



Pictured above: An original oil painting on canvas by Emma Connolly entitled 'The Council Chamber' - where it now proudly hangs (as seen on the front cover)



Law Society of Ireland

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**Law Society of Ireland Annual Report and Accounts
2005/2006**

On the cover: the Law Society Council meeting, photographed in the Council Chamber of the Law Society of Ireland, Blackhall Place, Dublin 7, on Friday 1 September 2006

MEMBERS OF THE COUNCIL OF THE LAW SOCIETY OF IRELAND



Sinead Behan, Donald P Binchy, Past President Owen M Binchy, James Cahill, Past President Geraldine M Clarke, Andrew J Cody, Helene Coffey, Anne Colley, Paul E Connellan, John E Costello, Orla Coyne, Colin Daly, Junior Vice-President Gerard J Doherty, Niall Farrell, Stuart J Gilhooly, John Glynn, Past President Gerard F Griffin, Patricia Harney, Eamon Harrington, Helen Hoare, Michael G Irvine, Senior Vice-President Philip M Joyce, Rosemarie J Loftus, James MacGuill, Joseph B Mannix, James B McCourt, Jarlath McInerney, Margaret M Mulrine, Simon J Murphy, Thomas Murrán, Michelle Ní Longáin, Michele O'Boyle, Eamon O'Brien, Daniel E O'Connor, John O'Connor, Past President Patrick O'Connor, Kevin D O'Higgins, John P O'Malley, James O'Sullivan, Jerome O'Sullivan, Michael Quinlan, Past President Moya Quinlan, Marie Quirke, John D Shaw, John P Shaw, Fiona Twomey

Law Society of Northern Ireland nominees: *James Cooper, Joe Donnelly, Rory McShane, John Pinkerton, Attracta Wilson*

Front and back cover: *Maclnnes Photography; Committee chairmen: Maclnnes Photography p.9: Joe St Leger; pp.10,11,32,33: Lensmen; p.17: Gerry O'Leary Photography; p.21 Lensmen; p.25: Provision; p.29: Roslyn Byrne Photography; p.34: Jason Clarke Photography*

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Committees of the Law Society of Ireland

STANDING COMMITTEES

COMPLAINTS AND CLIENT RELATIONS COMMITTEE

Chair: Gerard Doherty
Vice-Chair: John P Shaw
Colin Daly
Niall Farrell
John Glynn
Patricia Harney
Vera Hogan
Joe Mannix
Margaret Mulrine
Simon Murphy
John P O'Malley
Michelle Ní Longáin
James O'Sullivan
Lay Members:
Frank Brennan
John McDonnell
Noel McMahan
Secretary: Linda Kirwan

CO-ORDINATION COMMITTEE

Chair: Michael Irvine
Owen Binchy
Philip Joyce
Gerard Doherty
Ken Murphy
Mary Keane
Secretary: Mary Keane

EDUCATION COMMITTEE

Chair: Stuart Gilhooly
Vice-Chair: Tom Murrán
Barbara Cotter
Orla Coyne
Dominic Dowling
Simon Murphy
James O'Sullivan
Michael Peart
Michael Quinlan
Ex officio:
Michael Irvine
Philip Joyce
Gerard Doherty
Consultant:
Michael V O'Mahony
Secretary: Paula Sheedy

FINANCE COMMITTEE

Chair: James MacGuill

Vice-Chair: John D Shaw

Owen Binchy
Geraldine Clarke
Anne Colley
Cecil Donovan
Stuart Gilhooly
Gerard Griffin
Simon Murphy
Owen O'Connell
Ex officio:
Michael Irvine
Gerard Doherty
Philip Joyce
Consultants:
Walter Beatty Snr
Anthony H Ensor
Elma Lynch
Ward McEllin
Secretary: Cillian MacDomhnaill

MONEY-LAUNDERING REPORTING COMMITTEE

Chair: Gerard Doherty
Simon Murphy
John Elliot
Secretary: Tina Beattie

PROFESSIONAL INDEMNITY INSURANCE COMMITTEE

Chair: Jerome O'Sullivan
Vice-Chair: Niall Farrell
Donald Binchy
Anne Colley
Eamon Harrington
Dan O'Connor
Pool Manager and representatives of insurers:
Patrick Howett
Irwin Johnston
Elma Lynch
Secretary: Rosemary Fallon

REGULATION OF PRACTICE COMMITTEE

Chair: James McCourt
Vice-Chair: Boyce Shubotham
Sinead Behan
Michael Boylan
Helene Coffey
Paul Connellan
Martin Crotty
Patrick Dorgan
Helen Hoare
Jarlath McInerney

Michele O'Boyle
Eamon O'Brien
John O'Connor
Michael Quinlan
Marie Quirke
Fiona Twomey
Lay Observers:
Frank Bowen
Cecil Donovan
Secretary: John Elliot

NON-STANDING COMMITTEES

ARBITRATION AND MEDIATION COMMITTEE

Chair: Michael Moran
Vice-Chair: Stuart Margetson
Ed Butler
Michael Carrigan
Eamon Harrington
Anthony Hussey
Joseph Kelly
Petria McDonnell
Frank Murphy
Simon Murphy
Secretary: Colleen Farrell

BUSINESS LAW COMMITTEE

Chair: William Johnston
Vice-Chair: Mark Ryan
Colin Babe
Liam Brazil
Joy Compton
Tom Courtney
David Dillon
Gerald FitzGerald
Robert Heron
Paul Keane
Gillian Keating
Neil Keenan
Patricia McGovern
John Olden
John P O'Malley
Mark Pery-Knox-Gore
Alvin Price
Colin Sainsbury
Michael Twomey
Secretary: Denise Collins

CONVEYANCING COMMITTEE

Chair: William Devine
Vice-Chair: Barry MacCarthy
Donald Binchy

Gabriel Brennan
Mary Cantrell
Orla Coyne
Patrick Dorgan
Majella Egan
Deirdre Fox
Morette Kinsella
Lisa McManus
Daniel O'Connor
Kevin O'Higgins
Stephen O'Riordan
Robert Potter-Cogan
John Reidy
Patrick Sweetman
Consultants:
John F Buckley
Brian Gallagher
Rory O'Donnell
Secretary: Catherine O'Flaherty

CORPORATE AND PUBLIC SECTOR COMMITTEE

Chair: Vivienne Kane
Vice-Chair: Michael D Barker
Caroline Dee-Browne
Mary Cummins
Edward Hughes
Secretary: Louise Campbell

CRIMINAL LAW COMMITTEE

Chair: Alan Gannon
Vice-Chair: Dara Robinson
Yvonne Bambury
Shalom Binchy
Conal Boyce
Bernadette Greene
Michael E Hanahoe
Claire Loftus
Grainne Malone
Patrick J McGonagle
Mairéad Quigley
Hugh Sheridan
Consultants:
Barry Donoghue
James MacGuill
Michael Staines
Secretary: Colette Carey

CURRICULUM DEVELOPMENT UNIT

Chair: Dominic Dowling
Vice-Chair: Hugh O'Donoghue
William Aylmer

Ruth Craig
TP Kennedy
Brian Magee
Philip Nolan
Carol Plunkett
Liam Ryan
Nigel Savage
Secretary: Geoffrey Shannon

EMPLOYMENT AND EQUALITY LAW COMMITTEE

Chair: Ciaran O'Mara
Vice-Chair: Ian Moore
Andrew Cody
Maura Connolly
Seamus Given
Geraldine Hynes
Michael Kennedy
Fergus Long
Terence McCrann
Peter McInnes
Emma O'Neill
Hugh O'Neill
Jennifer O'Neill
Boyce Shubotham
Daniel Spring
Secretary: Martin Clohessy

EU AND INTERNATIONAL AFFAIRS COMMITTEE

Chair: Hugh O'Donoghue
Vice-Chair: Philip Andrews
Members
Denise Collins
Geraldine Clarke
Niamh Connery
Philip Daly
David Geary
John Handoll
Wendy Hederman
Michael Irvine
TP Kennedy
Joseph Mannix
Eamon O'Brien
Consultant:
John Fish
Secretary: Eva Massa

FAMILY LAW AND CIVIL LEGAL AID COMMITTEE

Chair: Sinead Kearney
Vice-Chair: Phil Armstrong

Eamonn Bennett
David Bergin
Noeline Blackwell
Geraldine Carthy
Helene Coffey
Eugene Davy
Ann Fitzgerald
Rosemary Horgan
Marie Keane
Joan O'Mahony
Pauline O'Reilly
Polly Phillimore
Moya Quinlan
Marie Quirke
Geoffrey Shannon
Secretary: Colleen Farrell

GAZETTE EDITORIAL BOARD

Chair: Stuart Gilhooly
Pamela Cassidy
Tom Courtney
Philip Joyce
Michael Kealee
Mary Keane
Patrick J McGonagle
Ken Murphy
William Prentice
Consultants:
Eamonn Hall
Michael V O'Mahony
Secretary: Mark McDermott

GUIDANCE AND ETHICS COMMITTEE

Chair: Kevin O'Higgins
Vice-Chair: James Cahill
William Aylmer
John Costello
Edward Hughes
Martin Lawlor
Stephen Maher
Brid Mimmagh
Frances Twomey
Secretary: Therese Clarke

HUMAN RIGHTS COMMITTEE

Chair: Noeline Blackwell
Vice-Chair: Michael Farrell
Kevin Brophy
Alma Clissmann
Colin Daly
Michael Finucane

Brian Gallagher
Barbara Joyce
Michael Kealee
James MacGuill
Niamh Walsh
Secretary: Alma Clissmann

LAW REFORM COMMITTEE

Chair: Roddy Bourke
Vice-Chair: John D Shaw
Peter Allen
John Costello
Colin Daly
Peter Fahy
Brian Gallagher
Rosemary Horgan
Marie Quirke
Geoffrey Shannon
Philip A Smith
Deborah Spence
Secretary: Alma Clissmann

LITIGATION COMMITTEE

Chair: Fiona Twomey
Vice-Chair: Ronan O'Neill
Roddy Bourke
Michael Boylan
Paul Connellan
Pat Crowley
Michael Enright
Edward Gleeson
Mike Kavanagh
Joseph Kelly
David Martin
Dermot McEvoy
Eugene O'Sullivan
Owen O'Sullivan
John D Shaw
Jonathan White
Paul Wynne
Consultants:
Joseph Deane
Patrick Groarke
Secretary: Colette Carey

PROBATE, ADMINISTRATION AND TRUSTS COMMITTEE

Chair: Paula Fallon
Vice-Chair: Justin McKenna
Pat Bradley
Mary Condell

Nora Lillis
Tom Martyn
Susan O'Connell
Margaret Walsh
Consultants:
John O'Connor
Patricia Rickard-Clarke
Secretary: Pdraic Courtney

PUBLIC RELATIONS COMMITTEE

Chair: Michele O'Boyle
Vice-Chair: John O'Connor
James Cahill
Rosemarie Loftus
James McCourt
Jarlath McInerney
Ken Murphy
Michelle Ni Longáin
John P O'Malley
Secretary: Mark McDermott

TAXATION COMMITTEE

Chair: Michael O'Connor
Vice-Chair: Pat Bradley
Ciaran Desmond
Caroline Devlin
Aileen Keogan
Tom Martyn
Des Rooney
James Somerville
David Lawless
Emmet Scully
Suzanne Carter
Consultant:
Brian Bohan
John O'Connor
Secretary: Colette Carey

TECHNOLOGY COMMITTEE

Chair: Andrew Cody
Vice-Chair: Patrick Madigan Jnr
Anthony Brady
Neil Butler
John Furlong
Jim Heney
Eamonn Keenan
Frank Nowlan
Tom O'Malley
John P Shaw
Paul Tracey
Secretary: Veronica Donnelly

President's Report

When I was elected by the Council of the Society, I pledged to do my very best for the profession and to remember that the needs of the profession were paramount. During my year in office I have endeavoured to fulfil these promises.

Overhanging the profession during the year has been the continuing fall-out from Redress Board matters and the glare of the media on the profession. This backdrop should not obscure the many good things that the profession does on a daily basis for their clients and, in many instances, for the community at large. Overall, I believe that solicitors have consistently shown that they are members of a caring, hard-working and honourable profession.

Government policy

The Government, through the Minister for Justice, has introduced the *Civil Law (Miscellaneous Provisions) Bill 2006*, and also initiated the Report of the Legal Costs Working Group. Your officers and executives of the Society have met with the Minister and the appropriate officials concerning the bill. The bill proposes to create a Legal Services Ombudsman and to increase lay membership to a majority in the Clients Complaints Committee.

The Society believes the bill to be equitable and understands the requirement to ensure that the client should have the utmost confidence in the Society's complaints procedures.

At the same time, the Society has sought the unambiguous right to limit liability by contract. It is hoped that the bill will be enacted by spring 2007.

The Society has worked with the minister and his officials to attempt to ensure that the bill is equitable to all. A Task Force under the chairmanship of former president, Mr. Gerry Griffin, has been in discussion with the Legal Costs Working Group and with the Implementation Group concerning this matter – much more work will be required on all sides before a modernised and fair system in relation to costs for litigation can be established.

The Competition Report on the profession has not been forthcoming to date – the Society awaits with interest the final report.

The Society has had a very active year on the regulatory side. The investigation of Redress Board cases meant that the two divisions of the Complaints and Client

Relations Committee were extremely busy during the year. One-hundred-and-seventy such matters were brought before the committee, out of which it decided to refer 22 cases involving 12 solicitors' firms to the Disciplinary Tribunal.

I would like to express my gratitude to all members of the Clients Complaints Committee, but particularly the chairman, Gerry Doherty, and the lay members of the committee, Frank Brennan, John McDonnell, Noel McMahon, Vera Hogan and Carmel Foley (who resigned during the year).

The Task Force on Professional Indemnity Insurance has worked hard throughout the year to deliver a more comprehensive and equitable insurance policy for members. It is hoped that it will complete its work shortly.

The High Court upheld a challenge by the Law Society to a decision issued by the Competition Authority in August 2004 regarding the right to choose lawyers. The Competition Authority's attempt to restrict the freedom-of-choice of lawyer was an alarming decision for the profession. The Law Society was fully vindicated in taking the action on behalf of the profession.

On 24 February 2006, the President of the High Court granted an application by the Law Society to be joined as an *amicus curiae* in a 'wasted costs' order of the Master of the High Court. The Society believes that fundamental issues are raised by the decision of the Master regarding the jurisdiction to make wasted orders and to the parameters of such a jurisdiction. Judgment is awaited at the time of going to press.

Property

The acquisition of the Benburb Street site was completed by the Society in February 2006. The purchase of this adjoining site to the existing Law Society's premises was a strategic decision made after a full debate in the Council. I am pleased to report that overwhelming support has been received from the profession for the purchase. It allows the Society to develop its facilities for members and to face the future with confidence.

The Society has attempted to serve its members throughout the year in a meaningful way. The first Support Services Executive, Ms. Louise Campbell, was appointed in 2006. The executive is a solicitor dedicated to the role of management and the delivery of support services to solicitors.

Through its Taxation Committee, the Society lobbied the government concerning the revised treatment of work in progress. The new treatment could have a large effect on the cash resources of a practice.



Michael Irvine, President, Law Society of Ireland

“ **The role and work of the solicitor, and the Society, may change but of one matter I am certain: there will always be a need for sound, independent legal advice, with the first point of contact in Ireland being a solicitor.** ”

During the year, the Society initiated a series of seminars on Client Care in various parts of the country. Over 250 practitioners have partaken in these seminars. Thanks to John O'Malley and his excellent team for undertaking all this hard work.

Social conscience

Solicitors have often been criticised for lacking a social conscience. This criticism is unjustified. Solicitors are often to the forefront in assisting in community and charitable projects. Irish solicitors are to be found in many parts of the world undertaking charitable and humanitarian work in the legal sphere or otherwise. The Calcutta Run, organised by a group of solicitors with the help of the Society, has in eight years raised over €1.5 million for the homeless in Calcutta and in Dublin. Trainee solicitors in a large firm obtained over €100,000 for the homeless charity, Focus Ireland. Members of the profession have undertaken commercial legal training for lawyers from historically disadvantaged backgrounds in South Africa for the last four years. This year, a small group of such lawyers received training for three months in solicitors' offices in Ireland.

'Law in the Community' initiative

The Council during the year developed a 'Law in the Community' initiative. This is to assist and help community law centres operate effectively and to create greater access to justice. It was resolved that courses would be provided on public interest law and immigration law, and that assistance would be given for legal research in law reform. Help would be forthcoming in legal education for the public at large. Greater financial assistance would be provided also for community law centres.

At the same time, the Society and the profession are aware of the need for increased civil legal aid – for which the Society will continue to lobby.

During my year in office, I have been fortunate to represent the profession at several international events, such as the ABA Conference, the Canadian Bar Conference and the International Bar Association Conference, among others. All of these meetings

have been concerned with the erosion of the Rule of Law in society and how such can be strengthened. The Council's 'Law in the Community' initiative, along with other work, is eloquent testimony to the profession's commitment to the Rule of Law.

Notable events

In April, I had the pleasure of hosting the Society's annual conference in Dubrovnik. For all who participated, it was a most enjoyable event. I would like to thank the Ovation team, our sponsors, James McCourt and all the committee for doing so much work to ensure a successful conference.

Meeting the profession and being made welcome by so many of the Bar Associations have been among the most enjoyable aspects of my term in office. These meetings are always a pleasure and I thank all who attended and participated.

During the year, I presided over seven parchment ceremonies. These are very special for the conferees and their families.

The future

The profession and the Society will undoubtedly face challenges in the future. The role and work of the solicitor, and the Society, may change but of one matter I am certain: there will always be a need for sound, independent legal advice, with the first point of contact in Ireland being a solicitor.

The solicitor must focus on the quality of service provided – ultimately it is this that will determine the rewards and relevance of our profession.

Gratitude

I would like to thank all of the executives who work for the Society. In particular, I must thank the director general Ken Murphy for his courtesy and hard work, and deputy director general Mary Keane for her contribution. I wish also to thank my predecessor Owen Binchy, my senior vice-president Philip Joyce and junior vice-president Gerry Doherty and all Council members who have supported me.

To my wife Anne and our children Colin, Janet and Heather, I thank them for all their patience and kindness. I am most grateful for all their support.

Finally, I would like to thank you, the members of our profession for electing me as your president. It has been a great honour.

Michael Irvine
President

Law Society Personnel

Ken Murphy, *Director General*

HUMAN RESOURCES

Maureen Seabrook,
Human Resources Manager

POLICY, COMMUNICATION AND MEMBER SERVICES

Mary Keane, *Director of Policy, Communication and Member Services and Deputy Director General*
Patricia Doolan, *Personal Secretary (Director General)*
Sharon Hanson, *Personal Secretary (President and Director of Policy, Communication and Member Services)*
Vacant, *Policy Development Executive*
Alma Clissmann, *Parliamentary & Law Reform Executive*
Colette Carey, *Committee Executive*
Nicola Crampton, *Secretary*
Mark McDermott, *Editor, Gazette, and PR Executive*
Catherine Kearney/Valerie Farrell, *(J/S) Secretary (Editor, Gazette)*
Martina Flynn, *Webmaster*
Colleen Farrell, *Committee Executive*
Louise Campbell, *Support Services Executive*

LIBRARY

Margaret Byrne, *Librarian*
Mary Gaynor, *Deputy Librarian*
Eddie Mackey, *Assistant Librarian*
Vacant, *Library Assistant*
Mairiad O'Sullivan, *Library Assistant*

REGULATION DEPARTMENT

John Elliot, *Registrar of Solicitors and Director of Regulation*
Lesley Butler, *Personal Secretary*
Tina Beattie, *Executive Officer (part-time)*
Sorcha Hayes, *Executive Administrator*
Linda Dolan, *Administration Assistant*
Christina D'Arcy, *Secretary*
Belinda Harrington, *Secretary*

REGULATION SOLICITORS

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

PRACTISING CERTIFICATES AND PROFESSIONAL INDEMNITY INSURANCE

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

COMPLAINTS AND CLIENT RELATIONS

Linda Kirwan, *Senior Solicitor*
Helene Blayney, *Solicitor (part-time)*
Daragh Buckley, *Solicitor (part-time)*
Martin Clohessy, *Complaints Executive*
Fiona Ní Cheallaigh, *Solicitor*

Tony Watson, *Solicitor*
Doreen Fitzsimons/Ursula Lynch, *(J/S) Secretary*
Claire Kelly, *Secretary*
Helen Mountaine/Orlaith Gallagher, *(J/S) Secretary*
Colette O'Leary, *Secretary*
Katarina Sallayova, *Secretary*

INVESTIGATING ACCOUNTANTS

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

PRACTICE CLOSURES

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

EDUCATION DEPARTMENT

T P Kennedy, *Director of Education*
Lynda Sheane, *Personal Secretary*
Geoffrey Shannon, *Deputy Director of Education*
Sinéad Freeman, *Personal Secretary (Deputy Director of Education)*
Anthony Griffin, *Secretary*
Tara Murphy, *Secretary*
Fionna Fox, *Training Executive*
Antoinette Martin, *Secretary*
Mary Walker, *Secretary*
Jacqueline Robb, *Secretary*
Paula Sheedy, *Education Officer*
Tara Caffrey, *Secretary, Exams Administrator*
Carmel Kearney, *Secretary*
Michelle Nolan, *Information & Professional Development Executive*
Pauline Smyth, *Secretary*
Deirdre Healy, *Administration Manager*
Keith Hogan, *Development Executive*
Julianne Ward, *Secretary*
Barbara Joyce, *CPD Co-ordinator*
Nadya Gaughran, *Secretary*
Rachel D'Alton, *CPD Executive*
Alison Egan, *CPD Executive*
Aideen Byrne, *Secretary*
Allison Foy, *Secretary*
Freda Greal, *Diploma Executive*
Joan Doyle, *Receptionist*
Suzanne Fahey, *Receptionist*
Maritta Moran, *Receptionist*
Yvonne McGarvey, *Receptionist (part-time)*

Tina Dwyer, *Secretary*
Anne Walsh, *Secretary*

COURSE MANAGERS

Gabriel Brennan
Maura Butler
Padraic Courtney
Jane Moffatt
Colette Reid
Eva Massa
Denise Collins *(maternity leave)*
Mark Hyland, *Course Executive*
Catherine Byrne, *Secretary/Course Administrator*
Philomena Whyte, *Secretary/Admissions Administrator*
Naomh McNamee, *Secretary*
Catriona Moran, *Secretary*
Alison Gallagher, *Secretary (part-time)*
Sarah Jane Stack, *Secretary (part-time)*
Bernice Mallon Murphy, *Secretary*
Teresa Cunningham, *Secretary*
Irene Groves, *Secretary*
Antoinette Moriarty, *Student Development Advisor*
Emma Cooper, *Student Development Advisor*
Attracta O'Regan, *Course Leader (summer course)*
Rachael Hession, *Senior Course Executive (summer course)*
Kate Browne, *Course Executive (summer course)*
Rory O'Boyle, *Course Executive (summer course)*
Anne O'Toole, *Secretary (summer course)*
Emer Roche, *Secretary (summer course)*

CORK LAW SCHOOL

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

FINANCE AND ADMINISTRATION DEPARTMENT

Cillian MacDomhnaill, *Director of Finance and Administration*
Gayle Ralph, *Personal Secretary*
Majella Burns, *Executive Assistant*

ACCOUNTS

Seamus Turley, *Management Accountant*
Edward McDermot, *Accountant*
Therese May, *Assistant Accountant*
Breege Doherty, *Accounts Assistant*
Brigid Pender, *Accounts Assistant*
Derek Anderson, *Accounts Assistant*

INFORMATION TECHNOLOGY

Tom Blennerhassett, *IT Manager*
Veronica Donnelly, *Computer Services Manager*
Damien Carr, *IT support*
Linda Cash, *IT Support (part-time)*
Patricia Faulkner, *IT Support (part-time)*

Liam Ryan, *IT Systems Administrator - Education Centre*
Robert Cooke, *IT Assistant Systems Administrator - Education Centre*
Caroline Kennedy, *Technical Support - Education Centre*
Adrian Buliman, *Technical Support - Education Centre*

COMPANY FORMATION

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

FOUR COURTS

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

FACILITIES/INTERNAL SERVICES

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

BLACKHALL CATERING

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

LAW CLUB OF IRELAND

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

Director General's Report

It has been a big year of big challenges for an increasingly big profession.

Big profession? A milestone will be reached in January 2007 when among those due to qualify will be the 10,000th solicitor to have their name entered on the Roll of the Law Society of Ireland.

There are solicitors still in practice today – the remarkable Moya Quinlan being one – who remember when there were only a few hundred solicitors practising in this jurisdiction. "We were sure there would be no living left for anyone if the number ever exceeded one thousand," she told the April 2005 *Gazette*, adding "Obviously we were wrong!"

As the Director of Education, TP Kennedy, points out elsewhere in this annual report, between September 2005 and September 2006 over 1,800 students have passed through the doors of the Education Centre attending the Professional Practice Courses I and II. By the end of the year, it is anticipated that the PPCI will have been commenced in 2006 by approximately 700 students – an astonishing increase of 97% in just four years.

Park and capture it

These are extraordinary figures. That these numbers of trainees have been accommodated each year and educated without compromising the very high quality of the Society's professional training course is a tribute to the remarkable commitment, resourcefulness and innovation of the Society's Education Department staff, together with the Education Committee, the 600 or more solicitors who lecture, tutor and examine on the courses and the leadership of the Education Committee, chaired for the last two years by Stuart Gilhooly.

The decision this year – together with the Trojan work required to implement it – to establish Law Society professional training for the first time in Cork is also a visionary step. There is a demand for the Society's professional training to have a base outside Dublin and we are responding to that demand.

It is a huge source of strength and positive development for the solicitors' profession that it continues to attract in great numbers so many of Ireland's best and brightest young graduates. The profession is undergoing a remarkable transformation in size, average age and gender. Almost half the profession is now under 40 years of age.

The feminisation of the profession is perhaps even more remarkable. Two-thirds or more of those qualifying for many years have been women, and the majority of the solicitors' profession in this jurisdiction will be women in a very few years from now. Ireland will be the first country in the world, as far as I can ascertain, where this will be the case.

A hurry through

It is to be hoped that the profession's long-hours culture, with the resultant lack of an acceptable work/life balance for solicitors and their families, can be pushed backwards by these changes. This would be as desirable for male as for female solicitors, although it is women solicitors whose careers suffer from the culture as several studies have shown.

With Ireland's economic growth rate, once again this year, among the very highest in the world; with net immigration approaching 100,000 people per annum; with both the Government and the EU churning out unprecedented volumes of complex new law and regulation every week (all requiring interpretation, application and advice); and an ever-widening variety of new areas of practice, it might be thought that there has never been a better time to be a solicitor in Ireland.

To a large extent that is true. However, there is a darker side to this, namely the ever-growing stresses of practice for solicitors, with the time pressures of constantly-increasing client demands.

Among the conclusions of the survey of the profession undertaken by the Support Services Task Force, published in the *Gazette* in March of this year, was the view of members that 'too heavy a workload' was the single greatest barrier to successful practice.

One of the main recommendations of that report, now acted upon, was that the Society would create and fill the position of Support Services Executive to help coordinate and deliver the Society's support services, so that the profession can know and benefit much more from them in the future.

Another major initiative undertaken by the Society this year was the series of Client Focus Seminars. Eight of these have been run to date in various parts of the country and more are on the way. A particularly hard-working task force, chaired by Council member John O'Malley, has put this series together. If you have not yet been to one of these seminars, you should go. They provide very practical advice on how to improve the manner in which solicitors deal with their clients, to the great benefit of both.

Buffetings

The above waves of long-term change seemed no more than ripples when a sudden tsunami of controversy slammed into the profession and the Law Society in mid-October 2005. President Owen Binchy was in his last three weeks in charge when the wave swept in without warning. He wrote about it in detail in the November 2005 *Gazette* under the heading 'Ten days that shook the profession'.

The Joe Duffy radio show launched a huge controversy about alleged 'double charging by solicitors' in Residential Institution Redress Board cases. By chance, the President and I had an opportunity to discuss this at a meeting of the Kerry Law Society before responding to it. The instincts of the Kerry Law Society proved spot on. The consensus advice to us was (a) if it were true that solicitors had been deliberately overcharging such particularly vulnerable clients as these, then it was utterly disgraceful and must be unreservedly condemned by the Society and by every decent solicitor, (b) the Society must move very quickly to do whatever it could to put things right, and (c) the Society must face this issue openly and transparently in the media. All of this the Society did speedily and effectively as a barrage of, at times, hysterical coverage in the media continued day after day.

It took many days before it became possible to get a more balanced message out on the airwaves. I took the opportunity on the *Questions and Answers* TV programme to quote Tom Hayes of the Alliance Support Group, who pointed out that there would not have been a Commission or a Redress Board were it not for solicitors. I said "there would never have been justice for people who were consigned to hell-holes by Irish society for decades and subjected to physical, sexual and psychological abuse but for the work of solicitors. It is tragic now that the actions of a small number of solicitors in failing in their obligations and ethical duties have distracted from the true achievement of the profession here."

In the end, following the establishment of the helpline, media advertising inviting complaints, and a great many special meetings of the Society's Complaints and Client Relations Committee chaired by Gerry Doherty, 22 individual complaints were referred by the Society to the Solicitors Disciplinary Tribunal, where they await final determination.

As will be seen from photographs in this annual report, in the course of this year the Society made a point of meeting with many of the most senior politicians in the country, from both Government and opposition parties. To all of them we pointed out that the number of cases in which, in the end, the Society saw fit to refer matters to



Ken Murphy, Director General, Law Society of Ireland



The leaders of the 140,000 solicitors in Britain and Ireland met in Blackhall Place in June 2006. The presidents, vice-presidents and chief executives of the four law societies meet twice a year, with the Dublin meeting occurring once every two years

the Solicitors Disciplinary Tribunal represented 0.6% of the cases that had been handled by solicitors and disposed of by the Residential Institutions Redress Board to date. It was characteristic of the responses from these senior political figures that they warmly praised the manner in which the Law Society had dealt with the crisis and noted, with surprise in the light of the media hysteria which had surrounded the controversy, how small was the number of cases giving grounds for complaint on full consideration of facts, rather than of emotion.

Known and strange things pass

Partly as a result of the Redress Board controversy, RTE television's *Prime Time Investigates* broadcast an hour-long 'exposé' of alleged negligence and misconduct by individual solicitors. A very considerable amount of time and effort was devoted by the Society in advance of the programme to assisting the programme-makers by providing detailed responses to numerous questions. This was despite the Society forming the view at an early stage that the effect, if not the actual intention, of the programme would be to show the solicitors' profession in a bad light. As we anticipated, the programme was perceived by a great many solicitors and non-solicitors alike to be sensationalist, hostile and unbalanced. However, under pressure from the Society, the

programme as broadcast did include my pointing out on camera that the number of complaints received by the Society as a proportion of the cases and transactions dealt with by solicitors every year is of the order of 0.1%. Indeed, given that the cases picked by *Prime Time* were taken from a number of different years, it was hardly surprising that, from literally millions of potential cases, a number of dissatisfied people were found.

Nevertheless, the Society recognises the importance of constant improvement and of maintaining public confidence in the system for dealing with client complaints against solicitors. The Council decided to support the legislative changes that were announced at a speech in Trinity College in January by the Minister for Justice, Equality and Law Reform, Michael McDowell. These changes include the establishment of an office of Legal Services Ombudsman, based on the existing Independent Adjudicator, but with additional powers, and the provision that, in future, the Society's Complaints and Client Relations Committee will have a majority of non-lawyer members. The Minister has spoken repeatedly, in public and in private, of his very high regard for the manner in which the Law Society regulates the solicitors' profession. He has welcomed the Society's support for his reforms as now published in the *Civil Law (Miscellaneous Provisions) Bill 2006*, which is expected to be introduced in the Oireachtas very shortly.

On the same night in Trinity College, the Minister announced, again involving no surprise to the Society, the Government's acceptance of the recommendations of the Legal Costs Working Group that had been chaired by Mr Paul Haran. Following consultation with the profession, the Society had made extensive written and oral submissions to that Working Group. It has also made extensive written and oral submissions to the subsequently-established Implementation Group chaired by Mr Desmond Miller.

There is not space here to examine these proposed changes in detail. Suffice it to say that the Society recognised a long time ago that change in this area was politically inevitable. The Society was particularly pleased to see the Haran Report accept that rigid scales of costs would have led (as the Society had argued) to reduced access to justice and favoured those with deep pockets. Our main concern now is to ensure that

“ **There would never have been justice for people who were consigned to hell-holes by Irish society for decades and subjected to physical, sexual and psychological abuse but for the work of solicitors.** ”

the notion of scale costs, having been rejected on grounds of principle by the Haran Working Group, is not revived in practice at a later stage of this review process.

One of the biggest ever decisions by the Council of the Law Society was implemented this year, namely the purchase of a 1.1 acre property at Benburb Street, adjacent to Blackhall Place, for a total cost of €22.4 million euro. The acquisition has been completed by a wholly-owned subsidiary of the Society – Benburb Street Property Company Limited.

This decision was taken by the Council after deep consideration of its potential benefits to the profession and of a range of expert advice. All the indications we have received since the decision was announced are of overwhelming support for it. Indeed, in the immediate aftermath of the announcement of this decision and the reasons for it to the profession by email, 24 email responses were received from individual members of the profession. Of these, 22 were wholly supportive and only two queried the decision.

The Law Society hosted a dinner in March 2006 for An Taoiseach Bertie Ahern and lawyer members of the Cabinet, including Ministers Michael McDowell, Dermot Ahern and John O'Donoghue together with Attorney General Rory Brady SC



Catch the heart

This year, the Society benefited from the Presidency of Michael Irvine, who worked hard to demonstrate that our profession has both a social conscience and a heart. It was through his leadership that the Council adopted the 'Law in the Community' initiative to assist groups who bring legal advice and assistance to those who are marginalised and disadvantaged in Irish Society. He spoke passionately of the need to greatly increase the thresholds for eligibility for civil legal aid, which thresholds were in fact increased subsequently, and also spoke publicly about threats to the rule of law around the world. In July, he led the latest in a succession of Law Society groups travelling to provide education in commercial law for lawyers from historically disadvantaged backgrounds in South Africa. It was a pleasure and an inspiration to work with Michael Irvine on such genuinely valuable initiatives, and on everything he did throughout his presidential year.

Nothing can be achieved in the Law Society without teamwork between the Council, the committees and the other members of the profession. I want to place particular emphasis this year, however, on expressing my thanks to the extraordinarily dedicated, hardworking, good-humoured, expert and professional staff that the Law Society is fortunate to have at all levels of the organisation. The efforts and achievements, under great pressure this year, of colleagues such as the senior solicitor in the complaints section, Linda Kirwan, and all her staff, have been particularly striking. It is a privilege to work with such able and committed people.

Postscript

It is difficult in the throes of events to step back and ensure one is really capturing in perspective all that is happening. Partly to indicate this, I am concluding with the final lines of a favourite Seamus Heaney poem *Postscript*, published in the year he won the Nobel Prize for literature:

*Useless to think you'll park and capture it
More thoroughly. You are neither here nor there,
A hurry through which known and strange things pass
As big soft buffetings come at the car sideways
And catch the heart off guard and blow it open.*

*Ken Murphy,
Director General*



Policy, Communication and Member Services Department

The past year has seen the department place considerable emphasis on the provision of information to members. In the second week of January 2006, each member received a personalised circular detailing the member services provided by the Society and containing a series of stickers with their

unique log-in details for the members' area of the Society's website. The purpose of the circular was to increase usage by the members of the website.

The third week of January saw the launch of the Society's legal e-zine – the electronic legal newsletter for the solicitors' profession. The first issue achieved an 'open' rate of 60%, which has been maintained at a rate of 56% for the subsequent four issues. This reflects very well against an average 'open' rate of 39% for similar newsletters in other professions. More importantly, at least 79% of members have read at least one of the five issues to date.

In the past year, the library and information service processed an average of 445 monthly requests for materials from members, in addition to the high level of student use.

The Society's advisory committees continue to provide a wealth of information and support to members, either through the web pages, practice notes, Gazette articles or assistance with written or telephone queries. The growth of the profession has been reflected in the success of the recruitment pages of the Gazette and the employment opportunities section of the website, both of which have expanded over the past 12 months to become the first-choice forum for advertising by solicitor-employers.

The resources of the department have been recently increased by the recruitment, in June 2006, of a new Support Services Executive who, together with the other members of the Policy, Communication and Member Services Department, will continue the delivery of key information and support services to the profession.

Mary Keane,
Deputy Director General

Standing Committees

Gerard Doherty,
Chairman



Complaints and Client Relations Committee

As a result of the media controversy relating to the legal costs of claims made to the Residential Institutions Redress Board (RIRB), the number of complaints and enquiries submitted to the Society this year increased dramatically. A total of 1,964 admissible complaints were received by the Complaints and Client Relations section, a 59% percent increase over the previous year. A further 1,751 written enquiries were handled by the section, an increase of 151% percent over last year. Complaints about costs were not confined to Redress Board applicants – complaints were received from a wide variety of litigants, including complaints from members of the defence forces.

As a result of this sudden and unanticipated increase in the number of complaints, extra meetings of the committee were scheduled. In all, the committee sat on 26 occasions during the year. A total of 59 cases were referred by the committee to the Solicitors Disciplinary Tribunal, 22 of which were RIRB-related matters. A judicial review of the committee's decision to refer has been taken by one solicitor and is unlikely to be determined before the end of the year. In accordance with established policy, all findings of misconduct are published in the *Law Society Gazette*.

A documentary by the *Prime Time Investigates* team on the subject of complaints against solicitors and the handling of those complaints by the Society was broadcast in May 2006. Our thanks are due to the Director General who appeared on the Society's behalf on the programme, and who devoted considerable time and effort in dealing with the queries raised in advance by the programme-makers.

In April 2006, the Minister for Justice, Equality and Law Reform published the *Civil Law (Miscellaneous Provisions) Bill 2006*. This bill contains measures that will significantly impact on complaint-handling by the Society. It proposes the establishment of a Legal Services Ombudsman, lay majorities on complaint-handling committees, and contains a proposal that would allow the Society to direct the payment of compensation by solicitors of up to €3,000.

We reluctantly bade farewell to lay member Carmel Foley in February 2006. Carmel, formerly the Director of Consumer Affairs, resigned from the committee following her appointment as a member of the Garda Ombudsman Commission. We wish her every success in her new position.

I wish to thank the members of the committee and my vice-chairman John P Shaw

and would like to pay particular tribute this year to the lay members. Because of the unprecedented events that took place over the last 12 months, several additional meetings had to be arranged at very short notice. At considerable inconvenience to themselves, members rearranged their own schedules in order to fulfil the committee's obligations. I also wish to record my appreciation of the work done by all the staff in the Complaints section, without whose support the committee could not operate.

*Gerard Doherty,
Chairman*



*Michael Irvine,
Chairman*

Co-ordination Committee

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

- The judicial review proceedings against the Competition Authority in relation to the right of choice of legal representation,
- The decision of the Society to seek to be joined as *amicus curiae* in the appeal against the decision of the Master of the High Court in relation to costs,
- The Society's participation in the RTE *Prime Time Investigates* programme about complaints against solicitors,
- The provisions of the *Civil Law (Miscellaneous Provisions) Bill*, including a number of provisions sought by the Society to rectify anomalies in the existing law,
- The nomination of representatives to a number of other bodies,
- The preparation of mission statements for each of the Society's committees.

In addition to considering requests from committees to undertake specific projects or seek expert advices during the course of the year, the committee assesses and agrees the individual budget allocation for each committee at the start of the year. It

conducts a mid-year review of progress on projects, adjusting the individual budget allocations accordingly.

*Michael Irvine,
Chairman*



*Stuart Gilhooly,
Chairman*

Education Committee

This year has been a seminal year for the education department of the Law Society. Primarily, it has seen the launch of the Law School in Cork. The desire to provide education outside of Dublin and establish a quality alternative to the Education Centre in Blackhall Place saw the committee decide to investigate the possibility of providing education in Cork late last year. After finding the appropriate premises, the committee felt this was an opportunity that could not be missed. The first course will start in November and we have no doubt that the impeccably high standards set in Blackhall Place will be replicated in Cork.

While that was the main achievement of the year, the committee has been extremely busy on other fronts. The end of the CPD cycle has seen issues of compliance come before the committee, which have taken up much of its time. It appears that ensuring that all practising solicitors complete their hours will continue to be a major function over the course of the next year.

In the meantime, the CPD department has been and will be providing a marquee service to the profession. Although there are now many providers of CPD, we remain convinced that the Law Society provides the best quality and value for money.

Finally, the law school accounts for 2005 were a matter of concern for the committee. Due to the large increase in numbers at the law school, it was necessary to run an extra course, which had a detrimental effect on the expenditure side of the accounts. It is imperative that we continue to provide the highest standard of education possible to all of our students and, for that reason, it was necessary to incur the extra expenditure. However, we regard this as a one-off deficit. The accounts for 2006 are being monitored very closely by the committee and a surplus is expected.

It remains for me to thank my committee and the extremely hard-working staff of the Education Department. In this regard, particular thanks must be paid to the Director of Education, TP Kennedy, without whom the Law School in Cork could not

have become a reality. In addition, Geoffrey Shannon, Paula Sheedy and Fionna Fox have given great assistance to the committee. I do not intend to single out the remainder of the department but they are aware that the committee remains in their debt for continuing to provide the best legal education system around.

Stuart Gilhooly,
Chairman



James MacGuill,
Chairman

Finance Committee

Overview

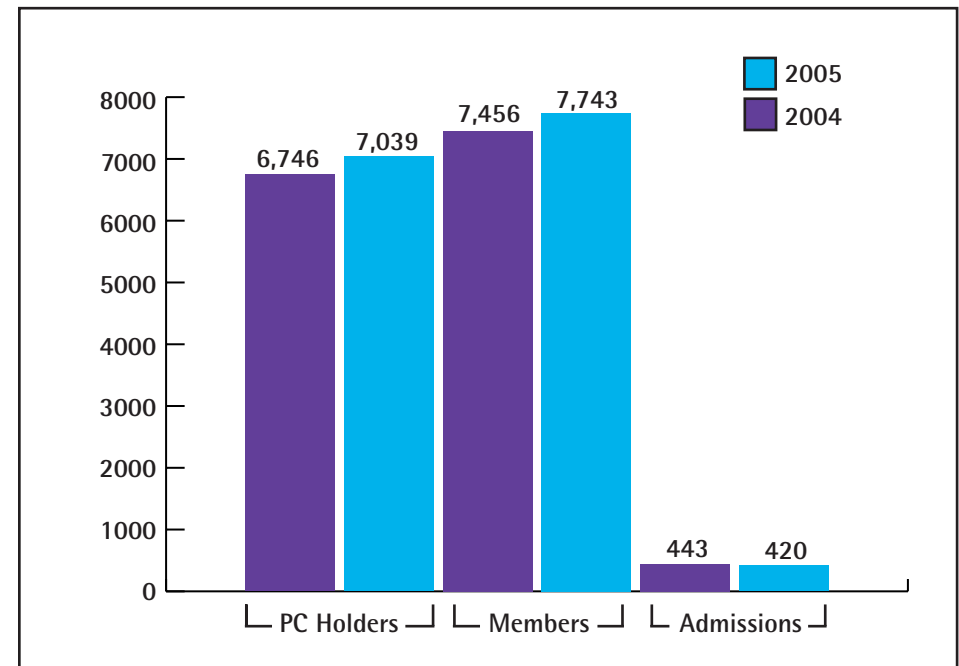
From a financial perspective, the main matter dealt with by the Society in 2005 was its commitment to purchase the adjacent site in Benburb Street at a cost of €22.4 million. The fact that the Society had the financial resources to grasp this opportunity is testimony to the financial strength of the Society. Its borrowing requirement in relation to the purchase will be a maximum of €13 million and, despite a commitment to repay over ten years, the increase in the practising certificate fee for 2006 was €78 or 4%. The president has established a task force to review and report on how this site can best be used in the interest of the profession. The financial strength of the Society enables it to provide effective representation and member services, proper regulatory structures and progressive educational services.

From an operational point of view, you will see the 2005 financial performance of both the Law Society and the Law School in the attached accounts, which were circulated to members in May. The accounts for all of the Society's subsidiaries and related undertakings are now consolidated into 'group' accounts. This serves to give a more comprehensive view of all of the Society's financial activities, excluding the Compensation Fund. Overall, the group financial performance showed a total surplus of €1.7 million. Law Society general activities (excluding 'funds') generated an operational surplus of €780k (6.5% of turnover), education activities (Law School) incurred a deficit of €1 million, and the reserves in the capital expenditure, litigation and Education Centre funds increased by a total of €1.9 million. If you exclude the funds, this means that operational activities, that is, general and education activities, incurred a deficit of €193k. General activities performance was significantly better than budget, while education activities outturn was significantly worse than budget, primarily due to

a number of special circumstances relating to the underpinning of the Society's educational policy and the quality of educational services.

General activities (Note 4)

There was a total of 7,037 practising certificate holders in 2005 – an increase of 291 on the previous year. Despite there being no increase in the practising certificate fee for 2005, income rose to €6.2 million (2004: €5.9 million). There was a total of 7,755 members, an increase of 299 on 2004 and this provided income of €595k. There were 439 admissions to the Roll in 2005, compared with 443 in 2004. Practising certificate fee income allocated to the three contingency funds was €1.78 million.



The commercial and investment activities of the Society performed well in 2005 and, overall, a surplus of €991k (2004: €868k) was generated from publications, consultation-room hire, company formations and interest income.

General activities operating charges increased by €117k (1.6%) to €7.18 million. Pay and related expenditure increased by €173k (7%). Administration expenditure was slightly down on 2004, despite significant legal costs in relation to *PIAB v*

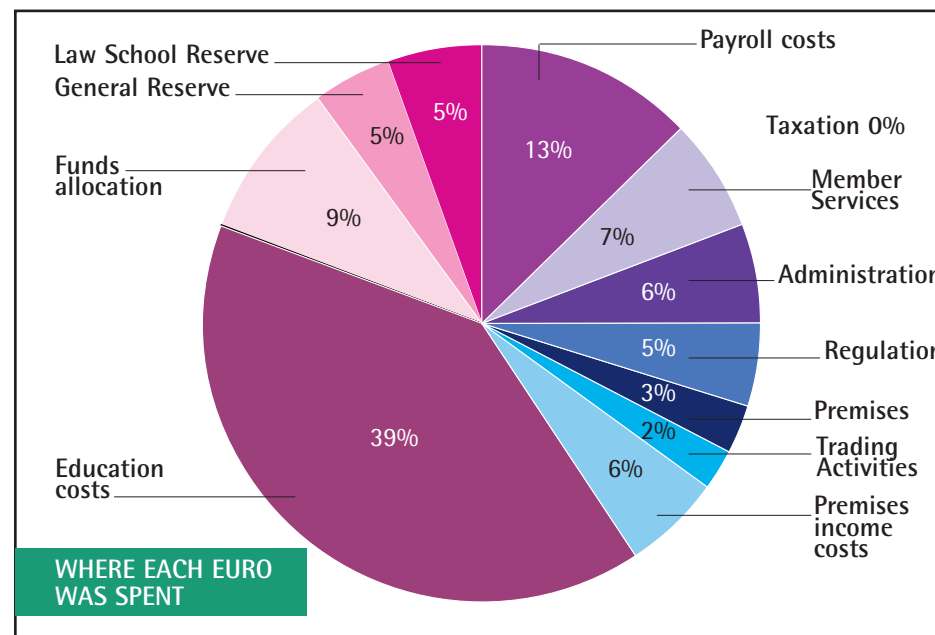
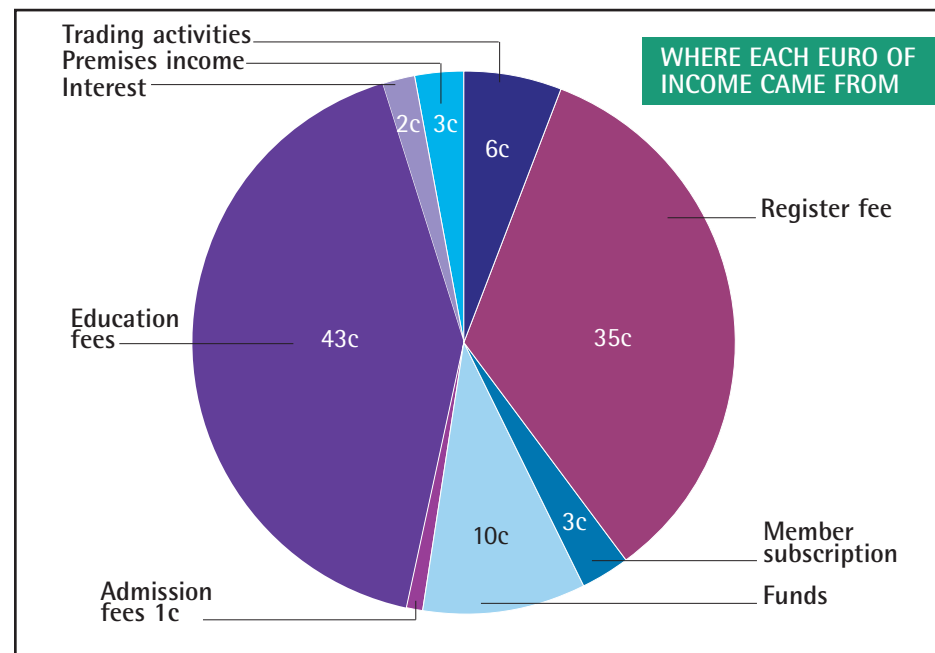
O'Brien/Boland and the *Law Society v Competition Authority* judicial reviews. The successful outcome of both of these cases was very important for the profession and the public. There will be a significant cost recovery in relation to the latter of these cases. Premises expenditure showed no increase on 2005. Member services expenditure reduced by €239k, mainly due to improved performance of the Law Directory and the *Gazette*. Significant PR costs were incurred in relation to Residential Institutions Redress Board matters and regulatory and policy consultancy costs of €426k were incurred by Society Task Forces in relation to the Competition Authority report, PIAB, the Working Group on the Costs of Civil Litigation, a review of regulatory procedures and a review of PII regulations.

Regulation services expenditure, which covers the costs associated with the Solicitors' Disciplinary Tribunal, the Independent Adjudicator and complaints handling, increased by €159k.

Education activities (Note 5)

Overall, education activities, including training courses, exams, CPD and diplomas, incurred a deficit of €1 million when trading with subsidiaries is factored in. This deficit was incurred by the Society to ensure that it could fulfil its objective of providing consistently high-quality courses to trainees as soon as they were eligible to attend PPC 1 and that the quality of the educational product would be maintained, despite significant pressures on the Law School's resources. In all, 1,618 trainees attended PPC 1 and PPC 2 courses in 2005 (2004:1,335). This required the setting up of an evening PPC 1 course, which started later than budgeted and resulted in €500k of budgeted income being pushed into 2006. Also, there were significant set up costs incurred in establishing this new-style course, as well as significant investment in facilities and IT to ensure that the numbers could be adequately accommodated. PQE (CPD and diplomas) income remained at €1.3 million, despite a significant reduction in the price of CPD programmes to members and a significant increase in the number of courses, and resulted in a break-even position for PQE.

While it is disappointing that losses were made on education activity, these costs were incurred to ensure that we can effectively and efficiently deal with the ever-growing trainee numbers and the desire to reduce the cost of CPD programmes to members. The Education Committee (see Education Committee report on p.13) is committed to ensuring that these losses were incurred on a once-off basis and will not be repeated.





The Law Society launched two specific communication initiatives in 2006. The new e-zine – the legal newsletter for the solicitors' profession – was launched to members on 17 January.

While the Society's website continues to contain a wealth of information of benefit to solicitors in their practices, the e-zine is designed to flag topical issues of interest to practitioners and to prompt the reader to consider these issues in more depth at their leisure.

The e-zine is issued on a bi-monthly basis and brings news and information directly to members at their desktop, in the form of either a html or text-only email. Members can read all articles online or avail of the 'printer-friendly' option to print out any chosen articles of interest.

Also in January, each member received a personalised circular containing a set of stickers with their unique login to the members' area of the Society's website. Placed on their monitor or keyboard, members now have the information necessary to access the members' area at all times.

Launch of E-zine

Other income/expenditure

The items in Note 7 relate to the trading activity of subsidiary/related undertakings, excluding trading with the Law Society. Trading with the Law Society totalled €563k and when this is factored back, these activities made a net surplus of €29k. €1.6 million was spent on capital expenditure in 2005. The main projects undertaken were upgrading of the Four Courts facilities, IT projects and capital expenditure incurred to ensure that the Law School could accommodate additional numbers for 2005 and 2006, including renovations to lecture theatres, student café and investment in an education information system.

Reserves (Note 16)

The Society's balance sheet is very strong and reflects net reserves of €20 million. General activities account for €10 million of this and the funds have additional reserves of €10 million. The capital expenditure fund finances major capital programmes of a structural nature at Blackhall Place and the litigation fund finances actions arising from the Society's regulatory, education and representative roles that give rise to a significant amount of legal actions, including disciplinary hearings and judicial reviews. The Education Centre fund finances a 'sinking fund' for the buy-back of the Education Centre in 2014 and provides for ongoing capital expenditure and future investment in educational activities. These funds mean that potentially costly items are spread over a number of years, with the result that it is not necessary to apply increases to the practising certificate fee when such costs arise. This policy has enabled the Society to maintain practising certificate fees in line with inflation for the last nine years.

2006

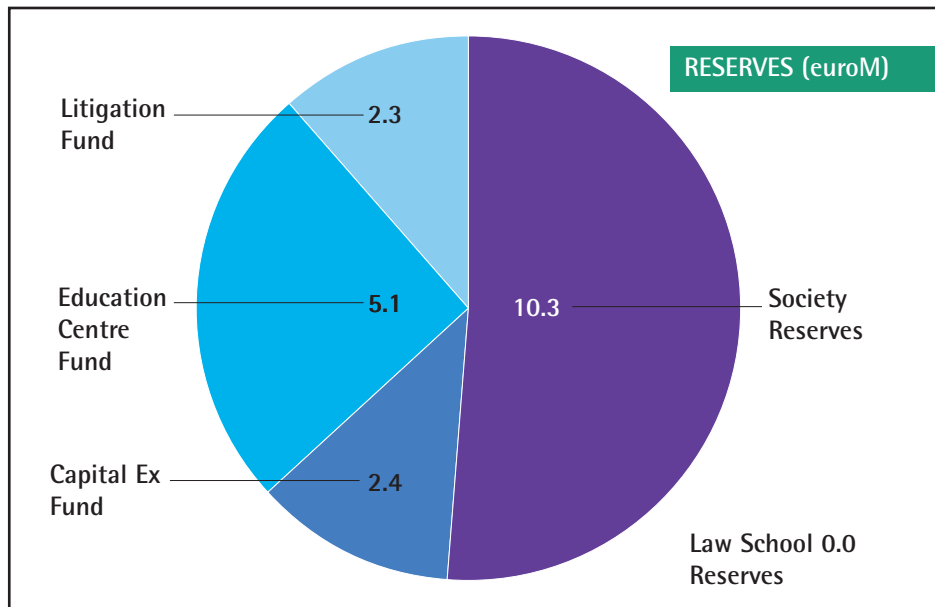
The Society's staff pension scheme (Note 20) is in a relatively healthy position and has obtained a minimum funding standard certificate. The committee's main focus in 2006 is to ensure that education activities do not incur losses, despite difficulties in projecting student intake and resource requirements.

The Finance Committee continues its strategy of:

- Maintaining practising certificate fee increases in line with inflation, in so far as possible,
- Generating a prudent level of surplus in general activity and education areas to

- provide for unexpected contingencies and future developments,
- Maintaining the funds in a healthy position to ensure that they can meet demands in the relevant areas,
- Continuing a programme of strategic investment in facilities and IT projects to ensure maximum efficiency and proper delivery of services and support to members,
- Ensuring value for money for all operational and project spending.

Continued adherence to this strategy will enable the Society to strengthen its financial position, despite the amount of operational capital expenditure needed to ensure that the Society properly services its members.



I would like to thank the Finance Committee and, in particular, senior vice-president Philip Joyce, who was chairman for 2005, for their effective stewardship and management of the Society's finances throughout 2005, the Director of Finance and Administration Cillian MacDomhnaill and accountants Seamus Turley and Edward McDermot and all their staff for their work and guidance throughout the year.

*James MacGuill,
Chairman*



The Law Society purchased a 1.09 acre property in February 2006. The site is adjacent to Blackhall Place and cost €22.4 million. The acquisition has been completed by a wholly-owned subsidiary of the Society – Benburb Street Property Company Limited.

The property is situated between Benburb Street and the Society's existing Blackhall Place property. This is the last undeveloped site on the Society's periphery. On the Luas line, it opens up the possibility of access to the rear of the existing landlocked Blackhall Place property. The President described the purchase as a wise and practical decision, made in the long-term interests of the profession. The total purchase price of the property was €20,425,000. Additional transaction costs, including survey, professional fees and 9% stamp duty, bring the full cost to €22.4 million.

Benburb Street property

Gerard Doherty,
Chairman

Money Laundering Reporting Committee

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

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

The committee reports to the Council of the Law Society on the making of reports under section 57(2) on a 'no-names' basis. The existence of the offence often referred to as 'tipping-off' means that the Law Society must ensure the highest standard of confidentiality in administering its money-laundering reporting procedure.

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

Gerard Doherty,
Chairman

Jerome O'Sullivan,
Chairman

Professional Indemnity Insurance Committee

The increase in the minimum level of professional indemnity insurance cover from €1.3 million to €2.5 million for each and every claim came into effect at the start of this year. This occurred at a time when conditions in the insurance market were comparatively benign, which meant there was not a significant impact on premiums. The increase in the level of cover has resulted in increased protection for solicitors and for their clients.

The Professional Indemnity Insurance Committee oversees the administration of the 'Assigned Risks Pool,' which is currently providing run-off cover for two former practices that were unable to obtain cover in the open market. The committee is happy

to report that all practising solicitors succeeded in obtaining cover in the market this year, and none had to resort to the assigned risks pool.

The committee has dealt at its meetings with a large range of issues pertaining to professional indemnity insurance that have been brought to its attention in the course of the year.

The need for run-off cover for solicitors who have ceased to practice, or who may have sold their practices or merged with other firms, continues to be of particular concern to the committee. In the course of this year, two solicitors were referred to the Solicitors Disciplinary Tribunal for their failure to obtain such cover.

The Professional Indemnity Insurance Task Force, established in 2005, is currently reviewing all aspects of professional indemnity insurance cover, and the PII Committee is currently considering detailed draft regulations that have been produced by the task force. It is hoped that the task force will complete its work during 2007.

I would like to extend my sincere thanks to all members of the committee for their input and assistance in the course of the year, in particular to Patrick Howett, the manager of the assigned risks pool. Finally, I wish to thank the committee's secretary Rosemary Fallon for her invaluable assistance to me and to the committee throughout the year.

Jerome O'Sullivan,
Chairman

James McCourt,
Chairman

Regulation of Practice Committee

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

Audited accounts

The income and expenditure account of the Compensation Fund reflects a deficit (representing an excess of expenditure over income after taxation) of €1,609,243 for the year ended 31 December 2005, compared with a surplus of €1,599,161 for the year ended 31 December 2004. The decrease of €3,208,404 in the surplus for 2005,

compared with 2004, is attributable to: a decrease in 2005 of €353,157 in income, an increase of €2,835,041 in expenditure compared with 2004, together with an increase in taxation amounting to €20,206.

The decrease of €353,157 in income in 2005 is attributed mainly to a fall of €612,072 in income and returns on investments. This reduction occurred due to the movement of certain investments into investment funds, the growth of which funds are reflected in an increase of €2,258,666 in the revaluation reserve on the funds investments as outlined below. Recoveries of €515,355 were made in respect of defaulting solicitors.

The increase of €2,835,041 in expenditure between both years is substantially attributable to an increase of €2,666,430 in the provision for claims. Costs allocated from the Society increased by €94,980, and investigation and support staff salaries and expenses increased by €56,780. The charge for legal and professional fees increased by €77,795.

As referred to above, there was an increase of €20,206 in the charge for taxation in 2005 compared with that in 2004. The fund is liable to income tax on investment income and gains.

The net assets of the fund as at 31 December 2005 stood at €33,985,464 compared with €33,336,041 as at 31 December 2004. The increase of €649,423 in the net asset position of the fund, as between the two years' end, is reflected in a decrease of €1,609,243 in revenue reserves, together with an increase of €2,258,666 in the revaluation reserve on the fund's investments. The preponderance of the fund's assets are invested in publicly-quoted stocks, shares, and government securities. These investments are recognised in the accounts at prevailing market valuations at year's end.

As at 31 December 2005, the net assets of the fund, which were valued at €33,985,464 were financed by accumulated revenue reserves of €25,820,188 and unrealised surplus on investments held at the balance sheet date amounting to €8,165,276.

Developments since December 2005

In the eight months ended 31 August 2006, 110 claims were received, amounting to €914,953. Payments were made in the sum of €643,965 in respect of 73 claims, and 37 claims amounting to €270,988 are still under consideration.

The net assets of the fund are valued at €35 million as at 31 August 2006. The

Finance and Administration Department

The department is effectively the 'lubricating oil' for most of the Society's activities, and provides a range of services for both internal and external clients.

Its main activities are: finance, IT, premises/facilities, internal services (for example, printing, post, telephone and reception) and various commercial activities, including Four Courts consultation room-hire, company formations, publications, premises hire, catering and bar services.

The main achievement in the last 12 months has been the conclusion of the Benburb Street-site purchase through a wholly-owned subsidiary of the Law Society, Benburb Street Property Company Ltd, and the establishment of an effective financing plan. A review of options for the development of this site is currently under way.

On the finance side, in addition to the normal processing and control functions, the major projects included a review of the Society's five-year financial plan, reviewing the investment strategy for the investments of the Education Centre fund, close monitoring of the Society's defined-benefit staff pension scheme, and the restructuring of the Society's financial statements into 'group' accounts. The IT section successfully concluded a number of major projects in the last 12 months. This included PC replacement/upgrading, migration to digital dictation, ongoing improvements in relation to the security and management of IT systems and a number of major server upgrades.

In the year under review, Facilities witnessed the completion of the refurbishment of the Presidents' Hall, the cleaning of the front façade, and the upgrading of facilities and services to accommodate additional student numbers. A number of major infrastructural projects have also been undertaken in Blackhall Place. 2006 will see the implementation of a 'building management system' to ensure efficient and economical operation of the Blackhall Place buildings.

*Cillian MacDomhnaill,
Director of Finance and Administration*



individual annual contribution to the fund remains at €400 a year. Insurance cover for €30 million in excess of €5 million is in place for the year ending 31 December 2006.

Committee's activities during the year

The committee met on 13 occasions, for seven scheduled, three special and three emergency meetings. In the course of the year, the Society's investigating accountants conducted approximately 300 investigations of practices.

During the year, the committee decided to:

- Refer 9 solicitors to the Solicitors Disciplinary Tribunal,
- Apply to the High Court for an order freezing the accounts of one solicitor's practice where dishonesty was discovered,
- Give notice pursuant to Section 19 of the *Solicitors (Amendment) Act 1960*, as substituted by Section 27 of the *Solicitors (Amendment) Act 1994*, enabling the Society to take up files in three cases where the solicitors had abandoned their practices and, in one instance, where the solicitor had become unable to practise due to ill health,
- Levy contributions amounting to €47,500 towards the costs of investigations pursuant to the *Solicitors Accounts Regulations*,
- Refer a firm of reporting accountants to its professional body.

The committee also broke new ground in bringing the first appeal against a finding of the Solicitors Disciplinary Tribunal that there had been no misconduct on the part of a solicitor. The President of the High Court granted the appeal of the Society, setting aside the finding of the tribunal.

The implementation of recommendations of the Regulatory Review Task Force required a number of new statutory instruments:

- On 1 December 2005, the *Solicitors (Adjudicator) (Amendment) Regulations 2005* (SI 720 of 2005) came into operation. These regulations have extended the remit of the Independent Adjudicator to deal with complaints about decisions by the Society concerning applications for grants from the compensation fund.
- On the same date, the *Solicitors Accounts (Amendment) Regulations 2005* (SI 719 of 2005) came into operation. These regulations require that the reporting

accountant's report furnished to the Society should include a signed acknowledgement by solicitors of their obligations under the *Solicitors Accounts Regulations*. In the case of partnerships, firms are required to appoint a compliance partner to sign the form of acknowledgment.

- On 1 March 2006, the *Solicitors Accounts (Amendment) Regulations 2006* (SI 111 of 2006) came into operation. These regulations provide, for the avoidance of any possible doubt, that the investigation of solicitors' practices by the Society includes investigating whether there has been due compliance with Section 68 of the *Solicitors (Amendment) Act 1994* (relating to charges to clients).

The Regulatory Review Task Force recommended the introduction of lay members to the Regulation of Practice Committee. Pending the proposed repeal of the statutory requirement that at least two-thirds of the membership of the committee be Council members, which is contained in the *Civil Law (Miscellaneous Provisions) Bill 2006*, lay observers have been appointed to the committee. Since December 2005, Cecil Donovan and Frank Bowen have attended all scheduled meetings of the Regulation of Practice Committee in that capacity. Their contributions, both individually and collectively, have been of great assistance to the committee.

I am pleased to say that this year has seen a significant improvement in the level of compliance by solicitors with the requirement to file an accountant's report with the Society not later than six months after the accounting date in each practice year.

During the year, the *Solicitors Acts 1954 to 2002 (Independent Law Centres) Regulations 2006* (SI No. 103 of 2006) were introduced, in order to regularise the previously anomalous position of solicitors working for registered charities providing legal services free of charge, and widely acknowledged as serving important, but otherwise unmet, needs for legal services by disadvantaged groups of people.

I would like to extend my sincere thanks to the committee vice-chairman Boyce Shubotham and to the other members of the committee for their much-appreciated participation in the committee throughout the year.

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

James McCourt,
Chairman

Non-Standing Committees

Michael M Moran,
Chairman



Arbitration and Mediation Committee

The aim of the committee is to promote the use of arbitration and mediation to members of the Society and their clients, and to encourage their use as expeditious and effective alternatives to litigation. The committee promotes its goals at both domestic and international level. During the year, it met on seven occasions. The year's highlights included an 'Arbitration Update' seminar that took place on 24 February 2006, attended by over 70 participants.

The Arbitration and Mediation Committee and the Bar Council's Arbitration and ADR Committee have agreed to work more closely to promote their common aims. Blackhall Place issued an invitation to both committees to participate in the Dublin 2008 Committee. Its function will be to promote the International Council for Commercial Arbitration (ICCA) Conference that will be held in Dublin from 8-10 June 2008 at the Burlington Hotel. To this end, the President of the Law Society requested that members of both committees travel to Montreal for the ICCA 2006 Conference, held from 31 May to 3 June 2006. The Irish delegation also helped promote Dublin as a centre for international commercial arbitration. It is expected that up to 1,000 leading practitioners in commercial arbitration, worldwide, will be attending the Dublin conference.

Members of both committees, with representatives of the International Centre for Dispute Resolution, were involved in preparing heads for inclusion in a new *Arbitration and Mediation Bill*, which is intended to update and replace the existing legislation. This was carried out after consultation with the Attorney General, who is very supportive of the ADR process.

During the year, the committee put arrangements in place for establishing a panel of mediators. The President of the Law Society will select from this panel if asked to make such appointments. A mediation panel application form, with guidelines, was prepared by the committee and submitted to Council for adoption. Advertisements inviting members to apply for the panel will appear in the *Gazette*. The committee also considered and made recommendations to Council in relation to the European Code of Conduct for Mediators.

In addition, the committee assists the president in the appointment of arbitrators, experts and mediators. As in previous years, almost all applications have been in respect of arbitrators and experts, pursuant to clauses adopted by the disputing parties



World Forum of Mediation Centres of the UIA

At the World Forum of Mediation Centres of the Union Internationale des Avocats (UIA), conducted at the Law Society on 8-9 September 2006, were (l to r): Michael Irvine, President of the Law Society of Ireland, Petria McDonnell (McCann Fitzgerald), Mark Appel, Senior Vice-President International Centre for Dispute Resolution, and Thierry Garby, President of the UIA World Forum of Mediation Centres

in their contracts. Of the 125 applications during the year, the president made a total of 71 appointments, 54% of which related to building agreements.

The Law Society, through the committee, has been involved in supporting the UIA World Forum of Mediators' Conference, which was held in the Society's premises at Blackhall Place, Dublin, on 8 and 9 September.

I would like to express my sincere thanks to all the members of the committee for their hard work and support throughout the year. In particular, our special thanks are due to Colleen Farrell, the committee secretary, for progressing the work of the committee, maintaining the records and for managing all the applications to the president for the appointment of arbitrators, experts and mediators.

*Michael M Moran,
Chairman*



Regulation Department

Solicitors are regulated for the protection of the interests of clients and the public within the framework of the Solicitors Acts. It is sometimes not fully appreciated that, in the exercise of its regulatory function, by law, the Law Society owes a duty of care to the public – the Society's duty to solicitors in this

context is to apply fair procedures and observe natural and constitutional justice. The Society is committed to operating a regulatory system that is effective in protecting the public and which is fair to solicitors.

The Regulation Department is responsible for carrying out the regulatory function of the Society under the direction of its regulatory committees, which are: the Regulation of Practice Committee, the Complaints and Client Relations Committee, the Professional Indemnity Insurance Committee, and the Money Laundering Reporting Committee.

The office of Registrar of Solicitors maintains the Roll of Solicitors and issues annual practising certificates to solicitors. The practising certificate is a solicitor's licence to practise and the last two years have seen a significant improvement in the level of compliance by solicitors applying for their practising certificates on time, which is now up to 98%.

The department administers the mandatory professional indemnity insurance requirements.

To provide for the safeguarding of clients' moneys, the department monitors compliance by solicitors with the recently-amended Solicitors Accounts Regulations, and seeks to promote the highest accountancy standards and practices. We receive annual reports from solicitors' own reporting accountants, and the Society's team of investigating accountants carries out regular investigations of solicitors' practices.

I wish to express my appreciation of the staff of the Regulation Department for their constant diligence during a year of exceptional demands.

John Elliot

Registrar of Solicitors and Director of Regulation

*William Johnston,
Chairman*



Business Law Committee

The principal focus of the committee's work has been to monitor developments in business law with a view to making timely submissions to facilitate the practice of business law.

An aspect of the law that required clarification was the making of statutory declarations abroad – this arose particularly with regard to validating financial assistance.

The committee engaged with the Registrar of Companies, published a practice note and made submissions to two government departments so that statutory declarations made abroad may be done in a sensible but appropriate manner.

Submissions have been made again on the unavailability of statutory instruments – it is highly unsatisfactory that solicitors are expected to advise on statutory instruments that are in force, but not yet published.

The committee engaged with Enterprise Ireland to reach a mutually satisfactory arrangement as to the form of opinions, which solicitors may give to Enterprise Ireland in respect of their clients entering into agreements with that body. The committee engaged with a major bank in relation to what was appropriate for solicitors to give in the form of an opinion. Currently this remains unresolved – in the absence of unfair provisions being dropped by the bank, the committee will publish a practice note highlighting what is inappropriate.

The Business Law Committee has engaged with the ODCE concerning a simplified share register, proposed by the committee. During the year a further submission was made to the Company Law Review Group.

Through its representation on other bodies, in particular CROlink, the Company Law Review Group and the CCBE, the committee continues to put forward the views and concerns of the profession.

I would like to thank my vice-chairman Mark Ryan and the members of the committee who have given their time so freely to the committee's work. Their diligence and commitment ensured that the committee enjoyed a productive year. I would particularly like to thank the secretary Denise Collins, who has been unceasingly helpful and consistently reliable in her management of the committee.

*William Johnston,
Chairman*

William B Devine,
Chairman



Conveyancing Committee

The past year has proved to be another very active one for the committee in a number of categories.

Submissions

The Report of the Law Reform Commission with a proposed *Land Law and Conveyancing Law Reform Bill* contained provisions on adverse possession, which prompted two submissions from the committee to the Department of Justice, requesting certain omissions from the bill as published, a result which was ultimately achieved.

Submissions were also made to the Department of Justice in connection with the law on reviewable dispositions with a view to having a limit placed on the time within which litigation may be brought by a spouse with a cause of action.

Submissions to the Department of the Environment were also made in relation to section 180 and the problems in connection with planning conditions regarding management companies.

Financial Regulator

The committee has consulted with the Financial Regulator regarding a draft Code of Conduct for financial institutions, in relation to specific problems with banks, which are ongoing, particularly residential mortgages and difficulties in obtaining accurate redemption figures.

Banking practice, generally, is a constant source of concern and will continue to provide a basis for further consultation with the Financial Regulator. Direction communication with various lending institutions on individual problems raised by practitioners is also a constant committee concern.

Publications

Various publications produced by the committee, in particular the *Contract for Sale*, *Requisitions on Title* and the *Conveyancing Handbook*, are constantly under review. New contract provisions regarding non-personal closings were published and are now incorporated in the most recent printing of the *Contract for Sale*. The requisitions are under major review, and the third edition of the *Conveyancing Handbook* is due for publication in November 2006.

Consultation with government bodies

There is continuous liaison with the Land Registry and the Revenue Commissioners and other government bodies about registration of title, which is undergoing change, with a new act and new regulations pending, and also on the subject of eConveyancing in its various aspects.

Conveyancing helpline

In addition to the many issues dealt with by the committee at its monthly meetings, there is a constant demand for guidance on matters of conveyancing practice and procedure through the conveyancing helpline, provided by the committee's secretary Catherine O'Flaherty. In all, there were 1,260 calls during the year, representing a real service to the profession, and a significant amount of work by Catherine. The committee also issued 19 practice notes on a variety of topics and took on 97 new matters for inclusion on its agenda.

William B Devine,
Chairman

Vivienne Kane,
Chairman



Corporate and Public Sector Committee

The Corporate and Public Sector Committee represents the views of solicitors who practise outside private practice in diverse roles, in organisations ranging from small private companies in the manufacturing or service sectors to state and semi-state organisations. In many instances, the solicitors are purchasers of legal services and, because of this, bring a different and useful perspective to the debate of topical issues of concern for solicitors.

The number of solicitors working in this area continues to grow and comprises approximately 9% of the total number of Law Society members. Ongoing issues of concern for in-house lawyers are the same as those affecting all members of the profession, albeit in some instances from a slightly different perspective as a result of the unique relationship corporate and in-house lawyers have with their employers.

The committee continues to liaise closely with the European Company Lawyers Association (ECLA) for in-house lawyers. The work of ECLA is supported by the Law Society and the CCBE, which continues to work at EU-Commission level in this sector. ECLA plans to hold its board meeting in spring 2007, in Dublin.

The committee has a good working relationship with the Corporate and Public Service Lawyers' Association and its booklet *Information for Solicitors Commencing Employment in the Corporate and Public Services Sector* continues to be in demand.

I would like to thank all of the committee members for their contributions during the year.

Vivienne Kane,
Chairman



Alan Gannon,
Chairman

Criminal Law Committee

The committee's agenda over the year covered a number of long-term issues, for example, the re-opening of negotiations with the Department of Justice regarding increases in the level of legal-aid fees and the pilot scheme for video-conferencing with prisoners. The committee also met with the Courts Service to secure greater efficiency in the system of issuing legal-aid certificates and liaised with the Bar Council over the short-notice handover of briefs.

Emerging issues dealt with by the committee included the introduction of District Court sittings in August, the contribution to the consultation process on the new Blanchardstown District Court complex, overcrowding in courts in Dolphin House, and the closure of the Custody Office at lunchtime.

The committee made representations to relevant bodies and contributed to other issues of relevance to criminal law practitioners, such as:

- Proposed introduction of electronic funds transfer for legal-aid payments,
- Handover of Attorney General's scheme to the Department of Justice,
- Arrangements for the seating of victims' and defendants' families in the Central Criminal Court,
- Out-of-hours contact arrangements for duty registrars.

A very successful seminar was held in Cashel in April 2006. Another is planned for Athlone in October. Committee members will also participate in a round-table event with a Chinese delegation, to be held in Dublin.

I would like to thank the committee members for their time and commitment to

the work of the committee, particularly vice-chairman Dara Robinson. Thanks also to committee secretary, Colette Carey.

Alan Gannon,
Chairman



Dominic Dowling,
Chairman

Curriculum Development Unit

The Curriculum Development Unit (CDU) worked solidly during the past year on its core business – reviewing and revising the curriculum as taught in the Law School.

In response to a desire within the profession for higher awareness of ethical standards, the module on *Professional Practice Conduct and Management* has been further enhanced and an examination has been introduced. Feedback has been very positive.

The syllabus on business law has been substantially reorganised and is taught in a more integrated way, by means of a 'virtual business', which in turn is transformed into a 'virtual company'. The students advise the virtual company in relation to all aspects of its extended business life.

In conjunction with the Oxford University Press, the Society publishes manuals on several areas of law. This year, we have issued third editions of the manuals on *Landlord and Tenant Law* (including the *Residential Tenancies Act 2004*), and *Business Law*.

The initiative on eLearning continues and, to this end, our May meeting was hosted by our committee member professional Nigel Savage in the College of Law in London, which is taking a slightly different direction to us.

In Blackhall Place, our eLearning initiative is competing admirably with other models in these islands, and indeed is setting the standards for others to follow.

We continued to monitor and update the choices of elective subjects in response to demands from the profession and from students themselves.

As chairman, I thank very sincerely all the members of our committee for their commitment and dedication and I pay tribute once again to the unsung stalwarts in the Law School who make everything possible. Together, CDU is determined to keep pace with a fast-changing legal landscape.

Dominic Dowling,
Chairman



The Launch of the new Cork Law School

Last April, the Law Society announced the opening of its new Law School in Cork (see above). The school is due to open in November 2006

Ciaran O'Mara,
Chairman



Employment and Equality Law Committee

The pace of development and change in this practice area continues to be formidable. New legislation and case law keep practitioners on their toes, and the committee has been industrious in its attention to new issues. The new regime of information and consultation of employees, the updated code on health and safety law, email/internet monitoring, fixed-term work, privacy issues, and discrimination cases are just some of the current topics causing concern in this practice area. In addition, the courts and various tribunals continue to generate a rich vein of case law, month by month. The main

objective of the committee has been to proactively communicate to the profession the dynamic range of legal developments in the employment and equality-law practice field.

The committee feared last year that there would be a loss of impetus in the work of the government's implementation review body, which was to oversee the codification and harmonisation of employment law and to attempt to streamline the various fora for dispute resolution. It gives no pleasure to report that this concern has materialised, not least due to the exclusion of the profession from membership of the body.

Addressing the problems of complexity in employment and equality law has been replaced by a new focus on labour-law enforcement, driven by the new National Programme agreed by the social partners recently.

A new statutory office modelled on the Office of the Director of Corporate Enforcement is to be established. This will certainly transform attitudes to labour-law compliance and, most probably, generate more referral to our profession by clients in need of assistance.

The new National Programme will also entail further statutory developments in the coming years in the fields of redundancy and transfer of undertakings law.

The legislation on fixed-term work has led to some important decisions in the Labour Court that are particularly controversial in the public sector. There has also been new legislation on employment permits, the discipline and dismissal regime for civil servants, and a fine-tuning of parental-leave law. The practical implications of the extension of statutory maternity leave to nine months (including unpaid leave) from March 2007 have not been digested fully by many employers, even in many instances, by solicitor employers.

In order to achieve its mandate during the year, the committee engaged in the following projects:

- CPD seminars on, among other matters, information and consultation of employees and age discrimination,
- Planning a major seminar on developments in education law and linked equality issues,
- Submissions on new legislation,
- Continuing links with relevant government departments, including the Department of Enterprise, Trade and Employment, Communications and relevant agencies, EAT, Equality Tribunal, Labour Court, ICTU, IBEC and the Health and Safety Authority. The worsening delays in the Equality Tribunal led to particularly strong representations by the committee to that body,
- Issuing practice notes and regular articles in the *Gazette* during the course of the year on employment and equality-law matters.

My thanks to my vice-chairman, Ian Moore, for his excellent assistance during the year. I would also like to thank all members of the committee for the enthusiasm and energy they have shown over the past year.

Ciaran O'Mara,
Chairman

Hugh O'Donoghue,
Chairman



EU and International Affairs Committee

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

One of the year's highlights was the launch of the 'International Series' of talks, where high-profile, international speakers share their experience with attendees. A second seminar is planned for the autumn.

The committee is closely associated with the 'South African Project', which seeks to educate qualified lawyers from South Africa in commercial and corporate law. A number of committee members travelled to South Africa to share their expertise with lawyers from traditionally disadvantaged backgrounds.

During the year, the committee discussed the need for an accessible source of information on the implementation of EU Directives. It has set up an *ad hoc* working group and formal contact has been made with the Attorney General's office with a view to progressing this matter.

A comprehensive list of documents implementing EU legislation has been created to facilitate access to information on statutory instruments and acts that implement EU Directives. This list is linked to the 'Committees' page of the Law Society's website.

The committee continues to publish articles in the *Law Society Gazette* under the heading 'Eurlegal'. A monthly report on 'Recent Developments on EU law' has been added.

The committee continues to be the reporting body for delegates to the Council of Bars and Law Societies of Europe (CCBE). CCBE developments include: the response to the EU Commission Proposal on the Services Directive; the agreement to draft a Code of Conduct for solicitors in Europe; the proposal for a European Criminal Law Ombudsman; and the follow-up of the proposed draft on the Third Money Laundering Directive.

The committee will host an international property seminar in October. This will focus on practical legal issues on purchasing property abroad, including taxation and succession issues.

The subject of EC contract harmonisation has increased in importance, with the EU now working towards an optional code that could be used as the basis for a civil code. The committee has been collaborating with the Business Law Committee on a

co-funded project that involves research on an optional code.

I would like to acknowledge the dedication and hard work of the committee during the year. I extend my thanks to vice-chair Philip Andrews and to committee secretary Eva Massa for her sterling work during a busy year.

*Hugh O'Donoghue,
Chairman*

*Sinead Kearney,
Chairman*



Family Law and Civil Legal Aid Committee

We've had a very busy year, during which members met with representatives of the Legal Aid Board to discuss the implementation and regulation of the Private Practitioners Scheme and, also, the establishment of the Mental Health Tribunal panels, which will be responsible for the automatic independent review of all involuntary admissions to approved centres. Recommendations on the recruitment and training of solicitors were accepted. All remaining provisions of the *Mental Health Act 2001* will be brought into operation on 1 November 2006.

The committee, in conjunction with the Legal Aid Board, has and will continue to examine the alternative methods of dispute resolution, namely collaborative practice, as a less acrimonious, faster means of resolving family-law matters.

Meetings were held with practitioners around the country to assess the practicality of this type of dispute resolution. Further dialogue with the Legal Aid Board is envisaged.

The Family Law Conference held on 9 May was hugely successful. A seminar is planned for the autumn in relation to the topical issues of money laundering and the reporting of suspected sexual abuse.

Other ongoing projects initiated during the year included the updating of the *Family Law Handbook* and an examination of progress made since the publication of *Giving Children a Voice - The Case for the Independent Representation of Children*.

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

*Sinead Kearney,
Chairman*

Education Department

2005/06 has been a record-breaking year for the education department. Between September 2005 and September 2006, over 1,800 students have passed through the doors of the education centre, attending Professional Practice Courses I and II. In order to train the ever-growing number of students, two PPC I courses were provided in 2005. The first of these started in September for 404 students; the second, in November for 242 students. In 2002, a total of 356 students began their training with the Law Society. In 2006, we anticipate approximately 700 students – an increase of 97% in four years.

To provide the best possible training for the increasing number of students, several major educational developments have been launched. The first of these was the announcement of the provision of the Law Society's training courses in Cork. In November, up to 100 students will start their Law Society training there. This course will be provided in a central location in Cork, which has been developed to provide a large lecture theatre, tutorial rooms, an IT centre and staff office. A number of Cork-based staff have been recruited to run this new course. The training will be provided in collaboration with UCC. Students will have access to the college's academic facilities, as well as the full range of social, sporting and entertainment facilities open to UCC students.

Development work was also carried out in Blackhall Place. The gym building was comprehensively renovated and remodelled internally. A new mezzanine floor was inserted into this building, which now contains a lecture theatre, five tutorial rooms and an IT centre. It will be used for the first of two professional practice courses in Dublin.

Three separate PPCI courses will start in 2006 – two based in Dublin and one in Cork. This is a new high-water mark in the Law Society's provision of professional education. This surge in numbers is also reflected in record numbers sitting pre-qualification exams and being admitted to the Roll of Solicitors.

*T P Kennedy,
Director of Education*



Stuart Gilhooly,
Chairman



Gazette Editorial Board

It has been a lively year at the *Gazette*. After the departure of Conal O'Boyle as editor, his replacement, Mark McDermott, hit the ground running and wasn't slow in making the magazine his own. Along with designer, Nuala Redmond, he initiated a number of changes in format and design, which it is universally agreed, have brought the magazine to an even higher level.

The board itself saw a number of changes in personnel and the fresh ideas that these new faces brought to the table have seen a more vibrant and relevant publication. It has been the overriding aim of the board that articles be as relevant and useful to practitioners as possible. We have spent a great deal of time discussing what subjects are important to the average solicitor and also to ensure that those involved in specialised areas are catered for. We are trying to ensure that there is something for everyone in each issue.

It was decided early on in the year that we would commission more articles – this is something that has been of benefit in terms of ensuring relevance. It goes without saying that, for the coming year, we would welcome pieces that practitioners might wish to write, as they are the life-blood of the publication. We would recommend speaking with the editor first, however, in order to discuss subject and feature length.

I would like to thank committee secretary and editor, Mark Mc Dermott, as well the rest of the *Gazette* team: Valerie Farrell, Catherine Kearney, Garrett O'Boyle, Seán Ó hOisín and Nuala Redmond. In addition, the editorial board itself has shown wonderful insight and commitment, for which each member deserves huge gratitude.

Stuart Gilhooly,
Chairman

Kevin O'Higgins,
Chairman



Guidance and Ethics Committee

Since the last annual report, the Guidance and Ethics Committee has held a seminar for solicitors who are planning retirement. This attracted a good audience and will be repeated in the future.

Also on the theme of planning, we published an article in the *Gazette*, which considered the problems that arise for practitioners and their families when there is an emergency in a practice.

Topics currently being considered include the following:

- Mental Health Act Tribunals,
- The implications for practitioners of the *Criminal Law (Theft and Fraud Offences) Act 2001*,
- Purchasers' solicitors' fees paid by builders,
- Solicitors acting on both sides of the purchase and sale of residential property,
- Alternative negotiation procedures in litigation.

The routine work of the committee continued throughout another very busy year. There were many hundreds of calls to the helpline.

The committee facilitates the work of the Panel of Solicitors to assist fellow practitioners in difficulty with the Law Society. The profile of the panel is now well established. The fourth workshop for the panel members is currently being planned.

The committee has carried out some preliminary work in relation to support services for sick and addicted solicitors. We hope, also, to liaise with the medical profession, which has well-established services in this area.

The committee has a good geographical spread in its composition. As such, many of its members give up the best part of a day in getting to meetings. Their commitment and interest is very much appreciated.

In particular I would like to single out two people for their resolute commitment and support, namely the committee secretary Therese Clarke – the real 'guru' when it comes to a question of legal ethics – and my vice-chair James Cahill, who ably assisted me throughout the year.

Kevin O'Higgins,
Chairman

Noeline Blackwell,
Chairman



Human Rights Committee

The Human Rights Committee continued to build on its existing activities and undertook a new initiative to foster relations with the human rights committees of the law societies in the three neighbouring jurisdictions. An initial meeting was held in March, attended by representatives from London and Belfast, and with expressions of interest from Edinburgh. It has been agreed that

annual or bi-annual contact will be maintained, with a view to building on these contacts as opportunities arise. Also in March, the committee ran a CPD seminar on *Making Human and Constitutional Rights Relevant in Practice*. The same month, the committee hosted a meeting with a member of the UN CEDAW Committee, also attended by two members of the Human Rights Commission.

In June, the second annual human-rights lecture was delivered by Mr Justice Michael Kirby of the Australian High Court, on the lessons for human rights of the Dreyfus Affair 100 years after its conclusion. It was an inspiring occasion. The ECHR study, jointly sponsored with the Dublin Solicitors' Bar Association, was awarded to Donncha O'Connell of NUI Galway and is expected to be published in autumn 2006. An advisory group met periodically to support the study, and assisted Donncha and his team in gaining access to current court records. The annual human rights conference takes place in October, on the theme of Achieving Rights-based Child Law. As in previous years, it will be jointly sponsored by the Human Rights Commission, and will be held in association with the Ombudsman for Children's Office. An autumn seminar is being planned on the complaints mechanisms of the UN Conventions on Civil and Political Rights and on the Elimination of Racial Discrimination. The 'Human Rights' page continued all year in the *Gazette*. The committee has maintained its ongoing contact with the Human Rights Commission and other organisations.

As chairman, I would like to thank vice-chair Michael Farrell and all of the committee members for sharing their expertise and for their interest during the year. I would particularly like to thank our secretary Alma Clissmann for her consistent commitment and diligence to the objectives of the committee and for her great support to me and the committee's members.

Noeline Blackwell,
Chairman

Roddy Bourke,
Chairman

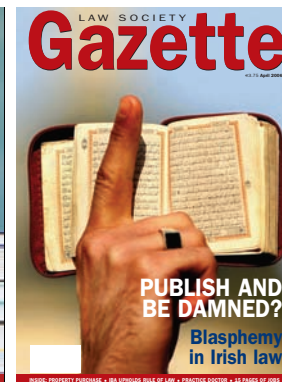


Law Reform Committee

The study on rights-based child law, which had been in preparation for over two years, was published in December (Part 1) and March (the full study). It was launched in March by Minister Brian Lenihan, TD. Over 200 copies are in circulation as a resource for government and the NGO sector. The study covers international and constitutional law, representation for children, children and



100th Anniversary of the Gazette





The President and Director General of the Law Society attended a number of Bar Association meetings around the country in 2006 (l-r): Laois Solicitors' Association; Waterford Law Society



Bar Associations

crime, children's right to identity, child refugees, minors' consent to healthcare, and children and succession law. The committee is indebted to all those on the working group who saw the study through to completion.

The Environmental Law study continues. It suffered some delay and is now scheduled for completion in the autumn.

The seventh annual law reform student essay competition was held and resulted in four winners: Maebh Harding and Mark Murphy (joint first), and Liz Campbell and Yvonne Marie Daly (joint second). I would like to thank the three adjudicators, Judge Catherine Murphy, professor Gerry Whyte and past-president Owen Binchy, for giving their time to reading all the essays. Geoffrey Shannon of the Law School and Dr Eoin O'Dell of TCD are in the process of editing the best essays of previous competitions. The fruits of their work will be published by Clarus Press.

Pursuing an interest in promoting protection for liens on personal property, members of the committee met with Brian Hutchinson of UCD and a post-graduate researcher in UCD, Noel McGrath, who is working on this topic. A sub-group is being arranged to assist them in relation to aspects of legal practice. Other possible topics for future study have been identified for next year.

As chairman, I would like to thank vice-chair John D Shaw, all committee members and co-opted members of sub-groups for their work during the year, especially our committee secretary Alma Clissmann.

*Roddy Bourke,
Chairman*

Fiona Twomey,
Chairman



Litigation Committee

As was the case last year, the Litigation Committee found itself dealing with changes in the personal injury litigation process, resulting in an increase in correspondence to the committee in relation to PIAB issues and insurance company communications.

The committee also dealt with issues arising out of the resultant ongoing debate about various aspects of personal-injury litigation, post-PIAB, particularly in relation to costs and infant rulings, among others.

The ongoing difficulties regarding health-insurance undertakings remain on the agenda. The committee is communicating with VHI and BUPA about the matter.

The committee has been extremely fortunate to have an encouraging and productive relationship with the Courts Service. Ongoing difficulties with the non-jury list backlog were addressed during the year in a series of meetings between representatives of the committee, the judiciary and the Courts Service. As a result, an extremely successful High Court sitting was held in Dundalk in April and a similar sitting is scheduled to take place in Cork in November.

In addition, the committee has continued to monitor the Legal Costs Review Group Report and has made valuable contributions to the Law Society response.

Other items appearing on the agenda included domestic and EU legislation and proposed directives that required comment. In response to legislative and practice

changes, the committee issued practice notes, as necessary.

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

Thanks also to secretary Colette Carey for her hard work and commitment to the committee.

*Fiona Twomey,
Chairman*

*Paula Fallon,
Chairman*



Probate, Administration and Trusts Committee

This year saw the creation of this committee arising out of a division of the former Probate, Administration and Taxation Committee – the Taxation Committee taking over the other elements.

The committee's project to produce a CD-ROM version of the form, *Enduring Powers of Attorney*, ancillary documents and guidance notes, has finally come to fruition. Test versions of the CD have been supplied to members and other volunteers for review, prior to distribution to the profession as a whole.

This year, members undertook a review of the *Making a Will* leaflet, which should be available to the profession before the end of 2006.

Practitioners continued to highlight various practice difficulties and issues affecting the profession in general. The committee sought to resolve these issues through dialogue with Revenue, banks and other agencies, as appropriate. In particular, the committee remains concerned about testamentary capacity, protection of elderly clients and succession rights for minors.

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

I would like to thank my vice-chairman Justin McKenna and the committee members for their time and effort. Finally, thanks to our committee secretary Padraic Courtney for his assistance.

*Paula Fallon,
Chairman*

*Michele O'Boyle,
Chairman*



Public Relations Committee

The Public Relations Committee exists to improve the image of the profession and to promote communications between the Law Society and its members.

The past year was a particularly challenging one for the image of the profession, given the controversy late in 2005 arising out of the actions of certain solicitors in relation to cases heard before the Residential Institutions Redress Board (RIRB). Allegations of overcharging were addressed strenuously by the Law Society and a number of members have appeared before the Solicitors Disciplinary Tribunal in relation to these matters. However, the Society managed very effectively to broadcast the message – chiefly through the efforts of Director General Ken Murphy – that the figures for those complained against and sent forward for further disciplinary action represented 0.6% of all RIRB cases. In other words, 99.4% of members have, and continue to represent the profession in an upright and honest manner. This fact is important in light of a media that tends to concentrate on sensationalism. The Society argued throughout the controversy that, while it needed to censure those found guilty of wrongdoing in RIRB cases, its responsibility was also to defend the vast majority of solicitors who have been innocent of any wrongdoing.

The profession suffered further adverse criticism with the transmission of the RTE *Prime Time Investigates* programme in May 2006, which highlighted a number of client problems with certain solicitors. Again, the Society went to the defence of the profession, citing the fact that, out of some 750,000 cases and transactions that members deal with on an annual basis, only 1,100 complaints are received on average each year. On this basis, the proportion of cases and transactions that result in complaints to the Society is 0.1%. Of these complaints, many are found to be without basis.

In addressing such matters of grave importance to the image of the profession, it should be remembered that members can, and should be, their own best ambassadors with clients – and the media. With this in mind, the Society has established its highly-successful series of 'Client Focus' seminars, which aim to give solicitors the tools they need to run their practices with the best interests of their clients in mind.

From a media perspective, the Public Relations Committee organised a meeting at Blackhall Place for presidents and public relations officers of the country's Bar

Associations. Delegates were briefed on pertinent issues relating to the profession and how best to deal with them in a media context. As Director General Ken Murphy pointed out, local solicitors have much greater access to the regional media than does the Law Society. The Public Relations Committee urges all members to use their influence in getting across the profession's positive messages.

The committee expects to organise a conference on 'Law Relating to Immigration and Residence' in the latter part of 2006. This conference will be jointly-run with the Irish Immigration and Naturalisation Service (INIS), a section within the Department of Justice, Equality and Law Reform. Approaches have been made to the Tánaiste, Michael McDowell TD, who has agreed to be the key-note speaker.

I would like to take this opportunity to thank the hard-working members of the committee for giving selflessly of their time, ideas and enthusiasm throughout the past year. Special thanks is due to vice-chairman John O'Connor and to the committee secretary Mark McDermott, who joined us in September 2005, and who has supported us so ably in our work since that time.

*Michele O'Boyle,
Chairman*

The Taoiseach was a special guest for dinner at the Law Society during the year. Pictured below are (l to r): Director General Ken Murphy, the Taoiseach Bertie Ahern TD, Law Society President Michael Irvine, and Senior Vice-President Philip Joyce



Visit of An Taoiseach

Taxation Committee

*Michael O'Connor,
Chairman*



The Taxation Committee was reconstituted this year. It continues the role of dealing with the taxation issues previously dealt with by the former Probate, Administration and Taxation Committee. Tax law is much more subject to change than other branches of law. One of the committee's main aims is to promote awareness of, and proficiency in, tax matters among solicitors.

During the year, the committee issued practice notes on:

- 'Work in progress' – the effect of changes in the *Finance Act 2006*
- Single premium insurance products – new Revenue declaration
- Stamp-duty reliefs – Stamp Duty Enquiry Form
- EU Savings Directive – solicitors' obligations to submit Revenue return.

In addition, the annual *Tax Guide* was published and the annual pre-budget submission was made to government, followed by a submission on the *Finance Bill*.

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

I would like to thank my vice-chairman Pat Bradley and other committee members for the time and effort they have contributed to committee business throughout the year. Finally, thanks to our committee secretary Colette Carey for her assistance.

*Michael O'Connor,
Chairman*

Technology Committee

The two key functions of the Technology Committee are to monitor developments in technology that are relevant to the legal profession, and to promote the use of technology as a business resource within the profession. In addition, the committee provides assistance and advice to individual members on a one-to-one basis.

Following LawTech 2004, the committee undertook a substantial review of the annual exhibition. As a result, none occurred in 2005 but a successful exhibition and seminar was held in the Imperial Hotel in Cork on 24 February 2006. Seminar topics included eConveyancing and the forensic examination of computers.

Following a number of meetings with the Conveyancing Committee, a new practice note was issued jointly by our two committees entitled: *Booklets of Land Registry Title on CD-Rom for New Homes*. A copy is available on the Law Society's website and sets out the minimum standards for such booklets of title.

The committee organised a practical seminar in Athlone on 30 September 2005, where 30 delegates received hands-on experience in the use of Microsoft Outlook, and the Courts' and Land Registry websites. Extracts from this seminar are available on the Technology Committee's webpage.

During the year, the committee carried out the first extensive IT survey of the profession in many years. This showed that solicitors have a high rate of computer literacy and a very high rate of usage of computerised accounts packages, internet access and email. The committee is now considering the survey's results in detail and intends to publish its recommendations. Specifically, it is looking at the requirement for tailored seminars or workshops in areas where usage is below average. It is also examining how best the Law Society can improve its communication with its members through the use of IT. The committee will also examine the use of IT in the Law School and will advise working groups within the Society, in particular the Task Force on eConveyancing. The committee's webpage is a valuable source of information for the profession. It includes a number of guides on issues relating to technology. It also provides several links to forms available in electronic format that can be accessed and downloaded in seconds. There is a list, too, of legal sources available on the internet, including the 16 top internet sites for legal research.



Andrew Cody,
Chairman

The committee has a workshop planned for 6 October at the Galway/Mayo Institute of Technology (GMIT) on legal research on the internet, and on how to get the most from the Land Registry's 'landdirect.ie' online service.

A special thanks to our secretary Veronica Donnelly and all of the hard-working members of the Technology Committee, including vice-chair Patrick Madigan Jnr.

Andrew Cody,
Chairman

Political representatives visit the Law Society



The Law Society hosted a number of dinners in 2006 for representatives of major political parties, including (from top): Senior members of the parliamentary parties of Fine Gael, the Progressive Democrats and the Labour party



Parchment Ceremonies

A significant milestone will be reached in January 2007 when among those due to qualify will be the 10,000th solicitor to have their name entered on the Roll of the Law Society of Ireland. Between September 2005 and September 2006 over 1,800 students passed through the doors of the Education Centre, attending Professional Practice Courses I and II. By the end of the year, it is anticipated that approximately 700 students will have started PPCI in 2006 – an astonishing increase of 97% in just four years

THE LAW SOCIETY OF IRELAND
STATEMENT OF RESPONSIBILITIES OF THE FINANCE COMMITTEE

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

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

The Finance Committee is responsible for keeping proper accounting records 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 2005 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. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Finance Committee and the auditors

As set out in the Statement of Responsibilities of the Finance Committee, the Finance

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

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the group and the society as at 31 December 2005 and of the surplus of the group for the year then ended.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistency with the financial statements. The other information comprises the Report of the Director General, the Report of the President and the Reports of the Committees.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the society as at 31 December 2005 and of the surplus of the group for the year then ended.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

17 May 2006

THE LAW SOCIETY OF IRELAND
STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The Society consolidates its interests in subsidiary undertakings as detailed in note 21 and its interest in the related undertaking Law Club of Ireland, which it controls.

INCOME

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

DEPRECIATION

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

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 transactions.

CURRENT ASSET INVESTMENTS

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

PUBLICATIONS

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

PENSION COSTS

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

DEFERRED TAXATION

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

STOCKS

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

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

THE LAW SOCIETY OF IRELAND CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €	2004 €
INCOME			
Fees and subscriptions	4	8,737,442	8,312,886
Education activities	5	7,383,121	7,141,108
Company formations		317,174	265,961
Publications		186,357	159,638
Four Courts rooms		613,748	568,028
Interest	6	358,129	288,928
Other income	7	634,910	610,951
		<u>18,230,881</u>	<u>17,347,500</u>
EXPENDITURE			
Operating charges:			
- general activities	4	7,177,289	7,059,663
- education activities	5	7,914,259	6,365,114
Financing costs		287,527	289,194
Other expenditure	7	<u>1,169,519</u>	<u>1,113,882</u>
		<u>16,548,594</u>	<u>14,827,853</u>
Surplus for year before taxation		1,682,287	2,519,647
Taxation credit/(charge)	8	<u>14,853</u>	<u>(90,165)</u>
Surplus for year after taxation	16	<u>1,697,140</u>	<u>2,429,482</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 and signed on its behalf by:

James MacGuill, Chairman of the Finance Committee

Michael Irvine, President of the Law Society of Ireland

17 May 2006

THE LAW SOCIETY OF IRELAND CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 €	2004 €
FIXED ASSETS			
Tangible fixed assets	9	<u>14,777,126</u>	<u>14,337,519</u>
CURRENT ASSETS			
Investments	12	4,437,274	3,420,447
Stocks	13	20,896	19,579
Debtors	14	1,503,628	1,226,172
Cash at bank and in hand		<u>12,039,177</u>	<u>11,264,035</u>
		18,000,975	15,930,233
CURRENT LIABILITIES			
CREDITORS:			
(Amounts falling due within one year)	15	<u>(5,263,369)</u>	<u>(4,448,890)</u>
NET CURRENT ASSETS		<u>12,737,606</u>	<u>11,481,343</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,514,732	25,818,862
CREDITORS: (Amounts falling due after more than one year)	15	<u>(7,340,394)</u>	<u>(7,341,664)</u>
NET ASSETS		<u>20,174,338</u>	<u>18,477,198</u>
RESERVES			
Accumulated reserves	16	<u>20,174,338</u>	<u>18,477,198</u>

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

James MacGuill, Chairman of the Finance Committee

Michael Irvine, President of the Law Society of Ireland

17 May 2006

THE LAW SOCIETY OF IRELAND BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 €	2004 €
FIXED ASSETS			
Tangible fixed assets	9	<u>14,548,067</u>	<u>14,183,907</u>
CURRENT ASSETS			
Investments	12	4,437,274	3,420,447
Debtors	14	2,694,033	1,432,591
Cash at bank and in hand		<u>11,019,483</u>	<u>11,157,148</u>
		18,150,790	16,010,186
CURRENT LIABILITIES			
CREDITORS: (Amounts falling due within one year)	15	<u>(5,296,008)</u>	<u>(4,459,957)</u>
NET CURRENT ASSETS		<u>12,854,782</u>	<u>11,550,229</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,402,849	25,734,136
CREDITORS: (Amounts falling due after more than one year)	15	<u>(7,340,394)</u>	<u>(7,341,664)</u>
NET ASSETS		<u>20,062,455</u>	<u>18,392,472</u>
RESERVES			
Accumulated reserves	16	<u>20,062,455</u>	<u>18,392,472</u>

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

James MacGuill, Chairman of the Finance Committee

Michael Irvine, President of the Law Society of Ireland

17 May 2006

THE LAW SOCIETY OF IRELAND
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €	2004 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>3,137,813</u>	<u>5,140,336</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>358,129</u>	<u>288,928</u>
TAXATION			
Corporation tax paid		<u>(46,492)</u>	<u>(155,165)</u>
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		<u>(1,656,211)</u>	<u>(3,217,275)</u>
MANAGEMENT OF LIQUID RESOURCES			
Purchase of investments		<u>(1,016,827)</u>	-
Disposal of investment		-	<u>34,160</u>
FINANCING			
Decrease in debt		<u>(1,270)</u>	<u>(127)</u>
INCREASE IN CASH	18	<u><u>775,142</u></u>	<u><u>2,090,857</u></u>

THE LAW SOCIETY OF IRELAND NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. PRESENTATION OF FINANCIAL STATEMENTS

The Finance Committee presents consolidated financial statements for the first time, for the year ended 31 December 2005, in respect of the Law Society of Ireland and its related undertakings. The 2004 comparative amounts have been restated accordingly.

The consolidated financial statements include the financial statements of the Law Society of Ireland and the financial statements of its subsidiaries as outlined in note 21. The results of the Law Club of Ireland are also included as it is controlled by the Law Society of Ireland.

The financial statements of the Law Society of Ireland include the General and Education activities of the Society.

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

2. SURPLUS BEFORE TAXATION

	2005 €	2004 €
The surplus before taxation is stated after charging:		
- Depreciation	1,216,604	1,109,601
- Auditors' remuneration	30,000	25,500
- Finance charges	<u>287,527</u>	<u>287,527</u>
and after crediting:		
- Deposit interest	<u><u>358,129</u></u>	<u><u>288,928</u></u>

3. STAFF COSTS	2005	2005	2005	2004
	General Activities €	Education Activities €	Total €	Total €
Wages and salaries	3,833,808	2,756,687	6,590,495	5,760,680
PRSI	365,018	363,008	728,026	629,261
Pension costs	<u>416,769</u>	<u>215,110</u>	<u>631,879</u>	<u>489,386</u>
Total	<u>4,615,595</u>	<u>3,334,805</u>	<u>7,950,400</u>	<u>6,879,327</u>

The average aggregate number of employees during 2005 was 129 (2004: 113).

4. GENERAL ACTIVITIES (including funds)	2005 €	2004 €
INCOME		
Fees and subscriptions		
Practising certificates	6,243,438	5,934,163
Members' subscriptions	604,873	574,907
Admission fees	111,510	113,280
Fund Contributions:		
- Capital expenditure fund	453,724	430,943
- Education centre fund	870,138	828,643
- Litigation fund	<u>453,759</u>	<u>430,950</u>
	8,737,442	8,312,886
Services and interest		
Company formations	317,174	265,961
Publications	186,357	159,638
Four Courts rooms	613,748	568,028
Interest (Note 6)	<u>358,129</u>	<u>288,928</u>
Total income	<u>10,212,850</u>	<u>9,595,441</u>

OPERATING CHARGES
General activities

	2005 €	2004 €
Pay and related expenditure	2,597,118	2,424,253
Administration expenditure	1,139,000	1,190,547
Premises expenditure	580,001	579,036
Members' services expenditure	1,342,858	1,581,860
Regulation services expenditure	991,314	831,893
Admission expenditure	42,247	37,340

Services*

	2005	2004
Company formations	246,840	198,897
Publications	65,589	60,746
Four Courts rooms	<u>172,322</u>	<u>155,091</u>

Total operating charges

	<u>7,177,289</u>	<u>7,059,663</u>
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Surplus

	<u>3,035,561</u>	<u>2,535,778</u>
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*These costs represent the direct costs of providing these services.

5. EDUCATION ACTIVITIES	2005 €	2004 €
INCOME		
Professional practice course 1 fees	3,023,599	3,110,787
Professional practice course 2 fees	1,571,427	1,261,854
Indentures and registration	365,784	322,691
Examination fees	969,945	960,970
Diploma courses	411,588	394,920
Continuing professional development	935,441	996,060
Miscellaneous income	<u>105,337</u>	<u>93,826</u>
Total income	<u>7,383,121</u>	<u>7,141,108</u>

5. EDUCATION ACTIVITIES (CONTINUED)	2005	2004	7. OTHER INCOME/EXPENDITURE	2005	2004
	€	€		€	€
OPERATING CHARGES			Income:		
Pay and related expenditure	2,831,421	2,208,868	Catering income	409,987	400,604
Administration expenditure	1,317,780	902,228	Bar income	153,602	130,959
Direct expenditure	1,932,205	1,703,097	Bed and breakfast income	29,845	15,120
Premises expenditure	554,942	506,685	Functions and consultation room income	23,603	23,538
Continuing professional development expenditure	936,272	744,468	Rental income	12,830	13,750
Diploma courses expenditure	<u>341,639</u>	<u>299,768</u>	Sundry income	<u>5,043</u>	<u>26,980</u>
Total operating charges	<u>7,914,259</u>	<u>6,365,114</u>		<u>634,910</u>	<u>610,951</u>
Financing costs	<u>287,527</u>	<u>289,194</u>	Expenditure:		
(Deficit)/surplus	<u>(818,665)</u>	<u>486,800</u>	Catering expenditure	472,150	449,709
			Catering cost of sales	240,241	229,831
			Bar expenditure	123,907	112,381
			Bar cost of sales	79,743	72,403
			Rental expenditure	159,220	139,671
			Premises expenditure	13,403	8,842
			Other administration expenditure	<u>80,855</u>	<u>101,045</u>
				<u>1,169,519</u>	<u>1,113,882</u>
6. INTEREST	2005	2004			
	€	€			
Interest – Accumulated reserves	245,509	189,304			
Interest – Capital expenditure fund	46,205	54,246			
Interest – Litigation fund	49,606	45,378			
Interest – Education Centre fund	<u>16,809</u>	<u>-</u>			
	<u>358,129</u>	<u>288,928</u>			

8. TAXATION (CREDIT)/CHARGE	2005	2004
	€	€
Based on the surplus for the year:		
Corporation tax (credit)/charge	<u>(14,853)</u>	<u>90,165</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:

	2005	2004
	€	€
Surplus for year before taxation	<u>1,682,287</u>	<u>2,519,647</u>
Surplus for year multiplied by standard rate of corporation tax of 12.5%	210,286	314,956
Effects of:		
Income not subject to taxation	(1,237,176)	(1,164,824)
Net expenses not deductible for tax purposes	1,049,029	889,443
Depreciation for year in excess of capital allowances	18,336	9,501
Higher tax rates on interest and rental income	46,447	41,089
Losses utilised in current year	(78,407)	-
Losses carried back to prior year	<u>(23,368)</u>	<u>-</u>
	<u>(14,853)</u>	<u>90,165</u>

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

There were no material-deferred tax-timing differences which required to be recognised at 31 December 2005 or 2004.

9. TANGIBLE FIXED ASSETS						Total
	Group	Leasehold	Furniture	Computer	Motor	
	Premises	Improvements	Fittings & Equipment	Equipment	Vehicles	
Cost	€	€	€	€	€	€
At 1/1/2005	14,299,562	184,757	5,326,447	2,791,423	92,671	22,694,860
Additions	<u>164,607</u>	<u>-</u>	<u>871,507</u>	<u>620,097</u>	<u>-</u>	<u>1,656,211</u>
At 31/12/2005	<u>14,464,169</u>	<u>184,757</u>	<u>6,197,954</u>	<u>3,411,520</u>	<u>92,671</u>	<u>24,351,071</u>
Depreciation						
At 1/1/2005	2,197,340	92,378	4,050,569	1,943,275	73,779	8,357,341
Charge for year	<u>287,844</u>	<u>36,951</u>	<u>567,789</u>	<u>310,693</u>	<u>13,327</u>	<u>1,216,604</u>
At 31/12/2005	<u>2,485,184</u>	<u>129,329</u>	<u>4,618,358</u>	<u>2,253,968</u>	<u>87,106</u>	<u>9,573,945</u>
Net book value						
At 31/12/2005	<u>11,978,985</u>	<u>55,428</u>	<u>1,579,596</u>	<u>1,157,552</u>	<u>5,565</u>	<u>14,777,126</u>
At 31/12/2004	<u>12,102,222</u>	<u>92,379</u>	<u>1,275,878</u>	<u>848,148</u>	<u>18,892</u>	<u>14,337,519</u>
Society						
	Premises		Furniture	Computer	Motor	Total
Cost	€		Fittings & Equipment	Equipment	Vehicles	€
At 1/1/2005	14,299,562		5,073,234	2,791,423	92,671	22,256,890
Additions	<u>38,147</u>		<u>858,936</u>	<u>620,097</u>	<u>-</u>	<u>1,517,180</u>
At 31/12/2005	<u>14,337,709</u>		<u>5,932,170</u>	<u>3,411,520</u>	<u>92,671</u>	<u>23,774,070</u>
Depreciation						
At 1/1/2005	2,197,340		3,858,589	1,943,275	73,779	8,072,983
Charge for year	<u>287,844</u>		<u>541,156</u>	<u>310,693</u>	<u>13,327</u>	<u>1,153,020</u>
At 31/12/2005	<u>2,485,184</u>		<u>4,399,745</u>	<u>2,253,968</u>	<u>87,106</u>	<u>9,226,003</u>
Net book value						
At 31/12/2005	<u>11,852,525</u>		<u>1,532,425</u>	<u>1,157,552</u>	<u>5,565</u>	<u>14,548,067</u>
At 31/12/2004	<u>12,102,222</u>		<u>1,214,645</u>	<u>848,148</u>	<u>18,892</u>	<u>14,183,907</u>

9. TANGIBLE FIXED ASSETS (CONTINUED)

Group and Society

Included in the above are assets relating to education activities:

	Cost	Accumulated Depreciation	Net Book Value
	€	€	€
Premises	5,847,490	617,377	5,230,113
Furniture, fittings and equipment	1,856,943	1,021,945	834,998
Computer equipment	<u>1,432,912</u>	<u>654,224</u>	<u>778,688</u>
	<u>9,137,345</u>	<u>2,293,546</u>	<u>6,843,799</u>

10. ASSETS FINANCED BY FINANCING ARRANGEMENT

Included in tangible fixed assets are the following assets which are subject to a financing arrangement (Note 11):

	Cost	Accumulated Depreciation	Net Book Value
	€	€	€
Education Centre premises	5,827,485	612,134	5,215,351
Education furniture, fittings and equipment	<u>53,767</u>	<u>53,767</u>	<u>-</u>
	<u>5,881,252</u>	<u>665,901</u>	<u>5,215,351</u>

11. FINANCING ARRANGEMENT

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

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

12. INVESTMENTS

Group and Society – At cost

The investments are comprised of the following:

- (a) 5-year Euro non-interest bearing note ("Note");
- (b) Global Protected Growth Bond ("Bond");
- (c) With-Profits Bond Policy ("Policy");
- (d) Euro non-interest bearing note ("Gain Note");
- (e) Euro non-interest bearing basket note ("Basket"); and
- (f) TAM equity and bond investments (TAM)

The Note, Bond, Policy, Gain Note and Basket are linked to a tailored global equity index basket. The terms provide for a minimum redemption of 100% of the sum invested in June 2006 for the Note, May 2007 for the Bond, September 2007 for the Basket, July 2010 for the Gain Note and May 2012 for the Policy. TAM investments do not carry capital protection.

The investment by the Society in subsidiary undertakings has been fully provided.

13. STOCKS	2005	2004	Society	2005	2004
Group	€	€		€	€
Stocks in trade	<u>20,896</u>	<u>19,579</u>	Amounts falling due within one year:		
			Debtors and prepayments	879,999	653,689
			Amounts due from the Law Society		
			Compensation Fund	73,352	59,464
The replacement cost of stock is not significantly different from the above stated cost.					
			Amounts due from related and subsidiary undertakings:		
			- Solicitors Investment Services Limited	-	12,500
			- Solicitors Financial Services Limited	-	12,500
			- The Law Club of Ireland	6,717	44,695
			- Friary Property Services Limited	147,698	224,352
			- Benburb Street Property Company Limited	1,000,000	-
			- Ellis Quay Property Services Limited	131,091	-
			Deferred finance costs	51,356	51,356
			Corporation tax	78,054	16,709
			VAT	<u>19,796</u>	<u>-</u>
	1,197,658	868,846		2,388,063	1,075,265
			Amounts falling due after more than one year:		
			Deferred finance costs:		
			- Due within 2 to 5 years	205,423	205,423
			- Due after more than 5 years	<u>100,547</u>	<u>151,903</u>
	<u>1,503,628</u>	<u>1,226,172</u>		<u>2,694,033</u>	<u>1,432,591</u>

15. CREDITORS	2005	2004	Group and Society	2005	2004
Group	€	€		€	€
Amounts falling due within one year:			Amounts falling due after more than one year:		
Creditors and accruals	2,359,692	2,582,263	- Due within 2 to 5 years		
Deferred income	2,593,584	1,525,669	Bond Funding Scheme	124,307	125,577
PAYE / PRSI	310,093	293,118	- Due after more than 5 years		
VAT	-	47,840	Education Centre	7,216,087	7,216,087
	<u>5,263,369</u>	<u>4,448,890</u>		<u>7,340,394</u>	<u>7,341,664</u>

Deferred income represents professional course fees for the 2006 financial year received in the year to 31 December 2005.

Society	2005	2004
	€	€
Amounts falling due within one year:		
Creditors and accruals	2,411,119	2,629,679
Deferred income	2,593,584	1,525,669
PAYE / PRSI	291,305	278,481
VAT	-	26,128
	<u>5,296,008</u>	<u>4,459,957</u>

Deferred income represents professional course fees for the 2006 financial year received in the year to 31 December 2005.

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

The amount due in respect of the Education Centre represents the liability under the financing arrangement (Note 10).

16. ACCUMULATED RESERVES						
Group		Society	Capital	Education		Law School
	Total	Accumulated	Expenditure	Centre	Litigation	Accumulated
	€	Reserves	Fund	Fund	Fund	Reserves
	€	€	€	€	€	€
Balance at 1/1/2005	18,477,198	9,091,312	1,978,097	4,214,757	2,157,253	1,035,779
Surplus/(deficit) for year	1,697,140	931,597	499,929	886,947	503,365	(1,124,698)
Transfers	-	350,015	(37,170)	-	(374,151)	61,306
Balance at 31/12/2005	<u>20,174,338</u>	<u>10,372,924</u>	<u>2,440,856</u>	<u>5,101,704</u>	<u>2,286,467</u>	<u>(27,613)</u>
Society						
	Total	Society	Capital	Education		Law School
	€	Accumulated	Expenditure	Centre	Litigation	Accumulated
	€	Reserves	Fund	Fund	Fund	Reserves
	€	€	€	€	€	€
Balance at 1/1/2005	18,392,472	9,006,586	1,978,097	4,214,757	2,157,253	1,035,779
Surplus/(deficit) for year	1,669,983	904,440	499,929	886,947	503,365	(1,124,698)
Transfers	-	350,015	(37,170)	-	(374,151)	61,306
Balance at 31/12/2005	<u>20,062,455</u>	<u>10,261,041</u>	<u>2,440,856</u>	<u>5,101,704</u>	<u>2,286,467</u>	<u>(27,613)</u>

Group and Society

The Finance Committee established the above funds to make prudent provision 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.

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

	2005	2004
	€	€
Surplus before taxation	1,682,287	2,519,647
Depreciation charge	1,216,604	1,109,601
Interest received	(358,129)	(288,928)
(Increase)/decrease in stock	(1,317)	4,089
(Increase)/decrease in debtors	(216,111)	546,471
Increase in creditors	<u>814,479</u>	<u>1,249,456</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>3,137,813</u>	<u>5,140,336</u>

18. (a) ANALYSIS OF CHANGES IN NET FUNDS

	2005	2004
	€	€
Increase in cash during the year	775,142	2,090,857
Decrease in debt during the year	1,270	127
Net funds at 1 January	<u>3,922,371</u>	<u>1,831,387</u>
NET FUNDS AT 31 DECEMBER	<u>4,698,783</u>	<u>3,922,371</u>

(b) ANALYSIS OF NET FUNDS

	At 1/1/2005	Cashflow	At 31/12/2005
	€	€	€
Cash and bank balances	11,264,035	775,142	12,039,177
Debt due after one year	<u>(7,341,664)</u>	<u>1,270</u>	<u>(7,340,394)</u>
	<u>3,922,371</u>	<u>776,412</u>	<u>4,698,783</u>

19. RELATED PARTY TRANSACTIONS

During the year, the Society incurred expenditure on behalf of, and recharged it to, the Compensation Fund to the extent of €2,124,399 (2004: €1,883,723). The amount due from the Compensation Fund at the year end is outlined in note 14.

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 1 January 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the investment return and the rates of increase in salaries. In preparing that valuation, it was assumed that the discount rate would be 6% per annum pre retirement and 5.5% post retirement, the investment return pre retirement would be 1.5% higher per annum than future salary increases, and that future salary increases would average 4.5% per annum.

The actuarial report at 1 January 2004 indicated that the market value of the assets of the scheme was €6,444,000 and that the actuarial value of the assets was sufficient to cover 96% of the benefits, that had accrued to members, after allowing for expected future increases in pensionable remuneration.

It was recommended that the Society's annual contributions be 10.7% of

pensionable salaries. The actuary carried out an update of the discontinuance position at 1 January 2004 and confirmed that the scheme was fully funded at that date, on that basis.

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

The pension charge for the year was €631,879 (2004: €489,386).

21. SUBSIDIARY AND RELATED UNDERTAKINGS

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

Subsidiary undertakings:

- Solicitors Financial Services Limited
- Solicitors Investment Services Limited
- Friary Property Services Limited
- Benburb Street Property Company Limited
- Ellis Quay Property Services Limited.

Related undertakings:

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

22. CAPITAL COMMITMENTS

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

	2005	2004
	€	€
Contracted for	432,191	152,260
Not contracted for	<u>21,354,850</u>	<u>11,791</u>
	<u>21,787,041</u>	<u>164,051</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 claims which require provision by the Society at 31 December 2005. Legal costs incurred by the Society to 31 December 2005, in connection with these matters, have been charged in the Income and Expenditure Account.

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

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

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

The Regulation of Practice Committee is responsible for keeping proper accounting records 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
THE LAW SOCIETY OF IRELAND COMPENSATION FUND**

We have audited the financial statements of The Law Society of Ireland Compensation Fund for the year ended 31 December 2005 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Regulation of Practice Committee and auditors
As set out in the Statement of Responsibilities, the Regulation of Practice Committee is responsible for the preparation of financial statements which give a true and fair view of the results and state of affairs of the Compensation Fund. Our responsibility, as independent auditors is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the Compensation Fund as at 31 December 2005 and of its result for the year then ended.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Compensation Fund as at 31 December 2005 and of its deficit for the year then ended.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

19 May 2006

THE LAW SOCIETY OF IRELAND COMPENSATION FUND
STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

ACCOUNTING CONVENTION

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

INVESTMENTS

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

CLAIMS

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

DEFERRED TAXATION

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

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

THE LAW SOCIETY OF IRELAND COMPENSATION FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005	2004
	€	€	€
INCOME			
Contributions receivable		2,735,925	2,605,188
Income and returns on investments	4	715,777	1,327,849
Recoveries from defaulting solicitors		<u>515,355</u>	<u>387,177</u>
		<u>3,967,057</u>	<u>4,320,214</u>
EXPENDITURE			
Provision for claims		3,055,849	389,419
Insurance		317,660	334,137
Costs allocated from the Law Society of Ireland		757,645	662,665
Investigation and support staff salaries and expenses		1,025,011	968,231
Practice closure expenses		210,407	195,364
Legal and professional fees		200,756	122,961
Portfolio management fee		(57,316)	(4,127)
Miscellaneous expenses		<u>11,013</u>	<u>17,334</u>
		<u>5,521,025</u>	<u>2,685,984</u>
(DEFICIT)/SURPLUS BEFORE TAXATION	2	(1,553,968)	1,634,230
Taxation	3	<u>(55,275)</u>	<u>(35,069)</u>
(DEFICIT)/SURPLUS AFTER TAXATION		(1,609,243)	1,599,161
Accumulated surplus at beginning of year		<u>27,429,431</u>	<u>25,830,270</u>
Accumulated surplus at end of year		<u>25,820,188</u>	<u>27,429,431</u>

All of the deficit after taxation arose from continuing operations.

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

James B. McCourt, Chairman of the Regulation of Practice Committee
Michael Irvine, President of the Law Society of Ireland
19 May 2006

THE LAW SOCIETY OF IRELAND COMPENSATION FUND STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 €	2004 €
Retained (deficit)/surplus for the financial year	(1,609,243)	1,599,161
Movement in unrealised surplus arising on revaluation of investments	<u>2,258,666</u>	<u>1,338,073</u>
Total recognised gains and losses for the year	<u>649,423</u>	<u>2,937,234</u>

THE LAW SOCIETY OF IRELAND COMPENSATION FUND
BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 €	2004 €
FIXED ASSETS			
Financial assets	5	<u>35,237,448</u>	<u>33,410,302</u>
CURRENT ASSETS			
Debtors and prepayments	6	73,055	30,820
Bank balances		<u>768,806</u>	<u>540,188</u>
		841,861	571,008
CREDITORS: (Amounts falling due within one year)	7	<u>(477,464)</u>	<u>(459,265)</u>
NET CURRENT ASSETS		<u>364,397</u>	<u>111,743</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,601,845	33,522,045
PROVISIONS FOR LIABILITIES AND CHARGES	8	<u>(1,616,381)</u>	<u>(186,004)</u>
NET ASSETS		<u>33,985,464</u>	<u>33,336,041</u>
REVENUE RESERVES		25,820,188	27,429,431
REVALUATION RESERVE	9	<u>8,165,276</u>	<u>5,906,610</u>
		<u>33,985,464</u>	<u>33,336,041</u>

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

James B. McCourt, Chairman of the Regulation of Practice Committee
Michael Irvine, President of the Law Society of Ireland
19 May 2006

1. PRESENTATION OF FINANCIAL STATEMENTS

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

2. DEFICIT BEFORE TAXATION

The deficit before taxation is stated after charging:
Auditors' remuneration

	2005	2004
	€	€
Auditors' remuneration	<u>5,000</u>	<u>4,750</u>

3. TAXATION

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

	2005	2004
	€	€
Income tax	115,000	150,000
Adjustment in respect of prior years	(30,335)	(127,731)
Deferred tax (credit)/charge	<u>(29,390)</u>	<u>12,800</u>
	<u>55,275</u>	<u>35,069</u>

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

	2005	2004
	€	€
(Deficit)/Surplus before taxation	<u>(1,553,968)</u>	<u>1,634,230</u>
(Deficit)/Surplus multiplied by standard rate of income tax of 20% (2004: 20%)	(310,793)	326,846
Effects of:		
Income not subject to taxation	(689,875)	(714,868)
Expenses not deductible for tax purposes	<u>1,115,668</u>	<u>538,022</u>
	<u>115,000</u>	<u>150,000</u>

4. INCOME AND RETURNS ON INVESTMENTS

	2005	2004
	€	€
Surplus on sale of investments	338,532	631,319
Dividends and interest receivable	<u>377,245</u>	<u>696,530</u>
	<u>715,777</u>	<u>1,327,849</u>

5. FINANCIAL ASSETS

	2005	2004
	€	€
Listed investments – at market value		
Market value at end of year	<u>35,237,448</u>	<u>33,410,302</u>

6. DEBTORS AND PREPAYMENTS: (Amounts falling due within one year)

	2005	2004
	€	€
Other debtors	41,349	2,630
Taxation recoverable	<u>31,706</u>	<u>28,190</u>
	<u>73,055</u>	<u>30,820</u>

7. CREDITORS: (Amounts falling due within one year)

	2005	2004
	€	€
Accruals	404,112	399,801
Amounts due to the Law Society of Ireland	<u>73,352</u>	<u>59,464</u>
	<u>477,464</u>	<u>459,265</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES	2005	2004
	€	€
Provision for claims		
At beginning of year	120,964	352,921
Provision made	3,055,849	389,419
Claims paid	<u>(1,596,082)</u>	<u>(621,376)</u>
At end of year	<u>1,580,731</u>	<u>120,964</u>
Deferred tax		
At beginning of year	65,040	52,240
(Credit)/Charge for the year	<u>(29,390)</u>	<u>12,800</u>
At end of year	<u>35,650</u>	<u>65,040</u>
	<u>1,616,381</u>	<u>186,004</u>

The entire deferred tax provision at 31 December 2005 and 2004 related to investment income, which is not taxed until received.

9. REVALUATION RESERVE	2005	2004
	€	€
Unrealised surplus on investments:		
At beginning of year	5,906,610	4,568,537
Movement during year	<u>2,258,666</u>	<u>1,338,073</u>
At end of year	<u>8,165,276</u>	<u>5,906,610</u>

10. RELATED PARTY TRANSACTIONS

During the year the expenditure of the Compensation Fund included expenses and payroll costs totalling €2,124,399 (2004: €1,883,723) which were recharged to it by the Law Society of Ireland. The amount due to the Law Society of Ireland at year-end is disclosed at Note 7.

11. PENSIONS

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

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 1 January 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the investment return and the rates of increase in salaries. In preparing that valuation, it was assumed that the discount rate would be 6% per annum pre retirement and 5.5% post retirement, the investment return pre retirement would be 1.5% higher per annum than future salary increases, and that future salary increases would average 4.5% per annum.

The actuarial report at 1 January 2004 indicated that the market value of the assets of the scheme was €6,444,000 and that the actuarial value of the assets was sufficient to cover 96% of the benefits, that had accrued to members, after allowing for expected future increases in pensionable remuneration.

It was recommended that the Compensation Fund's annual contributions be 10.7% of pensionable salaries. The actuary carried out an update of the discontinuance position at 1 January 2004 and confirmed that the scheme was fully funded at that date, on that basis.

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

The pension charge for the year was €105,203 (2004:€100,110).

