felix McTiernan

Karen McDonnell

David Martin

Sonya Morrissy Murphy

Patrice O'Keeffe

Damien Tansey

Catherine Tarrant

Frances Twomey

CONSULTANTS

Joseph Deane

Stuart Gilhooly

SECRETARY: Colette Reid

# NON-STANDING COMMITTEES

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## PROBATE, ADMINISTRATION AND TRUSTS

CHAIR: Margaret Walsh  
VICE-CHAIR: Richard Hammond  
Pat Bradley  
Mary Condell  
Georgina Drum  
Aileen Keogan  
Siobhán Laighléis  
Nora Lillis  
Madeleina Loughrey-Grant  
Kevin Martin  
Tom Martyn  
Tracey O'Donnell  
Des Rooney  
Anne Stephenson  
Brendan Twomey  
CONSULTANT  
Justin McKenna  
SECRETARY: Padraic Courtney

## PUBLIC RELATIONS

CHAIR: Maura Derivan  
VICE-CHAIR: Michael Kealey  
John Glynn  
David Lavelle  
Barry Lyons  
Sonia McEntee  
Ken Murphy  
Eamonn Shannon  
SECRETARY: Mark McDermott

## SKILLNET

CHAIR: Simon Murphy  
Garry Clarke  
Anthony Ensor  
Deirdre Fox  
T P Kennedy  
Conor MacGuill  
Attracta O'Regan  
SECRETARY: Michelle Nolan

## TAXATION

CHAIR: James Somerville  
VICE-CHAIR: Justin McGettigan  
Pat Bradley  
John Cuddigan  
Caroline Devlin  
Maura Dineen  
Ruth Higgins  
Jeanne Kelly  
Donal Kennedy  
David Lawless  
Tom Martyn  
Sonia McEntee

Gavin McGuire  
Ruairi Mulrean  
Michael O'Connor  
Andrew Quinn  
Anthony Smyth  
Petrina Smyth  
CONSULTANT  
Brian Bohan  
SECRETARY: Rachael Hession

## TECHNOLOGY

CHAIR: Reamonn Smith  
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Anthony Brady  
Neil Butler  
John Furlong  
Jim Heney  
David Higgins  
Brian Horkan  
Joe Kane  
Eamonn Keenan  
Patrick Madigan Jnr  
Peter McKenna  
Michael Monahan  
John O'Connor  
Greg Ryan  
SECRETARY: Veronica Donnelly

# REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended 31 December 2013



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

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Society. The Finance Committee is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of the Law Society of Ireland for the year ended 31 December 2013 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 23. The financial reporting framework that has been applied in their preparation is accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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 Finance Committee and auditors**

As explained more fully in the Statement of Responsibilities of the Finance Committee, the Finance Committee are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Finance Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements for the year ended 31 December 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the group and the Society as at 31 December 2013 and of the surplus of the group for the year then ended.

Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Dublin

15 May 2014

### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland. Accounting standards generally accepted 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 Financial Reporting Council.

### **ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of development land.

### **BASIS OF CONSOLIDATION**

The Society consolidates its interests in subsidiary undertakings as detailed in note 21 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 2013.

### **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.

All other fixed assets are stated at cost less accumulated depreciation.

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

Premises	:	2% per annum
Furniture, fittings and equipment	:	20% per annum
Computer equipment	:	20% per annum
Motor vehicles	:	25% per annum
Leasehold improvements	:	20% per annum

### **FINANCING TRANSACTIONS**

Assets acquired under financing arrangements are accounted for as assets in the financial statements of the Society, in accordance with the substance of the transactions, where the Society is exposed to the risks and entitled to the benefits associated with the asset, in accordance with Financial Reporting Standard 5. The financing costs are taken to the income and expenditure account over the term of the transaction.

### **CURRENT ASSET INVESTMENTS**

Current asset investments are stated at 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**

The Society operates a multi-employer defined benefit pension scheme and a hybrid scheme. Contributions 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.

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.

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.

#### **GRANTS**

Revenue based grants are credited to the profit and loss account in the period in which the grant is receivable to match income and expenditure.

THE LAW SOCIETY OF IRELAND

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €	2012 €
<b>INCOME</b>			
Fees and subscriptions	4	11,917,305	12,179,810
Education activities	5	8,322,787	8,517,758
Publications	4	264,269	267,932
Four Courts rooms	4	767,457	740,581
Interest and investment income	6	563,961	529,298
Gain on investments	6	87,415	205,330
Other income	7	205,632	178,949
Sundry income		9,903	63,128
		<u>22,138,729</u>	<u>22,682,786</u>
<b>EXPENDITURE</b>			
Operating charges:			
- General activities	4	(11,009,590)	(11,086,196)
- Education activities	5	(7,599,695)	(7,408,522)
Financing costs	5	(293,043)	(287,528)
Other expenditure	7	(582,110)	(797,212)
Redundancy costs	3	(31,769)	(114,906)
		<u>(19,516,207)</u>	<u>(19,694,364)</u>
<b>SURPLUS FOR YEAR BEFORE EXCEPTIONAL ITEMS AND TAXATION</b>		<b>2,622,522</b>	<b>2,988,422</b>
Exceptional items	8	(2,000,000)	(750,000)
<b>SURPLUS BEFORE TAXATION</b>		<b>622,522</b>	<b>2,238,422</b>
Taxation	9	(17,452)	597
<b>SURPLUS AFTER TAXATION</b>		<b>605,070</b>	<b>2,239,019</b>
<b>Allocated as follows:</b>			
General activities		(1,433,324)	340,047
Education activities		99,316	(645,899)
Education centre fund		174,125	300,580
Litigation fund		581,024	283,911
Capital reserve fund		1,183,929	1,960,380
<b>Total</b>		<u><b>605,070</b></u>	<u><b>2,239,019</b></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 15 May 2014 and signed on its behalf by:

Michelle Ní Longáin  
Chairman of the Finance Committee

John P. Shaw  
President of Law Society of Ireland

**THE LAW SOCIETY OF IRELAND**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	<i>Notes</i>	2013 €	2012 €
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	<b>15,456,806</b>	17,356,418
<b>CURRENT ASSETS</b>			
Investments	12	11,730,737	5,471,438
Stocks	13	73,819	25,447
Debtors	14	2,033,248	2,743,835
Cash at bank and in hand		11,579,382	13,594,429
		<b>25,417,186</b>	21,835,149
<b>CREDITORS: (Amounts falling due within one year)</b>	15	<b>(15,699,480)</b>	(7,292,273)
<b>NET CURRENT ASSETS</b>		<b>9,717,706</b>	14,542,876
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>25,174,512</b>	31,899,294
<b>CREDITORS: (Amounts falling due after more than one year)</b>	15	-	(7,329,852)
<b>NET ASSETS</b>		<b>25,174,512</b>	24,569,442
<b>RESERVES</b>			
Accumulated reserves	16	<b>25,174,512</b>	24,569,442

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THE LAW SOCIETY OF IRELAND

SOCIETY BALANCE SHEET  
AS AT 31 DECEMBER 2013

	Notes	2013 €	2012 €
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	12,440,298	12,332,198
<b>CURRENT ASSETS</b>			
Investments	12	11,730,737	5,471,438
Stocks	13	57,799	14,892
Debtors	14	5,197,649	7,843,246
Cash at bank and in hand		11,398,202	13,464,413
		<u>28,384,387</u>	<u>26,793,989</u>
<b>CREDITORS: (Amounts falling due within one year)</b>	15	<b>(15,740,076)</b>	<b>(7,314,470)</b>
<b>NET CURRENT ASSETS</b>		<u>12,644,311</u>	<u>19,479,519</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,084,609</u>	<u>31,811,717</u>
<b>CREDITORS: (Amounts falling due after more than one year)</b>	15	<b>-</b>	<b>(7,329,852)</b>
<b>NET ASSETS</b>		<u>25,084,609</u>	<u>24,481,865</u>
<b>RESERVES</b>			
Accumulated reserves	16	25,084,609	24,481,865

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THE LAW SOCIETY OF IRELAND

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17	4,717,835	3,788,583
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		562,811	549,447
<b>TAXATION</b>			
Corporation tax refund		125,634	19,234
<b>CAPITAL EXPENDITURE</b>			
Purchase of tangible fixed assets		(1,246,755)	(1,330,702)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Purchase of investments		(7,500,000)	-
Disposal of investments		1,329,266	914,080
		(6,170,734)	914,080
<b>(DECREASE) / INCREASE IN NET CASH</b>	18	(2,011,209)	3,940,642



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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 21.

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, the Law Society of Ireland Scholarship Funds and Irish Rule of Law International.

2. SURPLUS BEFORE TAXATION	2013 €	2012 €
The surplus before taxation is stated after charging:		
- Depreciation	1,146,367	1,064,004
- Auditors' remuneration	26,371	26,371
- Finance costs	293,043	287,528
- Finance lease interest	5,996	12,884
	<u>                    </u>	<u>                    </u>
and after crediting:		
- Deposit interest	563,961	529,298
	<u>                    </u>	<u>                    </u>

3. STAFF COSTS	2013 General activities €	2013 Education activities €	2013 Other €	2013 Total €	2012 Total €
Salaries and wages	4,686,587	3,047,937	76,404	7,810,928	7,650,000
PRSI	500,223	322,194	8,009	830,426	807,790
Pension costs	717,127	397,725	7,724	1,122,576	1,141,986
Redundancy costs	-	31,769	-	31,769	114,906
Total	<u>5,903,937</u>	<u>3,799,625</u>	<u>92,137</u>	<u>9,795,699</u>	<u>9,714,682</u>

The average aggregate number of employees during 2013 was 132 (2012: 129).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

4. GENERAL ACTIVITIES (including funds)	2013 €	2012 €
<b>INCOME</b>		
<b>Fees and subscriptions</b>		
Practising certificates	9,216,097	9,040,223
Members' subscriptions	770,356	736,603
Admission fees	165,900	158,693
Fund Contributions:		
- Capital reserve fund	1,183,929	1,960,380
- Litigation fund	581,023	283,911
	<u>11,917,305</u>	<u>12,179,810</u>
<b>Services and interest</b>		
Publications	264,269	267,932
Four Courts rooms	767,457	740,581
Interest (note 6)	563,961	529,298
<b>Total income</b>	<u>13,512,992</u>	<u>13,717,621</u>
<b>OPERATING CHARGES</b>		
<b>General activities</b>		
Pay and related expenditure	3,324,709	3,280,964
Administration expenditure	640,352	661,140
Premises expenditure	594,208	531,891
Members' services expenditure	1,663,009	1,648,715
Regulation expenditure	3,719,844	4,007,507
Admission expenditure	12,890	16,019
<b>Services</b>		
Publications	660,810	654,717
Four Courts rooms	393,768	285,243
<b>Total operating charges</b>	<u>11,009,590</u>	<u>11,086,196</u>
Gain on investments (note 6)	<u>87,415</u>	<u>205,330</u>
<b>Surplus</b>	<u>2,590,817</u>	<u>2,836,755</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

5. EDUCATION ACTIVITIES	2013 €	2012 €
<b>INCOME</b>		
Professional Practice Course 1 fees	3,109,236	3,369,280
Professional Practice Course 2 fees	1,883,529	1,911,728
Indentures and registration	298,675	326,630
Examination fees	620,184	668,256
Diploma courses	1,479,622	1,228,608
Continuing professional development	408,610	459,601
Miscellaneous income	522,931	553,655
<b>Total income</b>	<b>8,322,787</b>	<b>8,517,758</b>
<b>OPERATING CHARGES</b>		
Pay and related expenditure	3,919,882	3,742,734
Administration expenditure	1,408,765	1,380,142
Direct expenditure	1,706,694	1,658,583
Premises expenditure	564,354	627,063
<b>Total operating charges</b>	<b>7,599,695</b>	<b>7,408,522</b>
Financing costs	293,043	287,528
<b>Surplus</b>	<b>430,049</b>	<b>821,708</b>
<b>6. INTEREST AND INVESTMENT GAINS</b>		
Interest – Society	477,251	434,048
Interest – Education Centre Fund	86,710	95,250
<b>Interest</b>	<b>563,961</b>	<b>529,298</b>
Gain on disposal of investments	35,100	174,981
Release of provision for impairment of investments	52,315	30,349
<b>Gain on investments</b>	<b>87,415</b>	<b>205,330</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

7. OTHER INCOME/EXPENDITURE	2013 €	2012 €
<b>Income</b>		
Bar and catering income	155,916	138,144
Bed and breakfast income	32,588	25,840
Functions and consultation room income	15,545	13,123
Rental income	1,463	1,604
Sundry income	120	238
	<u>205,632</u>	<u>178,949</u>
<b>Expenditure</b>		
Bar and catering cost of sales	431,220	337,933
Bed and breakfast cost of sales	4,684	9,182
Rental expenditure	-	283,886
Premises expenditure	3,942	4,494
Professional fees	10,931	10,480
Other administration expenditure	123,876	145,387
Sundry expenses	7,457	5,850
	<u>582,110</u>	<u>797,212</u>
<b>Deficit</b>	<u>(376,478)</u>	<u>(618,263)</u>
<b>8. EXCEPTIONAL ITEM</b>	<b>2013 €</b>	<b>2012 €</b>
Impairment of development land	2,000,000	-
Onerous lease provision	-	750,000
	<u>2,000,000</u>	<u>750,000</u>

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

The onerous lease provision in 2012 relates to a leased education premises which is no longer used by the Society. The Society is currently seeking a tenant.

THE LAW SOCIETY OF IRELAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

9. TAXATION CHARGE	2013 €	2012 €
Based on the surplus for the year:		
Taxation charge/ (credit)	115,099	(597)
Prior year overprovision	(97,647)	-
	<u>17,452</u>	<u>(597)</u>

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:

	2013 €	2012 €
Surplus for year before taxation	<u>622,522</u>	<u>2,238,422</u>
Surplus for year multiplied by standard rate of corporation tax of 12.5% (2012: 12.5%)	77,815	279,803
<b>Effects of:</b>		
Income not subject to taxation	(217,533)	(145,488)
(Expenses deductible)/not deductible for tax purposes	232,189	(14,426)
Capital allowances/depreciation for year in excess	(8,824)	(2,385)
Higher tax rates on interest and rental income	81,018	86,777
Retention tax paid	(49,566)	(204,878)
	<u>115,099</u>	<u>(597)</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

10. TANGIBLE FIXED ASSETS

Group	Premises €	Development Land €	Leasehold Improvements €	Furniture Fittings & Equipment €	Computer Equipment €	Motor Vehicles €	Total €
<b>Cost/Valuation:</b>							
At 1/1/2013	14,957,551	5,000,000	2,237,441	8,893,127	5,515,185	59,875	36,663,179
Additions	436,733	-	45,810	619,597	144,615	-	1,246,755
Impairment	-	(2,000,000)	-	-	-	-	(2,000,000)
Disposals	-	-	-	(4,532,529)	(2,954,990)	-	(7,487,519)
<b>At 31/12/2013</b>	<b>15,394,284</b>	<b>3,000,000</b>	<b>2,283,251</b>	<b>4,980,195</b>	<b>2,704,810</b>	<b>59,875</b>	<b>28,422,415</b>
<b>Depreciation:</b>							
At 1/1/2013	4,638,013	-	1,016,343	8,470,976	5,121,554	59,875	19,306,761
Charge for year	295,915	-	440,325	203,495	206,632	-	1,146,367
Disposals	-	-	-	(4,532,529)	(2,954,990)	-	(7,487,519)
<b>At 31/12/2013</b>	<b>4,933,928</b>	<b>-</b>	<b>1,456,668</b>	<b>4,141,942</b>	<b>2,373,196</b>	<b>59,875</b>	<b>12,965,609</b>
<b>Net book value</b>							
<b>At 31/12/2013</b>	<b>10,460,356</b>	<b>3,000,000</b>	<b>826,583</b>	<b>838,253</b>	<b>331,614</b>	<b>-</b>	<b>15,456,806</b>
At 31/12/2012	10,319,538	5,000,000	1,221,098	422,151	393,631	-	17,356,418

The development land was valued by qualified external valuers Mason Owen & Lyons on a market value basis at 14 March 2014. The original cost of the development land when purchased was €21,718,981.

Society	Premises €	Leasehold Improvements €	Furniture, Fittings & Equipment €	Computer Equipment €	Motor Vehicles €	Total €
<b>Cost:</b>						
At 1/1/2013	14,813,265	2,222,943	8,602,189	5,515,184	59,875	31,213,456
Additions	436,733	45,810	617,710	144,616	-	1,244,869
Disposals	-	-	(4,532,529)	(2,954,990)	-	(7,487,519)
<b>At 31/12/2013</b>	<b>15,249,998</b>	<b>2,268,753</b>	<b>4,687,370</b>	<b>2,704,810</b>	<b>59,875</b>	<b>24,970,806</b>
<b>Depreciation:</b>						
At 1/1/2013	4,511,000	1,001,545	8,191,989	5,116,849	59,875	18,881,258
Charge for year	295,915	440,325	193,897	206,632	-	1,136,769
Disposals	-	-	(4,532,529)	(2,954,990)	-	(7,487,519)
<b>At 31/12/2013</b>	<b>4,806,915</b>	<b>1,441,870</b>	<b>3,853,357</b>	<b>2,368,491</b>	<b>59,875</b>	<b>12,530,508</b>
<b>Net book value:</b>						
<b>At 31/12/2013</b>	<b>10,443,083</b>	<b>826,883</b>	<b>834,013</b>	<b>336,319</b>	<b>-</b>	<b>12,440,298</b>
At 31/12/2012	10,302,265	1,221,398	410,200	398,335	-	12,332,198

Group and Society

The net book amount includes the following amount relating to assets held under finance leases:

Leasehold improvements: €12,469 (2012: €68,327).

The total additions include the following amounts relating to assets under construction:

Premises: €436,733 and Furniture and equipment: €466,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

## 10. TANGIBLE FIXED ASSETS (CONTINUED)

## Group and Society

Included in the above are assets relating to education activities:

	Cost €	Accumulated Depreciation €	Net Book Value €
Premises	6,295,435	1,549,570	4,745,865
Furniture, fittings and equipment	3,781,089	3,181,419	599,670
Computer equipment	2,452,902	2,339,829	113,073
	<u>12,529,426</u>	<u>7,070,818</u>	<u>5,458,608</u>

## 11. 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:

	Cost €	Accumulated Depreciation €	Net Book Value €
Education Centre premises	5,858,702	1,549,570	4,309,132
Education furniture, fittings and equipment	53,767	53,767	-
	<u>5,912,469</u>	<u>1,603,337</u>	<u>4,309,132</u>

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 less 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 (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

12. INVESTMENTS	€
<b>Group and Society</b>	
Balance at 1 January 2013	5,471,438
Disposals at cost	(1,294,166)
Additions at cost	7,500,000
Release of provision for impairment	52,315
Other movement - interest	1,150
Balance at 31 December 2013	<u>11,730,737</u>

*The investments are comprised of the following:*

- (a) With-Profit Bond ("Policy");
- (b) TAM Property Fund Investment ("TAM");
- (c) Global Absolute Return Strategy Fund ("GARS");
- (d) Deposit Fund ("Deposit Fund") and
- (e) Deposit Bond ("Deposit Bond")
- (f) Diversified Absolute Return Fund ("DARF")
- (g) Global Equity Fund ("GEF")

The Policy and Deposit Bond carry 100% capital protection on maturity. TAM, GARS, Deposit Fund, DARF and GEF do not carry capital protection. The Policy, GARS and DARF have a low risk profile while GEF is fully exposed to volatility in equity markets. The Society has provided for a permanent diminution in the value of its investments of €54,056 (31 December 2012: €106,831).

The equity investment by the Society in subsidiary undertakings is carried at €Nil (2012 €Nil).

13. STOCKS	2013	2012
	€	€
<b>Group</b>		
Stocks in trade	<u>73,819</u>	<u>25,447</u>
<b>Society</b>		
Stocks in trade	<u>57,799</u>	<u>14,892</u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

14. DEBTORS	2013 €	2012 €
<b>Group</b>		
<b>Amounts falling due within one year:</b>		
Debtors and prepayments	1,204,792	1,364,746
Amounts due from Law Society Compensation Fund	814,473	1,162,916
Amounts due from Law Society of Ireland Scholarship Fund	-	92,655
Corporation tax	-	27,985
VAT	13,983	95,533
	<u>2,033,248</u>	<u>2,743,835</u>
<b>Society</b>		
<b>Amounts falling due within one year:</b>		
Debtors and prepayments	1,151,455	1,299,007
Amounts due from Law Society Compensation Fund	814,473	1,162,916
Amounts due from Law Society of Ireland Scholarship Fund	-	92,655
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	160,162	87,465
- Benburb Street Property Company Limited	3,020,000	5,010,000
- Ellis Quay Property Services Limited	51,559	77,309
Corporation taxation	-	27,985
VAT	-	85,909
	<u>5,197,649</u>	<u>7,843,246</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

15. CREDITORS	2013	2012
	€	€
<b>Group</b>		
<b>Amounts falling due within one year</b>		
Bank overdrafts	-	3,838
Creditors and accruals	2,008,934	2,416,249
Amounts due to Law Society of Ireland Scholarship Fund	22,373	-
Amounts due under financial support commitment	3,464,997	1,716,607
Bond Funding Scheme	85,453	-
Education Centre	7,216,087	-
Deferred income*	1,786,581	1,890,981
PAYE / PRSI	481,727	446,271
VAT	34,868	-
Finance lease	12,469	68,327
Onerous lease provision	470,892	750,000
Corporation taxation	115,099	-
	<u>15,699,480</u>	<u>7,292,273</u>
<b>Society</b>		
<b>Amounts falling due within one year</b>		
Creditors and accruals	1,928,977	2,355,230
Amounts due under financial support commitment	3,464,997	1,716,607
Amounts due to Law Society of Ireland Scholarship Fund	22,373	-
Bond Funding Scheme	85,453	-
Education Centre	7,216,087	-
Deferred income*	1,786,581	1,890,981
Amounts due to subsidiary undertakings:		
- The Law Club of Ireland	120,553	87,054
PAYE / PRSI	481,727	446,271
VAT	34,868	-
Finance lease	12,469	68,327
Onerous lease provision	470,892	750,000
Corporation taxation	115,099	-
	<u>15,740,076</u>	<u>7,314,470</u>

\*Deferred income represents fees for the 2014 financial year received in the year to 31 December 2013.

The Bonds of €85,453, which are interest free, are redeemable at the request of the bond holders and are subject to a prize fund draw will be redeemed by 31 December 2014.

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

Group and Society	2013	2012
	€	€
<b>Amounts falling due after more than one year:</b>		
- Due within 2 to 5 years – Finance Lease	-	-
- Due within 2 to 5 years – Bond Funding Scheme	-	113,765
- Due within 2 to 5 years – Education Centre	-	7,216,087
	<u>-</u>	<u>7,329,852</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

16. ACCUMULATED RESERVES

Group	Society		Law School	Education	Litigation	Capital	Capital
	Total	Accumulated	Accumulated	Centre		Expenditure	Reserve
	€	Reserves	Reserves	Fund	Fund	Fund	Fund
	€	€	€	€	€	€	€
Balance at 1/1/2013	24,569,442	(3,548,374)	3,244,861	7,410,114	1,791,559	2,196,883	13,474,399
Surplus/(deficit) for year	605,070	(1,433,324)	99,316	174,125	581,024	-	1,183,929
Transfers	-	239,104	-	-	(239,104)	-	-
<b>Balance at 31/12/2013</b>	<b>25,174,512</b>	<b>(4,742,594)</b>	<b>3,344,177</b>	<b>7,584,239</b>	<b>2,133,479</b>	<b>2,196,883</b>	<b>14,658,328</b>

Society	Society		Law School	Education	Litigation	Capital	Capital
	Total	Accumulated	Accumulated	Centre		Expenditure	Reserve
	€	Reserves	Reserves	Fund	Fund	Fund	Fund
	€	€	€	€	€	€	€
Balance at 1/1/2013	24,481,865	(3,651,064)	3,259,974	7,410,114	1,791,559	2,196,883	13,474,399
Surplus for year	602,744	(1,435,650)	99,316	174,125	581,024	-	1,183,929
Transfers	-	239,104	-	-	(239,104)	-	-
<b>Balance at 31/12/2013</b>	<b>25,084,609</b>	<b>(4,847,610)</b>	<b>3,359,290</b>	<b>7,584,239</b>	<b>2,133,479</b>	<b>2,196,883</b>	<b>14,658,328</b>

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:

	Total	General	Education	Education	Litigation	Capital	Other
	€	Activities	Activities	Centre	Fund	Reserve	€
	€	€	€	Fund	€	Fund	€
Surplus before tax (note 4 & 5)	3,020,866	2,590,817	430,049	-	-	-	-
Deficit before tax (note 7)	(376,478)	-	-	-	-	-	(376,478)
Sundry income	9,903	9,903	-	-	-	-	-
Exceptional item (Note 8)	(2,000,000)	-	-	-	-	-	(2,000,000)
Restructuring (Note 3)	(31,769)	-	(31,769)	-	-	-	-
Taxation (note 9)	(17,452)	(110,491)	93,039	-	-	-	-
Surplus/(deficit) after tax	605,070	2,490,229	491,319	-	-	-	(2,376,478)
Income allocated to specific fund	-	(1,939,078)	-	174,125	581,024	1,183,929	-
Exceptional item	-	(2,000,000)	-	-	-	-	2,000,000
Inter group trading	-	15,525	(392,003)	-	-	-	376,478
<b>Surplus per group accumulated reserves</b>	<b>605,070</b>	<b>(1,433,324)</b>	<b>99,316</b>	<b>174,125</b>	<b>581,024</b>	<b>1,183,929</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 201317. RECONCILIATION OF SURPLUS BEFORE TAXATION  
TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES

	2013 €	2012 €
Surplus before taxation	622,522	2,238,422
Depreciation charge	1,146,367	1,064,004
Interest received	(563,961)	(529,298)
Exceptional item	2,000,000	750,000
Gain on investments	(87,415)	(205,330)
Loss on disposal of fixed assets	-	3,809
Increase in stock	(48,372)	(8,114)
Decrease/ (Increase) in debtors	682,602	(1,141,264)
Increase in creditors including finance leases	966,092	1,616,354
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>4,717,835</b>	<b>3,788,583</b>

## 18. (a) ANALYSIS OF NET DEBT

	At 1/1/2013 €	Cash flow €	At 31/12/2013 €
Cash and bank balances	13,594,429	(2,015,047)	11,579,382
Bank overdrafts	(3,838)	3,838	-
	<u>13,590,591</u>	<u>(2,011,209)</u>	<u>11,579,382</u>
Debt due within one year	(7,329,852)	28,312	(7,301,540)
	<u>6,260,739</u>	<u>(1,982,897)</u>	<u>4,277,842</u>

## (b) ANALYSIS OF CHANGES IN NET DEBT

	2013 €	2012 €
Net debt at 1 January	6,260,739	2,317,684
(Decrease)/increase in cash during the year	(2,015,047)	3,944,480
Decrease/(Increase) in bank overdrafts during the year	3,838	(3,838)
Decrease in debt during the year	28,312	2,413
<b>NET DEBT AT 31 DECEMBER</b>	<b>4,277,842</b>	<b>6,260,739</b>

**19. RELATED PARTY TRANSACTIONS****Law Society Compensation Fund**

	€
Opening balance	1,162,916
Charges	3,999,366
Receipts	(4,347,809)
<b>Closing balance</b>	<b>814,473</b>

**Law Society of Ireland Scholarship Fund**

	€
Opening balance	92,655
Receipts	(115,028)
<b>Closing balance</b>	<b>(22,373)</b>

**Irish Rule of Law International**

	€
Opening balance	-
Receipts	-
<b>Closing balance</b>	<b>-</b>

The related undertakings are controlled by the Law Society of Ireland.

**20. PENSIONS**

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

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2012. The assumptions which 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 5.5% per annum pre retirement and 3.5% per annum post retirement, that future salary increases would average 3% per annum, and that pensions in payment will increase at 1.75% per annum on average. In effect, this means that the investment return pre retirement would be 2.5% higher per annum than future salary increases and the investment return post retirement would be 1.75% higher per annum than pension increases.

**20. PENSIONS (CONTINUED)**

The Trustees obtain the consent of the Society to, on a discretionary basis, index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. Increases of 1.2% were awarded in 2013. 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 31 December 2012 and it indicated that the market value of the assets of the scheme was €20,857,000 and that the assets were sufficient to cover 95% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be 20% of pensionable salaries and the recommendation will be implemented in 2014. The contribution rate remained at 25% of Pensionable Salaries for 2013. The defined benefit section has been closed to new entrants since 30 September 2009 and was replaced by a hybrid arrangement with the defined benefit element capped at a salary of €45,500 (2012: €45,000).

The actuary carries out an annual update of the Minimum Funding Standard position of the Scheme. The Scheme met the Minimum Funding Standard at 31 December 2013.

The next actuarial valuation of the Scheme will be carried out as at 31 December 2015.

The pension charge for the year was €1,122,576 (2012: €1,141,986).

**21. SUBSIDIARY AND RELATED UNDERTAKINGS**

The Society holds investments in subsidiaries and controls related undertakings as follows:

**Subsidiary undertakings:**

- 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.

On 24 February 2013, Friary Property Services Limited was voluntarily struck off and dissolved. Results of this company to date of cessation have been included in the consolidated results.

**Related undertakings:**

- Law Society of Ireland Compensation Fund
- Law Society of Ireland Scholarship Fund
- Irish Rule of Law International.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

22. CAPITAL COMMITMENTS	2013 €	2012 €
At the end of the year, the following expenditure had been authorised by the Finance Committee:		
Contracted for	43,000	-
Not contracted for	708,800	754,725
	<u>751,800</u>	<u>754,725</u>

23. 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 additional claims that require provision by the Society at 31 December 2013. Legal costs incurred by the Society to 31 December 2013, in connection with these matters, have been charged to the Income and Expenditure Account.

In June 2011, members of the Society, through a postal ballot, resolved to provide financial support on a conditional basis to Solicitors Mutual Defence Fund Limited up to a maximum of €16 million, to be funded by way of an equal payment from every practising solicitor over a period of ten years and to be collected through the practising certificate fee commencing on 1 January 2012. No payments have been made by the Society in respect of this commitment since its inception. In 2013, €3,464,997 (2012:€1,716,607) of practising certificate fee income was allocated to the Solicitors Mutual Defence Fund Levy and an equivalent liability has been recognised in the financial statements.

LAW SOCIETY  
OF IRELAND  
COMPENSATION FUND

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for the year ended 31 December 2013



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

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis.

The Regulation of Practice Committee is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Compensation Fund. The Regulation of Practice Committee is also responsible for safeguarding the assets of the Compensation Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 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 2013 which comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 Compensation Fund's members, as a body. Our audit work has been undertaken so that we might state to the Compensation Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Compensation Fund and the Compensation Fund'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 explained more fully in the Statement of Responsibilities, the Regulation of Practice Committee is responsible for the preparation of the financial statements that give a true and fair view of the results and state of affairs of the Compensation Fund. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the APB's Ethical Standards for Auditors.

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 2013 and of its result for the year then ended.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Compensation Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Regulation of Practice Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements for the year ended 31 December 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 and of its deficit for the year then ended.

Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Dublin

15 May 2014

## LAW SOCIETY OF IRELAND COMPENSATION FUND

### STATEMENT OF ACCOUNTING POLICIES

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with the accounting policies set out below.

#### **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.

Recoveries from stop loss insurance policies are recognised when notification of payment has been received.

#### **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, where the Regulation of Practice Committee considers it likely that the Compensation Fund is liable for such claims and expenses.

#### **TAXATION**

Taxation is provided on taxable results at current rates.

Deferred tax is accounted for, on a full provision basis, on all timing differences that have originated but have 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**

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

**LAW SOCIETY OF IRELAND COMPENSATION FUND**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Notes</i>	<b>2013</b> €	2012 €
<b>INCOME</b>			
Contributions receivable		<b>6,587,248</b>	5,951,115
Income and returns on investments	4	<b>686,811</b>	375,576
Recoveries from defaulting solicitors	5	<b>499,303</b>	1,962,679
Disciplinary fines and investigation levies		<b>126,875</b>	98,625
Insurance recovery	5	-	1,244,515
		<u><b>7,900,237</b></u>	<u>9,632,510</u>
<b>EXPENDITURE</b>			
Provision for claims	5	<b>2,901,032</b>	3,583,297
Insurance		<b>875,328</b>	932,587
Overheads allocated from the Law Society of Ireland		<b>1,249,767</b>	1,321,492
Financial regulation staff costs		<b>2,190,925</b>	2,216,455
Practice closure staff costs		<b>641,475</b>	635,860
Legal and other professional fees		<b>315,472</b>	210,002
Other expenditure		<b>62,798</b>	18,555
		<u><b>8,236,797</b></u>	<u>8,918,248</u>
<b>(DEFICIT)/SURPLUS BEFORE TAXATION</b>	6	<u><b>(336,560)</b></u>	<u>714,262</u>
Taxation	7	<b>(23,880)</b>	(33,324)
<b>(DEFICIT)/SURPLUS AFTER TAXATION</b>	12	<u><b>(360,440)</b></u>	<u>680,938</u>

All recognised gains and losses arose from continuing activities.

The financial statements were approved by the Regulation of Practice Committee on 15 May 2014 and signed on its behalf by:

Martin Crotty  
Vice Chairman of the  
Regulation of Practice Committee

John P. Shaw  
President of  
Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013

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	<i>Note</i>	<b>2013</b> €	<b>2012</b> €
Retained (deficit)/surplus for the financial year		<b>(360,440)</b>	680,938
Movement in unrealised surplus arising on revaluation of investments	13	<b>980,971</b>	2,551,259
		<hr/>	<hr/>
Total recognised gains for the year		<b>620,531</b>	3,232,197
		<hr/> <hr/>	<hr/> <hr/>

LAW SOCIETY OF IRELAND COMPENSATION FUND

BALANCE SHEET AS AT 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
<b>FIXED ASSETS</b>			
Financial assets	8	22,740,208	21,067,714
<b>CURRENT ASSETS</b>			
Debtors	9	91,002	1,341,915
Cash at bank and in hand		64,238	75,195
		<u>155,240</u>	<u>1,417,110</u>
CREDITORS: (Amounts falling due within one year)	10	(2,624,559)	(2,874,227)
<b>NET CURRENT LIABILITIES</b>		<u>(2,469,319)</u>	<u>(1,457,117)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,270,889</u>	<u>19,610,597</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	(3,457,250)	(3,417,489)
<b>NET ASSETS</b>		<u>16,813,639</u>	<u>16,193,108</u>
<b>REVENUE RESERVES</b>	12	11,042,449	11,402,889
<b>REVALUATION RESERVE</b>	13	5,771,190	4,790,219
		<u>16,813,639</u>	<u>16,193,108</u>

The financial statements were approved by the Regulation of Practice Committee on 15 May 2014 and signed on its behalf by:

Martin Crotty  
Vice Chairman of the  
Regulation of Practice Committee

John P. Shaw  
President of  
Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<i>14</i>	<b>76,650</b>	<b>(180,980)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Dividends and interest received		<b>119,242</b>	176,976
<b>TAXATION</b>			
Taxation paid		<b>(23,180)</b>	(36,153)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Purchase of investments		<b>(3,694,663)</b>	(1,307,234)
Disposal of investments		<b>3,532,911</b>	1,089,702
		<b>(161,752)</b>	(217,532)
<b>DECREASE/(INCREASE) IN CASH</b>	<i>15</i>	<b>10,960</b>	<b>(257,689)</b>

## LAW SOCIETY OF IRELAND COMPENSATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. GOING CONCERN

The Compensation Fund had a deficit before taxation for the year of €336,560 and had net current liabilities of €2,469,319 at the balance sheet date.

The Compensation Fund has however €22,740,208 of financial assets at its disposal that are readily convertible to cash. Therefore, the Regulation of Practice Committee considers it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Compensation Fund was unable to continue as a going concern.

#### 2. 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 the other activities of Law Society of Ireland.

#### 3. STAFF COSTS

	2013 €	2012 €
Salaries and wages	2,002,239	2,005,288
PRSI	213,557	220,481
Pension	299,042	304,557
Total	<u>2,514,838</u>	<u>2,530,326</u>

#### 4. SURPLUS ON SALE OF INVESTMENTS AND RETURNS ON INVESTMENTS

	2013 €	2012 €
Surplus on sale of investments	567,569	198,600
Dividends and interest receivable	119,242	176,976
	<u>686,811</u>	<u>375,576</u>



**LAW SOCIETY OF IRELAND COMPENSATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>5. NET COST OF CLAIMS AFTER RECOVERIES</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Provision for claims (note 11)	<b>2,901,032</b>	3,583,297
Recoveries from defaulting solicitors	<b>(499,303)</b>	(1,962,679)
Net cost of claims	<u><b>2,401,729</b></u>	<u>1,620,618</u>

The Compensation Fund has stop loss insurance policies in place which are subject to an excess of €5,000,000 in any year. No insurance recoveries apply in respect of the 2013 or 2012 claim years.

In 2008, the net cost of claims exceeded €5,000,000 and the excess was claimable under the stop loss policies. Claims have been made in accordance with the policies and in 2013 €Nil (2012: €1,244,515) was recovered. The Regulation of Practice Committee has estimated the maximum recoveries remaining at €30,000. The precise amount and timing of such recoveries are uncertain, however, it is estimated that there will be a claim recoverable from the insurers in 2014 for this amount.

<b>6. (DEFICIT)/SURPLUS BEFORE TAXATION</b>	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
The (deficit)/surplus before taxation is stated after charging:		
Auditor's remuneration	<b>4,800</b>	4,800
	<u><b>4,800</b></u>	<u>4,800</u>

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

7. TAXATION

The Compensation Fund is liable to income tax on investment income and gains.

	2013 €	2012 €
Income tax	33,324	33,324
Deferred tax credit	(9,444)	-
	<u>23,880</u>	<u>33,324</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:

	2013 €	2012 €
(Deficit)/surplus before taxation	(336,560)	714,262
(Deficit)/surplus multiplied by standard rate of income tax of 20%	(67,312)	142,852
<b>Effects of:</b>		
Income not subject to taxation	(1,603,927)	(1,959,826)
Expenses not deductible for tax purposes	1,647,359	1,783,650
	<u>23,880</u>	<u>33,324</u>

8. FINANCIAL ASSETS

	2013 €	2012 €
<b>Listed investments – at market value</b>		
Market value at end of year	<u>22,740,208</u>	<u>21,067,714</u>

At 31 December 2013, the market value of investments exceeded cost by €5,771,190 (2012: €4,790,219)

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

9. DEBTORS: (Amounts falling due within one year)	2013 €	2012 €
Other debtors	91,002	94,490
Corporation tax recoverable	-	2,910
Insurance recovery receivable	-	1,244,515
	<u>91,002</u>	<u>1,341,915</u>
	<u><u>91,002</u></u>	<u><u>1,341,915</u></u>
10. CREDITORS: (Amounts falling due within one year)	2013 €	2012 €
Accruals and other creditors	268,893	277,969
Solicitors funds held	1,538,087	1,437,469
Amounts due to the Law Society of Ireland	810,344	1,158,789
Corporation tax	7,235	-
	<u>2,624,559</u>	<u>2,874,227</u>
	<u><u>2,624,559</u></u>	<u><u>2,874,227</u></u>
11. PROVISIONS FOR LIABILITIES AND CHARGES	2013 €	2012 €
<b>Provision for claims:</b>		
At beginning of year	3,400,395	4,134,958
Provision made	2,901,032	3,583,297
Claims paid	(2,851,827)	(4,317,860)
At end of year	<u>3,449,600</u>	<u>3,400,395</u>
	<u><u>3,449,600</u></u>	<u><u>3,400,395</u></u>
<b>Deferred tax:</b>		
At beginning of year	17,094	17,094
Credit for the year	(9,444)	-
At end of year	<u>7,650</u>	<u>17,094</u>
	<u><u>7,650</u></u>	<u><u>17,094</u></u>
At end of year	<u>3,457,250</u>	<u>3,417,489</u>
	<u><u>3,457,250</u></u>	<u><u>3,417,489</u></u>

The entire deferred tax provision at 31 December 2013 and 2012 related to investment income, which is not taxed until received.

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

<b>12.</b>	<b>RECONCILIATION OF REVENUE RESERVES</b>	<b>2013</b>	<b>2012</b>
		€	€
	Accumulated surplus at beginning of year	11,402,889	10,721,951
	(Deficit)/surplus for year	(360,440)	680,938
	Accumulated surplus at end of year	<u>11,042,449</u>	<u>11,402,889</u>
<b>13.</b>	<b>REVALUATION RESERVE</b>	<b>2013</b>	<b>2012</b>
		€	€
	<b>Unrealised surplus on investments:</b>		
	At beginning of year	4,790,219	2,238,960
	Movement during year	980,971	2,551,259
	At end of year	<u>5,771,190</u>	<u>4,790,219</u>
<b>14.</b>	<b>RECONCILIATION OF (DEFICIT)/SURPLUS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
		€	€
	(Deficit)/surplus before taxation	(336,560)	714,262
	Dividends/interest received	(119,242)	(176,976)
	Surplus on disposal of investments	(567,569)	(198,600)
	Decrease/(increase) in debtors	1,247,953	(1,247,574)
	(Decrease)/increase in creditors	(147,932)	727,908
	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<u>76,650</u>	<u>(180,980)</u>
<b>15. (a)</b>	<b>ANALYSIS OF CHANGES IN NET FUNDS</b>	<b>2013</b>	<b>2012</b>
		€	€
	Movement in cash during the year	(10,960)	(257,689)
	Net funds at 1 January	75,195	332,884
	<b>Net funds at 31 December</b>	<u>64,235</u>	<u>75,195</u>
<b>(b)</b>	<b>ANALYSIS OF NET FUNDS</b>		
		<b>At</b>	<b>At</b>
		<b>1/1/2013</b>	<b>31/12/2013</b>
		€	€
	Cash and bank balances	75,195	64,235

## LAW SOCIETY OF IRELAND COMPENSATION FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 16. RELATED PARTY TRANSACTIONS

During the year the expenditure of the Compensation Fund included expenses and payroll costs totalling €4,000,019 (2012: €4,118,838), 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 10.

#### 17. CONTINGENT ASSET

A contingent asset exists in relation to claims under an insurance policy in respect of 2008. Full details are set out at note 5.

#### 18. PENSIONS

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

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2012. The assumptions which 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 5.5% per annum pre retirement and 3.5% per annum post retirement, that future salary increases would average 3% per annum, and that pensions in payment will increase at 1.75% per annum on average. In effect, this means that the investment return pre retirement would be 2.5% higher per annum than future salary increases and the investment return post retirement would be 1.75% higher per annum than pension increases.

The Trustees obtain the consent of the Society to, on a discretionary basis, index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. Increases of 1.2% were awarded in 2013. 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 31 December 2012 and it indicated that the market value of the assets of the scheme was €20,857,000 and that the assets were sufficient to cover 95% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be 20% of pensionable salaries and the recommendation will be implemented in 2014. The contribution rate remained at 25% of Pensionable Salaries for 2013. The defined benefit section has been closed to new entrants since 30 September 2009 and was replaced by a hybrid arrangement with the defined benefit element capped at a salary of €45,000 (now €45,500).

The actuary carries out an annual update of the Minimum Funding Standard position of the Scheme. The Scheme met the Minimum Funding Standard at 31 December 2013.

An actuarial valuation of the Scheme will be carried out as at 31 December 2015.

The pension charge for the Compensation Fund for the year was € 299,043 (2012: €304,557).

# STAFF LIST

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