



ANNUAL REPORT
AND ACCOUNTS

2018/2019



Members of the Law Society of Ireland
C/o Blackhall Place
Dublin 7

24 October 2019

Dear Members,

In accordance with Bye-law 4 of the Society's Bye-laws, we have pleasure in presenting the Annual Report for 2018/19 of the Law Society of Ireland.



Patrick Dorgan
President,
Law Society of Ireland



Ken Murphy
Director General,
Law Society of Ireland

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AND ACCOUNTS

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ABOUT THE LAW SOCIETY OF IRELAND

The Law Society exercises statutory functions under the *Solicitors Acts 1954 to 2015* in relation to the education, admission, enrolment, discipline and regulation of the solicitors' profession. These statutory functions are exercised by the Council or by committees to which the Council delegates those statutory functions. It is the professional body for its solicitor members, to whom it also provides services and support.

GOVERNANCE STRUCTURE

The Law Society is governed by a Council, comprising elected and nominated members of the solicitors' profession. The director general is the chief executive of the Law Society, with all of the powers and responsibilities usually vested in a chief executive.

A new Council is elected every year in November. It delegates statutory functions to a range of committees. A president and two vice-presidents are elected each year from among the elected Council members.

MEMBERSHIP

As at 30 June 2019, there were:



11,618

the number of practising
certificate holders in
this jurisdiction



20,531

names on the Roll of
Solicitors in Ireland

PRESIDENT'S REPORT

The theme for my year in office has been the active development and promotion of gender equality, diversity and inclusion within the Law Society's Council and committees, and throughout the profession.

To this end, a special task force has been working hard to develop useful tools and resources to ensure our profession's leaders reflect the growing diversity within the profession. The Gender Equality, Diversity and Inclusion (GEDI) Task Force has met on several occasions in recent months and will publish a report shortly. This will contain practical tools and recommendations that can be put into action in firms, large and small, around the country.

The director general and I represented the Law Society at the annual Dublin Pride parade as guests of OUTLaw, the LGBT+ network for individuals and supporters in the Irish legal sector. The Society flew the Pride flag for the first time at Blackhall Place in June, which is a small but significant piece of Law Society history.

Wellbeing project

Continuing the important work started by my predecessor Michael Quinlan, the Law Society's excellent Professional Wellbeing Project has been launched. Based on independent research by our consultants, Psychology at Work, it has been designed to address the specific issues you have told us you experience in the course of your work as solicitors.

The Law Society's Small Practice Support Project is a wide-ranging strategic plan to support and develop smaller firms

Support for smaller practices

In February, the Society launched the Small Practice Support Project, which is aimed directly at the more than 2,000 firms with five or fewer solicitors. It's a wide-ranging strategic plan to support and develop smaller firms, based on an excellent report by management consultants Crowe. Some of the key resources include a dedicated online Small Practice Business Hub, regular small-practice *eBulletins*, education resources, and growth, marketing and networking advice and tools.

Insurance controversy

One of the major social and networking events in the Law Society is the annual dinner, at which we were honoured with the presence of An Taoiseach Leo Varadkar as our guest of honour. The Taoiseach referred to the current cost-of-insurance controversy. I questioned why the focus of attention was on the level of personal injury awards in Ireland, compared with England and Wales, when the true focus of attention should be on the levels of premiums in the two jurisdictions.

It is of vital importance that, if there is to be a reduction in awards, the Government must also insist on a cast-iron guarantee that premiums will reduce. We continue to 'go to bat' on behalf of our members and injury victims. That particular story shows no sign of ending soon.

Continuing professional development (CPD) is a key pillar of the Law Society's work. The cluster events around the country remain one of the most valued and valuable aspects of the Society's CPD programme, supported by Law Society Finuas Skillnet. In addition to being educational, they (alongside bar association meetings) provide a great opportunity to meet with colleagues across Ireland on their home turf.

Finally, one of the highlights of the year was the annual Calcutta Run, which celebrated its 21st birthday in May. Huge thanks are due to the 1,500 colleagues who took part by walking, running, cycling or playing in the soccer and tennis tournaments. The funds raised this year will be added to the amazing €4 million raised during the first 20 years of the event. It was moving and very motivating to hear directly from those involved in the Fr Peter McVerry Trust, the Hope Foundation, and SHARE (Cork). The money raised goes directly to producing major improvements – often life changing – for those they help.



Patrick Dorgan
President



DIRECTOR GENERAL'S REPORT

“Collegiality is crucial to the success of our mission.” – Judge Ruth Bader Ginsberg

When ‘the notorious’ Ruth Bader Ginsberg speaks these words, she is describing the internal dynamics of the US Supreme Court on which she continues to serve, with distinction, at the astonishing age of 86.

Collegiality is also a crucial value of the solicitors’ profession in Ireland and of its representative body. It is both the energy that drives us and the glue that holds us together.

Collegiality is particularly manifest in the volunteer ethos through which many hundreds of solicitors contribute to the work of the Law Society through membership of its dozens of committees and, in addition, through teaching in the Law School and in our CPD programmes.

I take this opportunity to thank all of my solicitor colleagues who have collegially contributed so invaluable in the course of this Law Society year. I thank, also, my immensely hard-working, dedicated and expert colleagues on the staff of the Law Society who have facilitated the profession’s collegiate contribution in the interests both of the solicitors’ profession itself, and of the public whom we serve.

Brexit

Brexit – whether it is ‘done’ by 31 October 2019 or not – rumbles on. For the Law Society, Brexit was a major contributor to reaching a very significant milestone: the 20,000th name was recently added to the Roll of Solicitors. While the solicitors’ profession in Ireland is continuing its robust expansion through domestic qualifications, this landmark is due, in major part, to the huge numbers of England and Wales solicitors who are seeking, and gaining, admission to the Roll as part of their Brexit planning.

At the time of writing, almost 1,700 England and Wales solicitors had been admitted to the Roll in 2019 alone, bringing the total number admitted since 1 January 2016 to almost 3,800 – or, remarkably, more than 18% of the total names on the Roll. Although the current volume of applications is at a record level, it is important to understand that the vast majority of these solicitors are merely enrolling – not arriving to practice – in Ireland. Only a handful have actually moved to this jurisdiction

to practice and be regulated here. The rest remain at their desks in London, Brussels and other international legal centres. Most, if not all, major international law firms have large numbers of solicitors who have undertaken this process.

Complaints handling and LLPs

A very significant event in the history of regulation of the legal profession in Ireland finally occurred with effect from 7 October 2019. The Law Society’s complaints function has legally transferred to the Legal Services Regulatory Authority, along with valued former colleagues whose combined years of experience will be of immense value to the authority in its new role. This is the most significant milestone to date in the commencement and implementation of the *Legal Services Regulation Act*. We wish the authority success with this important work.

The transfer of responsibility for complaints is just one of the long-planned changes in the regulation of the profession, in accordance with the 2015 act. Other changes relate to legal costs and the requirement for the new ‘Section 150 notice’.

The Society was delighted that, on 7 October 2019, chapter 3 of part 8 of the act, which permits the authority to issue regulations for limited liability partnerships (LLPs), was also commenced. Partners in LLPs will no longer be personally liable for the firm’s debts by virtue of being a partner (except in cases of fraud and dishonesty). As long ago as 2001, the Law Society first made a submission to Government, urging the introduction of LLPs as an option for partnerships of solicitors in Ireland. You can read more about these developments in the eBulletin sent to all members on 8 October 2019 by President Patrick Dorgan.

Education/Peart

Our Law School is undergoing an intense and exciting period of change, progress and innovation, which began in November 2018 with the launch of the *Peart Commission Report*. The report of a working group, chaired by Mr Justice Michael Peart of the Court of Appeal, contains 30 specific recommendations designed to improve access, innovation, and streamline solicitor education.

Constantly improving the training of solicitors to meet any and all challenges they will face in their careers is some of the most important work done by the Law Society. The Peart Commission Report is an excellent example of the Law Society’s pride in tradition, and preparedness for the future. You can read more about this on [page 12](#).

Wellbeing

As President Patrick Dorgan mentions in his report, the welfare and wellbeing of our members has been front and centre of our policy concerns this year. Launching the new Professional Wellbeing Project followed research that proved what I think many of us knew instinctively – that a large proportion of solicitors work under very high levels of stress on a regular basis.

Based on research by Psychology at Work, and paired with the international research available, as well as direct feedback from our colleagues, we have a strong basis for developing a proactive programme to promote wellbeing to our members. I would encourage you to visit the new online Professional Wellbeing Hub and consider attending some of the regular seminars and CPD training opportunities on this important topic.

Support for smaller practices

One area where challenges remain is that of the smaller practice, where profitability, recruitment/retention, and succession planning are proving to be difficult. This is not something that is unique to our profession. In February 2019, the Law Society launched a report and strategic plan to help support and develop the more than 2,000 firms with five or fewer solicitors, which can be found in almost every town and village across Ireland. They are absolutely vital to the sustainability and success of their communities.

The report, authored by the consultants Crowe, is based on an extensive body of research involving a survey of hundreds of smaller firms from all over Ireland, focus groups, and in-depth case studies. It makes 11 strategic recommendations to assist sole practitioners and smaller practices to grow their businesses and achieve greater success for themselves, their staff and their local communities.

Sole practitioners and smaller firms have been receiving a regular, bespoke e-bulletin containing useful guidelines and tools on how to grow and market their firms, to explore cost-saving options, and network more effectively. The Society has developed a range of dedicated educational resources and has been proactively promoting the value of smaller firms in the media, particularly in local media outlets. You can find more detail on the range of resources available to smaller firms on the ever-growing online Small Practice Business Hub.

Moya Quinlan

Finally, this past spring saw the passing of Moya Quinlan, peacefully in her 99th year. She was the first woman president and a beloved icon of the Law Society and, indeed, the profession. She had served as a Council member for no less than 44 years. Shades of Ruth Bader Ginsberg. It is difficult to overemphasise the scale of Moya's achievements. Her collegiality, above all else, was an unforgettable example to us all.



Ken Murphy,
Director General,
Law Society of Ireland







Performance overview

STRATEGIC OBJECTIVES 2019-2023

The Law Society of Ireland's Strategy Statement 2019-2023 sets out the strategic objectives that the Society will follow

- 1.** We will use our voice, our experience and our relationships to represent the solicitors' profession and to champion its contribution to the Irish economy, the vindication of citizens' rights and the rule of law.

- 2.** We will provide a strong voice in policy debate in order to inform decision-making on matters pertaining to the justice system and law reform.

- 3.** We will enable our members to achieve their potential as respected and trusted advisors and successful businesses.

- 4.** We will fulfil our statutory regulation functions to ensure fair and effective regulation of solicitors in the interests of the profession and the public.

- 5.** We will fulfil our statutory education functions in delivering a premier qualification and high-quality ongoing education and training.

- 6.** We will be a valued resource for our members as a high-performance professional body.

- 7.** We will continue our tradition of engaged citizenship and civic responsibility by promoting legal awareness, encouraging social diversity within the profession, supporting local community initiatives, and providing accessibility to our resources at Blackhall Place, in line with our Corporate Social Responsibility Statement.



TOP TEN STORIES OF 2018/2019

1

STAND BY ME

In 2018, the Law Society asked the independent consultancy firm Psychology at Work to carry out a study on indicative levels of stress and wellbeing within the solicitors' profession. Disappointingly – but not surprisingly – the study found that members experience high levels of stress that impact negatively on their mental health and wellbeing. The Society's new Professional Wellbeing Project is providing practical supports, education and guidance across three pillars: workplace culture, resilience and wellbeing, and emotional and psychological health. Visit the Wellbeing Hub at www.lawsociety.ie.

2

SMALL IS BEAUTIFUL

The Law Society's Small Practice Support Project developed a range of supports and tools for sole practitioners and smaller legal practices throughout 2019. The programme focuses on delivering growth-planning tools and strategies for small practices. Guidelines and supports are available on the Small Practice Business Hub to help sole practitioners and smaller practices expand their networks, to collaborate where possible, and to avail of learning, promotion and communication tools. The project aims to ensure that smaller practices are fully equipped to develop and implement growth and marketing plans, and to devise networking strategies.

3

LIMITED EDITION

Limited liability partnerships (LLPs) will soon be available in Ireland, thanks to the commencement of parts of the *Legal Services Regulation Act*. LLPs will offer partners in Irish law firms an opportunity to significantly reduce their personal exposure for debts, obligations, and liabilities incurred by the firm. The Law Society has vigorously campaigned for this reform for many years, aiming to put Irish lawyers on a level playing field with their counterparts in other jurisdictions. The Society is seeking to have the legislation extended to cover sole practitioners and principals.

4

GROUNDS FOR DIVORCE

The Law Society published a major report on divorce law reform in May 2019. Principally authored by Dr Geoffrey Shannon (deputy director of education and member of the Society's Family and Child Law Committee), *Divorce in Ireland: The Case for Reform* is a unique piece of empirical research. The Society made 11 recommendations in the report, including supporting the since-passed proposal to remove from the Constitution the minimum living-apart period for spouses seeking a divorce, with a provision to allow the Oireachtas to reduce the minimum period to two years.

5

SEND DOWN THE LADDER

The Law Society is taking a major lead in assisting women to network more effectively, by relaunching its solicitor-specific 'Law and Women' mentoring programme. Originally unveiled in 2015 with 11 mentee/mentor pairs, the programme has increased to 25 pairs over the past 12 months. Earlier this year, the Society invited applications for both mentors and mentees on a countrywide basis for the 2019 programme and started the process of hiring a dedicated trainer.

THIN BLUE LINE

The Law Society broadly welcomed the report of the Commission on the Future of Policing in Ireland, after contributing extensively to the consultation process. The Society's submission urged greater clarity and simplification around policing oversight, pointing out that there are currently four bodies charged with this work. The submission also pointed to an "alarmingly low" rate of 7-8% of police interviews being attended by solicitors, attributing the exceptionally low threshold for legal-aid eligibility as one of the underlying factors.

6

STAND AND DELIVER

Law Society President Patrick Dorgan appointed a task force in 2019 to promote gender equality, diversity and inclusion in the Society and the solicitors' profession. The task force comprises 16 members from various minority, disability, LGBT+ and socio-economic backgrounds. It will make recommendations to encourage more female solicitors, and lawyers from diverse backgrounds, to seek leadership roles on the Law Society's Council and committees. It will also create useful tools that solicitors can use to help achieve equality, diversity and inclusion within their firms.

7

STAYING CONNECTED

The Society's Career Support Service introduced a new 'Stay Connected' initiative to help solicitors stay in touch and maintain their legal skills while on a career break or temporarily not practising. Quarterly meetings feature a keynote speaker and networking opportunities, while a regular newsletter features articles of direct relevance to those not currently working in law. Members can also share information, collaborate, and encourage each other through a dedicated social media channel.

8

LIVE WIRE

In December 2018, the *Gazette's* daily news service went live. Alongside the print and online monthly magazine, the service keeps readers informed on the legal news and analysis. *Gazette.ie* features daily news updates; breaking news; 'long-read' analysis articles; video news clips; one-on-one interviews with legislators, legal experts, practitioners, and conference keynote speakers; picture and video galleries; and dedicated social media channels. It later launched its narrated journalism service, which allows members and subscribers to listen to the magazine's main features being read to them by professional voice artists.

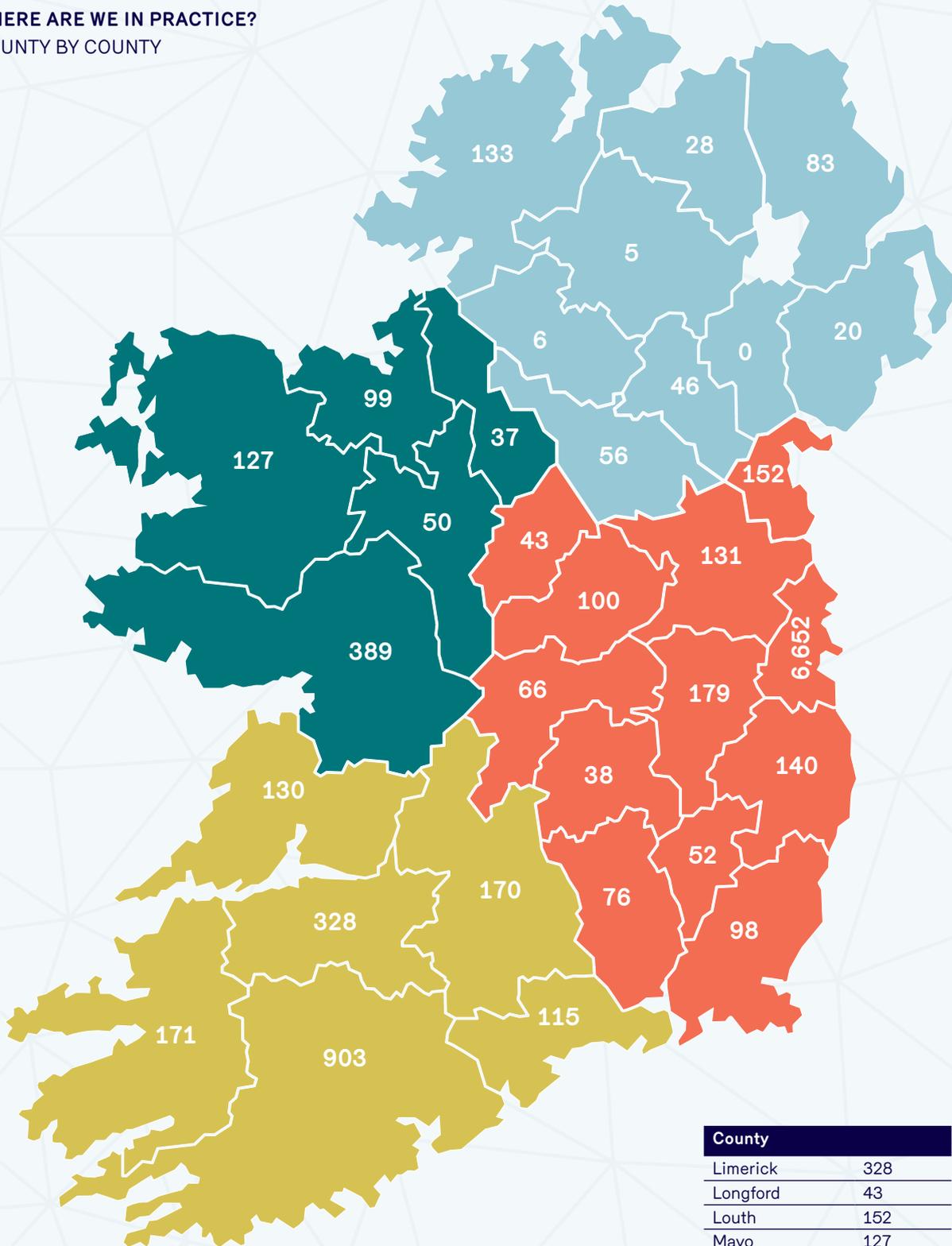
9

KEY OF THE DOOR

The Calcutta Run (the profession's annual legal fundraiser) came of age in 2018, celebrating its 21st anniversary by boosting its chosen charities' coffers with funds of €275,000. This amount brought to €4.3 million the total that had been raised since the fundraiser's inception up to that point. The 2019 event was expected to add a further €300,000 to that amount. Three charities benefit from the event – the Peter McVerry Trust, The HOPE Foundation, and SHARE in Cork – which all ensure that more homeless people are taken off the streets and out of temporary accommodation by providing them with homes and their own door keys.

10

WHERE ARE WE IN PRACTICE?
COUNTY BY COUNTY



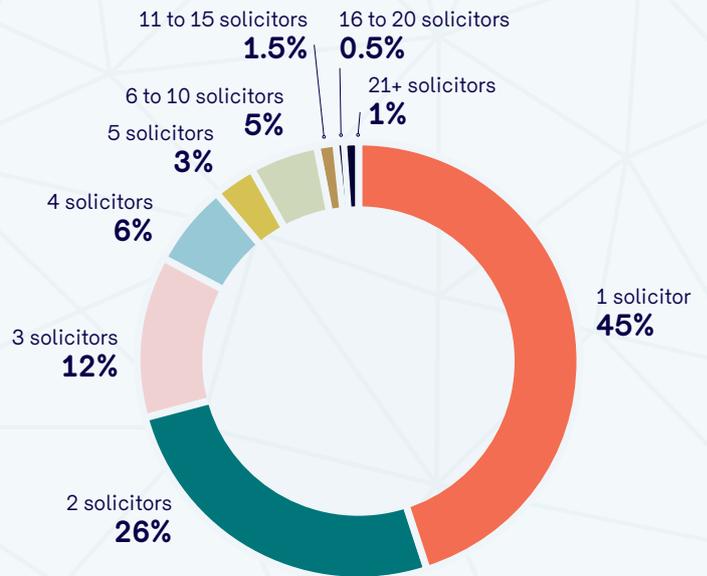
County	
Antrim	83
Armagh	0
Carlow	52
Cavan	56
Clare	130
Cork	903

County	
Derry	28
Donegal	133
Down	20
Dublin	6,652
Fermanagh	6
Galway	389
Kerry	171
Kildare	179
Kilkenny	76
Laois	38
Leitrim	37

County	
Limerick	328
Longford	43
Louth	152
Mayo	127
Meath	131
Monaghan	46
[No Code]	212
Offaly	66
Roscommon	50
Sligo	99
Tipperary	170
Tyrone	5
Waterford	115
Westmeath	100
Wexford	98
Wicklow	140
Total	10,835

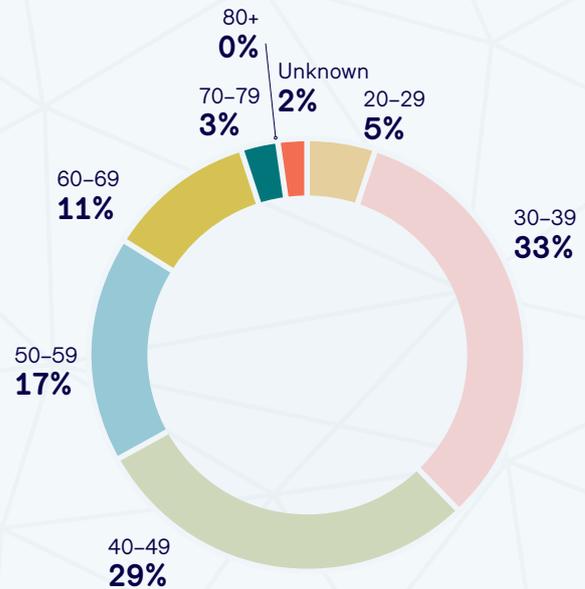
FIRMS BY NUMBER OF SOLICITORS

Solicitors	Firms	%
1 solicitor	1,039	45%
2 solicitors	599	26%
3 solicitors	285	12%
4 solicitors	144	6%
5 solicitors	72	3%
6 to 10 solicitors	115	5%
11 to 15 solicitors	32	1.5%
16 to 20 solicitors	10	0.5%
21+ solicitors	29	1%
Total	2,325	100%



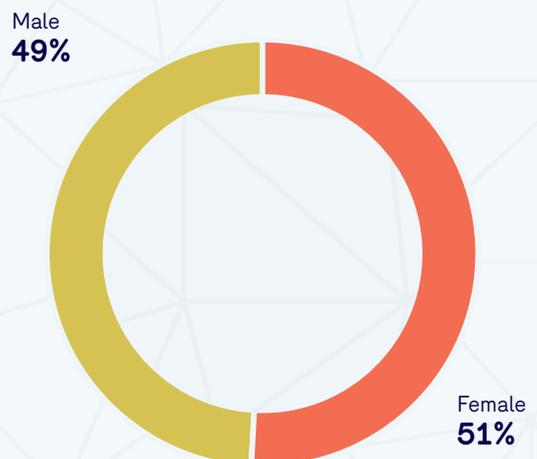
AGE PROFILE | MEMBERS

Age	Amount	%
20-29	671	5%
30-39	4,196	33%
40-49	3,706	29%
50-59	2,127	17%
60-69	1,383	11%
70-79	328	3%
80+	56	0%
Unknown	222	2%
Total	12,689	100%



GENDER BALANCE (MEMBERS)

Male	6,225	49%
Female	6,464	51%
Total	12,689	







The year in review



SOCIETY BACKS DIVORCE LAW CHANGE IN MAJOR REPORT

The Law Society published a major report on divorce law reform in May. Principally authored by Dr Geoffrey Shannon (deputy director of education and member of the Society’s Family and Child Law Committee), *Divorce in Ireland: The Case for Reform* is a unique piece of empirical research. The Society made 11 recommendations in the report, including supporting the since-passed proposal to remove from the Constitution the minimum living-apart period for spouses seeking a divorce, with a provision to allow the Oireachtas to reduce the minimum period to two years.

The report was launched at the Law Society’s headquarters at Blackhall Place on 2 May 2019, and was attended by Minister Josepha Madigan, who delivered the keynote address.

At the launch, Dr Shannon said: “Divorce has now been

in operation in Ireland for over two decades.

“While each case is unique, the current requirement to live apart for a period of four years prior to the institution of divorce proceedings may now be considered too long. It may result in a duplication of legal expenses and protracted proceedings, where parties are involved in both judicial separation and divorce proceedings over time.”

Shannon continued: “Undoubtedly, the rise in the number of divorced persons also reflects an increasing acceptance of divorce within Irish society as a remedy to an irretrievably broken-down marriage. The questions facing Ireland now relate to what type of legal framework and practice should underpin its law in this arena. What type of divorce law and practice do we want?”

Dr Shannon said: “The Law Society also believes that practical considerations are at the core of this matter. These are key to the proper functioning of divorce in practice and lie with the provision of adequate resources and facilities to both ensure that cases do not take several years to reach a conclusion, and that they do so in settings that befit the private nature of family law proceedings.”

RETURN OF THE NATIVE

The Law Society’s ‘Returner Programme’, for solicitors returning to work was launched early in 2019. The programme focuses on how those who have been out of the traditional workplace for a period, often because of family commitments, can make the transition back to work.

Participants who complete the course learn about:

- How goal-setting and values can support their job searching,
- How to identify their skills, achievements, knowledge and experience, and
- The job-search process and the steps to returning to work.





PRIDE AND JOY

Blackhall Place flew the Pride flag for the first time on 27 June 2019. Director general Ken Murphy described it as “a small but significant piece of Law Society history”. The flag was flown for the duration of the Dublin Pride weekend.

President Patrick Dorgan and the director general represented the Law Society at the Dublin Pride Parade on 29 June as guests of OUTLaw, the LGBT+ network for individuals and supporters in the Irish legal sector. It was OUTLaw’s first time to march as a community group at the annual event.



I WANT TO BREAK FREE

The Diploma Centre’s massive open online course (MOOC) in 2019 focused on arts, entertainment and media law. MOOCs are free online courses, open to all, and are part of the Law Society’s public legal education initiatives.

Since they were first launched in 2014, the Diploma Centre’s MOOCs have attracted over 10,000 participants from over 60 countries.

Courses feature online recorded and streamed presentations, interactive discussion forums, and quizzes.

SUPPORTING SMALLER PRACTICES

On foot of the recent Crowe report into sole practitioners and smaller legal practices, this year, the Law Society has developed a range of supports and tools to assist this sector.

The Society-commissioned *Market Study of Sole Practitioners and Smaller Legal Practices in Ireland* found that that the Society, and small firms themselves, need to focus more on developing practitioners’ skill-sets as business owners and operators.

Growth planning

To assist sole practitioners and smaller legal practices with the development of a growth strategy, the Law Society now provides sample strategies that can be customised by each practice. The sample strategies cover activities such as the definition of current service lines, market analysis, and options for both organic/internal growth (expanding within current operations) and inorganic/external growth (for example, via takeovers or mergers). The growth strategies also cover target setting, financial and human-resource planning, market activities, and monitoring mechanisms.

Marketing

Growing a business is also dependent on effective marketing and the ability to communicate with existing and potential clients to convince them of their need to



use the services on offer in the practice. To assist smaller practices in formally planning their approach to marketing, the Society provides a sample marketing and communications plan. This can also be provided as a guided workbook that will support small firms to customise the various elements for their own practice, including market trends

analysis, market segment profiling, defining sources of service-line income, competitor analysis, developing marketing objectives, business-mix definition, and market planning by segment.

Collaboration

The study also recommended collaboration and network building within the profession itself, by smaller practices with external bodies, and by the Law Society with external bodies.

Learning supports

A range of learning opportunities, channels and supports are available to small practices to support them in creating a sustainable future. A Small Practice Support Hub with a dedicated area for small-business resources has been established on lawsociety.ie.



Rory O'Boyle (PPC course manager), TP Kennedy (director of education) and Rebecca Raftery (outreach executive)

PPC HYBRID MAKES SOLICITOR ROUTE MORE ACCESSIBLE

The Law Society's new PPC Hybrid course is specifically aimed at delivering a flexible route to the solicitor qualification without the traditional requirement for trainees to be on-site at Blackhall Place in Dublin for a full-time, continuous period.

Aiming to encourage greater access to legal education, the new course will facilitate access for a range of people, including, for example, mature and regional students, as well as those with parental or other family commitments.

The course is delivered through an optimised blended-learning format, which combines face-to-face tuition with online lectures. Online content will be released to 'play on demand'.

During the PPC1 Hybrid, ten intensive weekend sessions will facilitate revision lectures, workshops, and small-group interactions. In total, the course will comprise approximately 230 contact hours. This compares with approximately 363 contact hours for the traditional PPC1 course.

For the PPC Hybrid, on-site sessions will be supplemented by best practice in online learning: "Trainees attending the PPC Hybrid are provided with the necessary resources to fully assist and support their learning experience," says PPC course manager

Rory O'Boyle. "The course is also structured so that trainees will be able to continue working during their legal education, with on-site tuition occurring primarily at once-monthly weekend sessions.

"Importantly, if the trainee's employment is with a practising solicitor in the State, the trainee may accrue partial credit of up to five months for in-office training that occurs during the PPC1. This is in addition to any credit that might apply prior to the PPC1".

In-office training

The PPC1 Hybrid begins in December 2019 and runs through to October 2020. The PPC2 Hybrid will run from August 2021 to December 2021.

The 24 months of in-office training begins after completing the PPC1 (that is, in December 2020). But trainees may be eligible to claim prior credit of up to five months for in-office training that occurs during the PPC1, together with four months of in-office training credit that occurs prior to the PPC1. This means that some trainees will qualify as early as March 2022.

Although the PPC Hybrid may be of specific interest to those who previously could not commit to being on-site at Blackhall Place for extended periods, O'Boyle says: "Regardless of their particular background, entrants to the Society's solicitor training can now decide on which route suits them best in terms of time, cost, and the preferred method of study.

"We look forward to welcoming trainee solicitors of all educational and career backgrounds who previously might not have felt able to pursue the solicitor qualification," he says.

RETURN OF THE GEDI

The Law Society launched a new task force in 2019 to promote gender equality, diversity and inclusion in the Society and the solicitors' profession.

The GEDI Task Force comprises 16 members from various minority, disability, LGBT+ and socio-economic backgrounds. It will make recommendations to encourage more female solicitors, and solicitors from diverse backgrounds, to seek leadership roles on the Law Society's Council and committees.

The task force will also create useful tools that solicitors can use to help achieve equality, diversity and inclusion within their firms.



The Irish solicitors' profession has already been leading the way in gender equality. In 2014, we became the first legal profession in the world to have a female majority.

Since 2016, the Law Society has been running its Women in Leadership Programme to help more women reach partner and manag-

ing partner level in the solicitors' profession.

Separately, the Law Society's well-established Access Programme supports entry to legal education and careers for students from socio-economically disadvantaged backgrounds.

LLPs AND LPs ARE SWEET MUSIC TO LEGAL PROFESSION

The Law Society has vigorously campaigned for limited liability partnerships (LLPs) for many years, aiming to put Irish lawyers on a level playing field with our counterparts in other jurisdictions.

Recent justice ministers have recognised the need for reform. LLPs offer partners in Irish law firms an opportunity to significantly reduce their personal exposure for debts, obligations, and liabilities incurred by the firm.

Partners will no longer be automatically personally liable for the firm's debts purely because they are a partner (save for fraud and dishonesty). The 'joint-and-several' liability principle of partnership law is thus amended in the case of an LLP.

Separate provisions for legal partnerships (LPs) – partnerships between solicitors and barristers, or between barristers themselves – have been commenced simultaneously. An LP is also eligible to apply to become an LLP.

In order to become an LLP, existing firms will not need to reconstitute themselves. However, they will need to complete an application form and pay the application fee. They may be required to furnish copies of PCs and proof of professional indemnity insurance (PII) cover, for example. The firm's name would remain the same, but with the addition of 'LLP'.



Once registered as an LLP, the firm will be required to notify creditors and clients, alerting them to the change and advising what this means. The regulations prescribe the information that must be disclosed – principally the fact of the change to an LLP and its significance. Clients should be reassured that they will still be protected by virtue of mandatory PII and, in the case of an LLP that is a solicitor firm, rights to make a claim on the Law Society Compensation Fund.

LP regulations

The LP regulations will set out the requirements for firms wishing to admit barristers as partners. They must complete an application and pay a fee.

The LP will be required to implement appropriate standards to ensure that all legal practitioners in the LP conduct themselves professionally and ethically.



HIGHER EDUCATION

The past year has seen a progressive reworking of education, from adjustments to the Preliminary Examination through to the introduction of a new Professional Doctorate in Law. These changes began with the launch of the *Peart Commission Report* in November 2018.

The recommendations fall under three main themes: increasing access to the profession, innovation in education, and streamlining the established training model.

The report and information on all these new initiatives are available at www.lawsociety.ie/News/Media/Press-Releases/law-society-of-ireland-launches-peart-commission-report/

New PPC Hybrid

Increasing access to legal education and providing a more flexible route to becoming a solicitor is a key factor in the new Professional Practice Course Hybrid, which will launch in December 2019.

The hybrid course is specifically aimed at delivering a flexible route to the solicitor qualification without the traditional requirement for trainees to be on-site at Blackhall Place in Dublin for a substantial, full-time, continuous period. The course will facilitate access for a range of people, for example, mature and regional students, and those with parental or other family commitments.

The course is delivered through an optimised blended-learning format, which combines face-to-face tuition with online lectures. Online content will be released on 'play-on-demand' mode. During the PPC1, there will be ten intensive weekend sessions where revision lectures, workshops, and small-group interactions will be facilitated.

The course is structured so that trainees will be able to continue working during the PPC Hybrid, with on-site tuition occurring primarily at monthly, weekend sessions. Importantly, if the trainee's employment is with a practising solicitor in the State, the trainee may accrue partial credit of up to five months for in-office training occurring during the PPC1. This is in addition to any credit that might apply prior to the PPC1.

Preliminary Exam

To facilitate a greater range of applicants seeking to qualify as solicitors, the Education Committee has broadened the exemptions granted to those required to sit the Preliminary Examination by expanding the categories of qualifications the Society recognises. This will further assist in diversifying the profession and, together with the provision of the PPC Hybrid, will facilitate entry for those from all socio-economic backgrounds.

Access Programme

Funding for the Access Programme has been increased. This programme pays fees and maintenance for students from a

In keeping with the emphasis on inclusion, diversity, and student-centred delivery, there will be a positive engagement with those interested in pursuing the solicitor qualification by way of a proactive outreach programme

background of socio-economic disadvantage. The funding contribution from the Law Society to the Law School enabled the Access Programme to assist a greater number of applicants this year, at both FE1 and PPC levels. Over 100 solicitors have qualified through this programme, and the Law Society is committed to increasing funding and making more places on it available to students.

In addition, a new scholarship will fund three law students from socio-economically disadvantaged backgrounds, from FE1 stage, through the Professional Practice Course and up to application to join the Roll of Solicitors. Recipients will be identified on the basis of economic need, with one scholarship to be awarded each year over a period of three years.

FE1s

Accelerated access to taking the FE1s will be accorded to any candidate who has completed the first or any subsequent year of a course leading to a qualification at Level 7 or higher on the Irish National Framework of Qualifications, or a degree awarded by a university in England, Northern Ireland, Scotland or Wales.

The candidate can sit and provisionally pass any one or more of the eight subject examinations of the FE1, with provisional passes becoming absolute passes once the recognised degree is obtained.

Third-level students will be able to overlap their degree exams with the FE1 exam, and take subjects in the FE1 immediately after studying that subject in university or third-level institution.

This will not only facilitate students in taking the FE1 in a more timely and effective manner; it also potentially shortens the time it takes to progress to the Professional Practice Course.

'Shrink Me'

The Society's Law School continues the development of psychology as a third pillar of professional education. Alongside core legal subjects and skills, it is an integral part of the Professional Practice Course.

'Shrink Me: Psychology of a Lawyer' is delivered by a mix of experts from the fields of psychology, business, law, the arts, and executive coaching. It also offers

a platform for 'other voices' from within and beyond the legal profession to address trainees, and to share experiences and personal stories.

The programme has extended beyond the lecture theatre, occupying less predictable spaces and placing an emphasis on creativity as a means of being an agile and personally fulfilled solicitor.

The programme has proven so popular that more than 52% of trainee solicitors have gone on to engage in a series of free, time-concentrated therapy sessions during their time on campus. A team of eight psychotherapists now work from a suite of counselling rooms in the Law School.

Professional Doctorate in Law

We are delighted to join forces with Northumbria Law School in offering a Professional Doctorate in Law, specifically aimed at qualified solicitors.

The doctorate is a part-time programme designed to facilitate those in full-time employment. The programme provides a structured and supportive learning experience that enhances a solicitor's theoretical understanding of their profession, and assists in the development of practice through critical insight and evaluation.

Fused PPC

In direct response to proposal 21 of the *Peart Report*, the current two-part 'sandwich course', known as PPC1 and PPC2, will be combined into a more streamlined single course. This new fused course will be offered in September 2021, after an extensive consultation on the course syllabus and advanced electives.

Inclusion

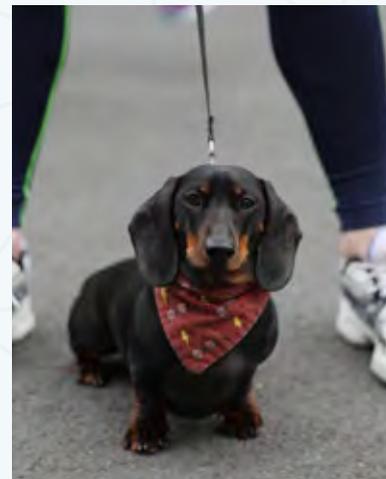
Finally, in keeping with the emphasis on inclusion, diversity, and student-centred delivery, there will be a positive engagement with those interested in pursuing the solicitor qualification by way of a proactive outreach programme.

Those involved in outreach will also act as a liaison to law firms, law schools, and all those involved in broader legal education.

KEY OF THE DOOR

The Calcutta Run (the profession's annual legal fundraiser) came of age in 2018. It celebrated its 21st anniversary by boosting its chosen charities' funds by €275,000. This amount brought to €4.3 million the total that had been raised since the fundraiser's inception, up to that point. The 2019 event added a further €300,000 to the coffers. Three charities for the homeless benefit from the run each year – the Peter McVerry Trust, The HOPE Foundation, and SHARE in Cork. All three work to take homeless people off the streets and out of temporary accommodation by providing them with homes and their own door keys.

(All photos: Jason Clarke Photography)





TAOISEACH IS SPECIAL GUEST AT ANNUAL DINNER

An Taoiseach Leo Varadkar was the special guest of the Law Society at its annual dinner at Blackhall Place on 10 May 2019. Mr Varadkar was joined by other ministers, politicians, and luminaries of the legal world. (*Below, from l to r*): Michael D'Arcy TD (Minister of State at the Department of Finance), Mr Justice George Birmingham (President of the Court of Appeal), Seamus Woulfe SC (Attorney General), Patrick Dorgan (President, Law Society), An Taoiseach Leo Varadkar TD, Josepha Madigan TD (Minister for Culture, Heritage and the Gaeltacht), Mr Justice Frank Clarke (Chief Justice), Charlie Flanagan (Minister for Justice and Equality), Michele O'Boyle (Senior Vice-President of the Law Society), Ken Murphy (Director General of the Law Society), Frances Fitzgerald TD, Senator Catherine Noone and Dan O'Connor (Junior Vice-President of the Law Society)

(All photos: Jason Clarke Photography)





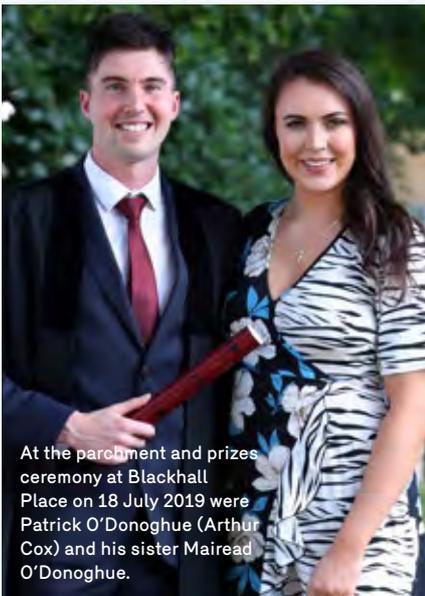
PARCHMENT CEREMONIES

The Law Society's parchment ceremonies are the culmination of many years of study, where recipients finally become proud members of the solicitors' profession.

(All photos: Jason Clarke Photography)



Michelle Nagle and Michelle O'Mahony (both A&L Goodbody)



At the parchment and prizes ceremony at Blackhall Place on 18 July 2019 were Patrick O'Donoghue (Arthur Cox) and his sister Mairead O'Donoghue.



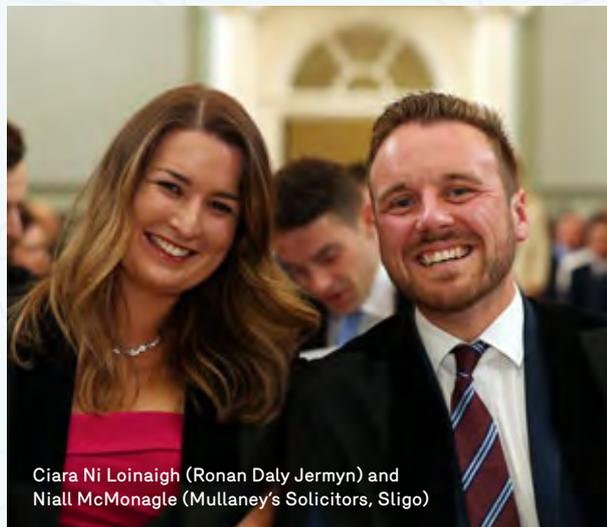
Jamie McCarthy, Carl Murray, Conor Healy, Dan Costello and Conor Maginn on 10 July 2019



Minister Charlie Flanagan (Justice and Equality) congratulates newly conferred solicitor Aylin Barry following her parchment ceremony on 13 June 2019



Shauna O'Brien (Cork) and Conor White (Limerick) at the 8 May 2019 parchment ceremony



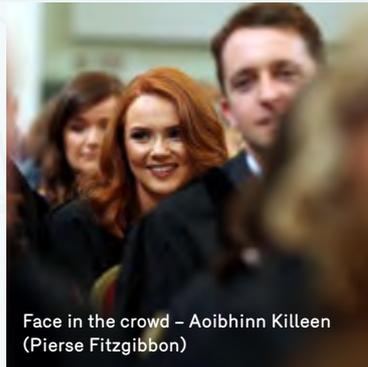
Ciara Ni Loinaigh (Ronan Daly Jermyn) and Niall McMonagle (Mullaney's Solicitors, Sligo)



Declan Callan with his son Daithí (age 2) at the parchment ceremony on 10 July 2019



Katie Ryan (Eugene F Collins) and Alexandra Stokes (Beauchamps) received their parchments on 6 March 2019



Face in the crowd – Aoibhinn Killeen (Pierse Fitzgibbon)



Heidi Tan (A&L Goodbody) celebrates her parchment day with family members



Best foot forward – Aylin Barry, Daniel Price, Emma Maher and Niamh Nic Uileagóid on 13 June 2019



Catriona McKeating (William Fry), Miriam O'Callaghan (solicitor and broadcaster), Orla Nic Dhonnchadha (William Fry) and Caroline Corcoran (William Fry)





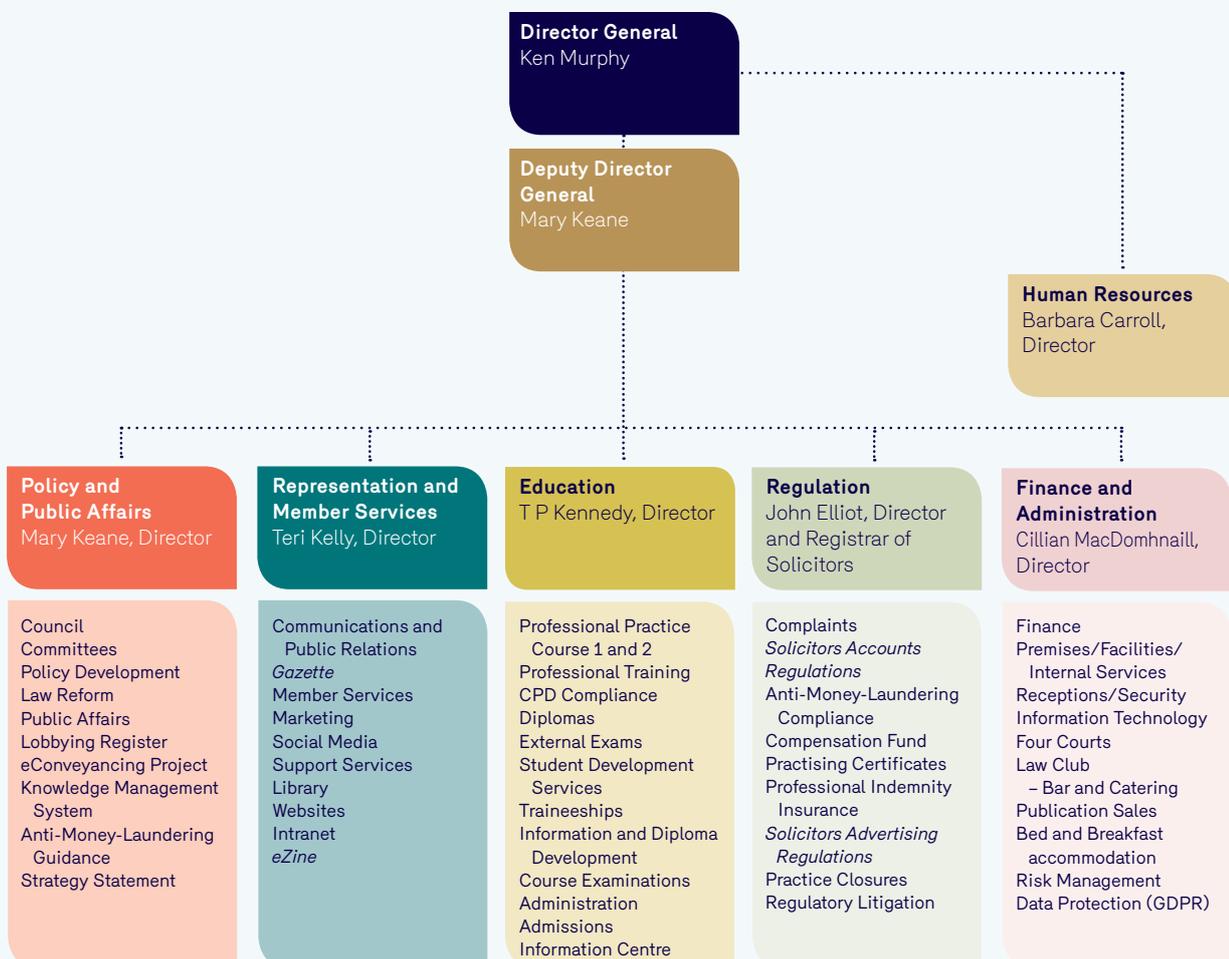
Organisational overview

ORGANISATIONAL STRUCTURE

The Law Society is led on a day-to-day basis by the director general Ken Murphy, who leads a team of six departmental heads as part of his management team.

The management team meets weekly, overseeing the implementation of the strategic plan, and providing the main conduit between the Council and its staff.

The following functional organisational chart provides an overview of the management team and information on the responsibilities of each department.



COUNCIL OF THE LAW SOCIETY

for the year ending 8 November 2019



The Law Society of Ireland is governed by a Council, comprising elected and nominated members of the solicitors' profession. It also delegates statutory functions to a range of committees.

The purpose of the Council is identified in the charter of 1852 to act "for the better rule and government of the Society, and for the better direction and management of the concerns thereof". The statutory functions of the Society, as set out in the *Solicitors Acts 1954-2015*, are exercised by the Council or by committees to which the Council delegates those statutory functions. The Council represents the Society and its members, both in the interests of the public and of the solicitors' profession generally.

The functions performed by the Council can be divided into:

- Representation of the members,
- Education and admission,
- Regulation and discipline, and
- Protection of clients.

President: Patrick Dorgan
Senior vice-president: Michele O'Boyle
Junior vice-president: Daniel O'Connor

Council members:
James Cahill, Christopher Callan, Justine Carty, Brendan Cunningham, Maura Derivan, Paul Egan, Stuart Gilhooly, Richard Grogan, Richard Hammond, Eamon Harrington, Aine Hynes, Paul Keane, Liam A Kennedy, Morette Kinsella, Martin Lawlor, Rosemarie Loftus, Barry MacCarthy, Flor McCarthy, Sonia McEntee, James A Murphy, Michelle Ní Longáin, Valerie Peart, Carol Plunkett, Thomas Reilly, Imelda Reynolds, Catherine Tarrant, Brendan J Twomey, Keith Walsh

Past-presidents: Kevin O'Higgins, Simon Murphy, Michael Quinlan

Provincial delegates: Leinster: Martin Crotty
Munster: Shane McCarthy
Ulster: Garry Clarke
Connaught: David Higgins

Dublin Solicitors Bar Association representatives:
Diego Gallagher, Joe O'Malley, Robert Ryan

Southern Law Association representatives: Robert Baker, Joan Byrne, Sean Durcan, Siún Hurley, Julia Rea

Law Society of Northern Ireland representatives:
Eileen Ewing, John Guerin, Ian Huddleston, Suzanne Rice, Rowan White



POLICY AND PUBLIC AFFAIRS DEPARTMENT

MARY KEANE
Deputy Director General

The Society's Department of Policy and Public Affairs (PPA) plays a critical role in building relevant and effective relationships with those who have an impact on the profession and the practice of law.

Understanding the interests of our stakeholders, as well as communicating our own interests and positions, is vital in ensuring a sustainable sector, as well as a strong voice in policy debates. Ministers, elected representatives, and Government departments figure as our key stakeholders in law reform and policy formulation. In addition, bodies such as the Revenue Commissioners, Companies Registration Office, Irish Human Rights and Equality Commission, and the Legal Aid Board are vital audiences and partners on day-to-day issues that affect both practitioners and the wider public.

Research, monitoring, and analysing developments are some of the core functions undertaken by the department, in conjunction with the valuable expertise provided by our policy committees. The department is also a key support to the office of the director general, president, coordination committee and the Council of the Society.

The PPA department and policy committees interact regularly with officials and departments relevant to their practice area. A total of 17 formal submissions were provided to Government to the year ending July 2019, ranging from Legal Services Regulatory Authority issues to the reporting of court proceedings. The Law Reform Commission, the Competition and Consumer Protection Commission, and the Central Bank also figured as recipients of Law Society proposals, including our Budget 2020 submission.

In all, the Lobbying Register indicates 45 registered lobbying activities – communications, meetings and other interactions – in the reporting period September 2018 to May 2019. The Society also appeared before the Joint Oireachtas Committees on Justice and Equality, and on European Affairs, on matters pertaining to family law reform and EU interaction, respectively.

Brexit

The changing landscape and uncertainty brought about by Brexit has seen the Society redouble its activity and engagement with our European colleagues.

Understanding the responses of neighbouring bars and law societies to common challenges, for example, in the areas of technology, anti-money-laundering and other global issues equips us to anticipate future changes and to provide a strategic and value-added service for our members.

We continue to monitor Brexit-related developments closely, in particular the impact on practice rights and the recognition of qualifications. Separately, the Society, along with the Bar of Ireland and in partnership with the Department of Justice and Equality and the IDA, is advancing proposals to develop Ireland as a preferred centre for international dispute resolution, based on our common law system and the internationally recognised quality of our legal professionals. Resources and tools to assist members to navigate the Brexit-challenge are available at www.lawsociety.ie/brexit.

In November 2018, the PPA department launched a suite of new AML resources for solicitors, including comprehensive guidance, infographics and sample adaptable forms, in preparation for the commencement of additional statutory obligations for all designated bodies, including solicitors. Over the seven-month period following the launch, the Society's AML webpage experienced a 70% increase in unique page views, and calls to the AML helpline increased by 46%, 71% of which related to new and complex enquiries.

The department also made five submissions on AML-related matters to the Departments of Finance and Justice and, through the CCBE, we contributed to the response at EU level to the updated FATF *Guidance for Legal Professionals on the Risk-based Approach to AML* and to the consultation by the European Commission on its supra-national risk assessment.



REPRESENTATION AND MEMBER SERVICES DEPARTMENT

TERI KELLY
Director

Ensuring that we are supporting our members, when and where they need it, is core to our member services strategy.

Over 90% of all solicitor firms are run by a sole practitioner or have five or fewer solicitors. Supporting these members in achieving greater success and sustainability for their businesses has been a core focus for the Law Society over the past six months, and will continue to be so. The Small Practice Support Project provides guidance, tools, support and education opportunities for small-firm practitioners. Information can be found on the newly launched Small Practice Business Hub at lawsociety.ie.

Supporting the professional wellbeing of our members is also an increasing focus of our member services' strategy. It is a global phenomenon that lawyers experience higher levels of stress than most other professionals. Intensive workloads, pressing deadlines, and providing assistance to clients in often difficult circumstances all contribute to what can, at times, be a stressful career. The Professional Wellbeing Support Project, which was launched in October, will seek to support our members with these issues. More information can be found on the Professional Wellbeing Hub on lawsociety.ie.

'Talk to your solicitor'. 'Your solicitor is your trusted advisor'. 'The Law Society is the trusted voice of a respected solicitors' profession'. These are the messages that are at the core of every public communication the Law Society makes. In the national and local media, in our radio ads, on our website, on social media and with any of the other tools we have to reach the public, we work to underscore the value and strengths of the solicitors' profession.

This year, we continued to proactively promote and, where necessary, defend the solicitors' profession in the media. Stories have included the defence of personal injury victims' rights, the *Peart Commission Report*, the Law Society's *Divorce in Ireland Report*, the value of small legal practices, English and Welsh solicitors joining the Irish Roll in preparation for Brexit, and the introduction of pre-contract investigation of title.

Our online communications continue to increase in importance to reach the profession and the public. We asked our members for feedback on lawsociety.ie through a survey, and you told us you appreciate the quality content on the site, but sometimes find it difficult to navigate. Work has begun on a complete redesign of

lawsociety.ie and this will include a new search function and revamped menu structure.

The Law Society has continued to build on the successful launch of *Gazette.ie* last year, culminating in its being named 'Digital Product of the Year' at the Irish Magazine Awards (IMA). We also launched a new weekly *Gazette Digest* e-zine, which is sent to subscribers every Friday and showcases the most important legal news that week. The *Gazette* magazine also continues to lead from the front and was awarded 'IMA Business Magazine of the Year', while *Gazette* journalist Mary Hallissey was named 'Journalist of the Year'.

LawWatch, the library's weekly current awareness newsletter, provided abstracts of over 750 court judgments and comprehensive alerts on new acts, statutory instruments, and journal articles. We continued to support the education research needs of the Law School's student body on the PPC, diploma and LLM courses, including a new initiative offering one-to-one distance legal-research support sessions.

A number of career support initiatives have been expanded in the last 12 months: the Returners Programme assists solicitors who are seeking to return to work after time away looking after family responsibilities, and the 55+ Options initiative provides older solicitors with guidance on succession, retirement planning, and later-life working options.

Statistics

For the year ended 30 June 2018, the Society's site received 5.7 million views (an 18% increase on last year) by over 750,000 visitors. Income from legalvacancies.ie – our website for solicitor job advertising – continues to increase significantly and is expected to rise to above €360,000 in 2019.

The Law Society Library dealt with 5,150 queries and lent 4,520 books in the 12 months ending 30 June 2019. In all, 78% of enquiries came from firms in the one-to-five solicitor range, firms with two-to-five solicitors (54%), and sole practitioners (24%).



EDUCATION DEPARTMENT

TP KENNEDY
Director

The year under review has been a year of change for solicitor education, and planning for further change. Many of the recommendations in the *Peart Commission Report* have been implemented. Regulations were drafted to give effect to some of the more fundamental changes. The regulations were adopted by the Council in July and are currently with the Minister for Justice for his approval.

Following their adoption, a further process of consultation about the syllabus for the new PPC and the advanced electives will begin. The Law Society has also been engaging with the Legal Services Regulatory Authority on its ongoing review of legal education, and we expect its recommendations to be issued before the end of this year.

One of the immediate changes has been the introduction of a new model of the Professional Practice Course – ‘PPC Hybrid’. This will be a combination of distance learning, with monthly on-site weekend sessions and two immersive week-long sessions in the Education Centre. It will facilitate trainees who wish to continue to work during the course, those from outside Dublin, or those unable to attend a course full-time. The first such course will start in December, and there has been much interest in it.

Last year (2018) was the second highest year on record for admissions to the Roll of Solicitors, with 1,229 admissions. The main driver for this was admissions from Britain – a total of 731 solicitors from England and Wales, and Northern Ireland, were admitted. The tidal wave of Brexit applications reached its peak in early 2019 and, as of 6 September 2019, a further 1,560 had been admitted. We anticipate that the final admissions figure for 2019 will exceed 2,000 new solicitors – 2016 was the first year that admissions exceeded 1,000, and (thanks to Brexit) it has only taken three years to exceed 2,000.

In September 2019, a total of 456 trainees started the PPC1 – the largest course in ten years. The use of technology in the Law School was recognised by the status of an ‘Apple Distinguished School’ award, which was presented to the Law Society earlier this year. We are the only professional educator in the EU to have received this accolade.

Our Diploma Centre goes from strength to strength. In all, 1,050 attendees participated in over 30 diploma and certificate courses during the last year. A free MOOC (massive open online course) was provided on arts

media and entertainment law, with 2,000 participants from around the world. In May 2019, a new professional doctoral programme for solicitors was launched. Our Diploma in Aviation Leasing and Finance was awarded the Best Law Postgraduate Course of the Year at the GradIreland Higher Education Awards.

Large numbers have been attending Law Society Professional Training’s CPD courses. In addition, regional cluster conferences are being held all over Ireland in association with local bar associations. There has also been a series of annual specialist conferences in collaboration with Law Society committees.

The team was selected by a prestigious global NGO to design and deliver skills training for international bar leaders through a two-year blended-learning programme that will be delivered in a number of countries around the world.



JOHN ELLIOT
Director and Registrar of Solicitors

The Regulation Department continues to engage with the Legal Services Regulatory Authority and has provided submissions on a draft code of practice for practising barristers and draft regulations for limited liability partnerships and legal partnerships, among others, which are available to view on the Society's website at www.lawsociety.ie/LSRA.

The authority's published report, under section 6 of the *Legal Services Regulation Act 2015*, makes a number of recommendations for changes to the *Solicitors Acts 1954-2015*, which includes many recommendations from the Society's submission to the authority in July 2018.

The authority is scheduled to start receiving applications for legal partnerships and limited liability partnerships in the final quarter of 2019 and to begin its complaints functions under part 6 of the *Legal Services Regulation Act 2015* in October 2019. The Legal Practitioners Disciplinary Tribunal, which will receive applications against solicitors and barristers, will commence thereafter. The Society's Complaints Section will continue in operation in order to finish off any complaints received before the changeover. The staff working for the Solicitors Disciplinary Tribunal will continue the work of that tribunal and, in due course, will assume functions in relation to the new Legal Practitioners Disciplinary Tribunal. Both tribunals will operate from the existing premises in Bow Street.

We continue to prepare for the impact of Brexit. A total of 797 Irish practising certificates are now held by British solicitors, and 15 British law firms have established a branch office in Ireland since the Brexit referendum.

The volume of complaints about alleged breaches of solicitors' undertakings over the last two years has fallen near to the historical average for the pre-recession period from 2000 to 2007.

There are now 11,618 practising certificate holders in this jurisdiction, of which 51% are female and 49% male. From July 2018 to June 2019, a total of 349 new firms of solicitors opened and 104 closed. During that period, six solicitors were struck off the Roll of Solicitors and two solicitors were suspended.

We have engaged in extensive work in connection with anti-money-laundering, cybersecurity, and advertising regulations, which is covered in the Regulation of Practice Committee report.

The Regulation Department's anti-money-laundering (AML) working group has increased the focus on ensuring practitioners' compliance with AML legislation, heightening awareness through the investigation process, talks at CPD seminars, and a published reminder (*Gazette*, November 2018, p57).

During the year, two long-serving investigating accountants retired and three new accountants were appointed – two of them now based in Cork.

We regularly give talks on regulatory requirements at cluster events and bar association seminars.

From July 2018 to June 2019, the Society received ten queries from the Office of the Ombudsman relating to complaints about solicitors not upheld, and refusal of grants from the compensation fund. The Society assists the ombudsman by providing copy files and explanations about the Society's procedures.

The department continues to progress its part of the System 360 project, which will fundamentally improve the information technology used to achieve a more user-friendly electronic environment for our members.



FINANCE AND ADMINISTRATION DEPARTMENT

CILLIAN MACDOMHNAILL
Director

The Finance and Administration Department regards itself as the 'oil in the system', supporting the Society's core functions of representation, education and regulation, which results in services and support to members, students and the public.

At the heart of the department's work is financial management. While this involves taking in money and spending it, it also means that there is an obligation to ensure prudent financial management, ensuring value for all money spent and having appropriate financial processes and controls to protect the Society's financial and physical assets. Financial planning is managed through a detailed budgeting process, close monitoring of finances throughout the year, and long-term financial planning through a five-year planning process.

In 2018, the Society's income was €27.2m, an increase of 7%. Expenditure was €27.5m, an increase of 9%. In all, 66% of expenditure was on representation and regulation, with the balance of 34% being spent on education activities.

The 'finance' function is responsible for oversight of the ongoing financial elements of the rundown of the SMDF, which is going very much according to plan. It is also responsible for the financial elements of the costs of the Legal Services Regulatory Authority to practitioners, and it works to minimise the impact of this on the practising certificate fee.

The department also manages two important member schemes: the Finance Scheme for tax, pensions, PII and PC fees, which provided loans of over €3.5m to 140 firms for 2018/19, and the Group Life Scheme, which provided a benefit of €47,500 to the families of nine solicitors over the past year.

The facilities function, which has responsibility for maintaining and protecting the historic building of Blackhall Place and the operation of the overall site, continued its work in implementing a conservation plan developed in 2014. A number of major building projects were finished in the last 12 months or are ongoing, including essential works driven by fire prevention, health-and-safety, and disability-access needs, and the maintenance of the fabric of Blackhall Place, thus ensuring that the buildings can operate effectively for modern use. Current projects include fire-escape and general fire-precaution upgrades, rewiring of the historic building, replacement of boilers, decoration, and acoustics work in the Presidents' Hall, as well as the continued upgrading of public areas within Blackhall Place. New sports facilities have also been developed on the Benburb Street site.

The facilities section also oversees the catering, bar and the B&B facilities through the Law Club of Ireland. The bar and catering operation achieved a break-even position for the first time since the recession, and over 1,800 bed nights were provided by the B&B service. The Four Courts consultation rooms had over 12,000 lettings.

We also opened Blackhall Place to the public on Heritage Week, Culture Night, Open House, and for the Smithfield/Stoneybatter Festival. The premises and grounds were made available to numerous local charities and schools throughout the year.

The information technology section's main focus for the past 12 months has been the implementation of 'System 360' – a very significant investment in a member-management system, which was approved at the AGM in 2015, with a budget of €3.5m. We are now in phase 2 (education) of the project, with phase 1 (which covers primarily regulation and practising certificates) having bedded in very successfully. This Society-wide project will ensure that the Society's IT systems adequately support its various roles into the future, including integrating membership and education systems. Over 40% of PC holders renewed their PCs online for 2019 using the new system. During the last 12 months, two other major IT projects were undertaken – the roll-out of a new IP telephone system, and a new file and email management system called Commvault.

The protection of our information assets is a priority, and cybersecurity continued to exercise the minds and resources of the IT section throughout the period. At the heart of the Society's cyberstrategy is an ongoing external review of the robustness of our IT security and an education/awareness programme for all staff.

The department also spearheaded the Society's involvement in the Calcutta Run 2019. The final fundraising figure looks set to reach €290,000 and will be shared equally between the Peter McVerry Trust and the HOPE Foundation.



HUMAN RESOURCES DEPARTMENT

BARBARA CARROLL
Director

The Law Society's Human Resources Department is committed to developing and implementing strategic approaches to human resources that contribute to the effective running of the organisation.

This has been an exciting year for the department, which has seen lots of change. The human resources' function helps the Law Society to maintain and promote a supportive and positive culture among the staff. This underpins the professional services that the Society provides to its members.

In the year under review, we continued to invest in learning and development. We provided programmes in executive development, coaching skills for managers, e-learning, technical communications, and in specific areas of legal practice, among many others.

In August 2019, staff from the Complaints and Client Relations Section in the Regulation Department and all the staff of the Solicitors Disciplinary Tribunal transferred their employment to the new Legal Services Regulatory Authority (LSRA) after long and loyal service to the Society and its members. It was a long road for all of the staff involved, but a satisfactory outcome was achieved. The level of expertise and experience the team will bring to the LSRA will be invaluable. We wish them well in their new roles – an exciting road lies ahead.

In the Society, we are committed to embracing new and more efficient ways of working. The department had a busy and productive year reviewing internal processes and automating old ways of working. We are currently implementing a new HR system that will modernise self-service features and provide more effective and informative supports for our employees. A pilot for this new system was launched in the autumn, and it will roll out into the New Year.

We have invested in new and better ways to promote more effective internal communication and have launched new initiatives, including the weekly *Blackhall Bulletin*, which keeps staff up-to-date on Society-wide activities.

In April this year, we launched an introduction to the Vitality Wellness Programme to support our strategy to promote a healthy and supportive work environment. We partnered with Zevo Health, which conducted internal research on staff members through surveys and focus groups during the summer period. This will

provide the springboard for the launch of the 2019/20 Vitality Wellness Plan before year-end.

Our progressive and structured recruitment strategy assists the Society in attracting a qualified and diverse workforce, and we have been proud to welcome new staff members this year.

A key function of the department is to remain current and informed on external and internal factors that might have an impact on human resources' policies. Our ongoing policy review is central to building a positive, fair and open working environment.





Committee overview

COMMITTEE REPORTS

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

STANDING COMMITTEES

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

NON-STANDING COMMITTEES

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



COMPLAINTS AND CLIENT RELATIONS COMMITTEE

PAUL EGAN
Chair

The Complaints and Client Relations Committee considers complaints about the adequacy of professional service, the level of fees, and the professional conduct of solicitors. It operates in three separate divisions, each consisting of three solicitor members and four lay members. The committee met in plenary session or in divisions 20 times during the year, and dealt with 149 new matters.

In the year under review, 1,274 complaints were made, 306 of which were deemed to be inadmissible. The number of admissible complaints (968) increased very slightly over the preceding year, as did complaints from financial institutions about undertakings, reversing the downward trend in undertakings complaints over the past two years. In all, 583 of the 968 admissible complaints were completed by year end, 86% of which were closed in less than six months. A total of eight complaints were referred to the Solicitors Disciplinary Tribunal.

The investigation of complaints is subject to review by the Independent Adjudicator of the Law Society and by the Office of the Ombudsman.

The Legal Services Regulatory Authority has taken over the committee's role in handling complaints made on and after 7 October 2019. The Law Society's complaints section will continue to be responsible for complaints made prior to that date, so the committee will remain in existence, albeit with a reducing workload, until the last of those complaints have been determined.

Having served on the committee for eight years, it is now time to move on, and I wish my successor well. I welcome this opportunity to recognise the diligence and commitment of my fellow committee members and the Law Society's personnel. I thank them for the time, care and attention that they devote to the committee's work.



COORDINATION COMMITTEE

PATRICK DORGAN
Chair

The Coordination Committee operates as a link between the Society's committees and the Council, with an oversight role for the projects undertaken by each of the Society's committees and task forces.

In this capacity, it reviews the benefit of committee projects in terms of resources and timelines, and allocates finances within an overall budget determined by the Finance Committee. It considers requests to pursue specific proposals or seek expert advice during the course of the year, and ensures that the direction and priority of projects are appropriate to the Society's overall objectives.

At the commencement of each Council year, the Coordination Committee meets with the chairs of the Society's standing committees to consider ongoing issues, and to plan for the year ahead.

The committee also oversees implementation of the eConveyancing, Small Practice Support, and Professional Wellness Projects, as well as the Brexit Legal Services Initiative.

A further function of the committee is the consideration of matters falling outside the remit of any of the other committees. During the past year, the committee addressed a number of issues, including:

- The Society's strategy statement 2019-2023,
- A draft code of practice for legal professionals under the *Assisted Decision-Making (Capacity) Act 2015*,
- Approval of partnership precedents, including partnership agreements, overhead-sharing agreements, deeds of dissolution and practice transfer agreements, and
- The nomination of representatives to a number of external bodies.



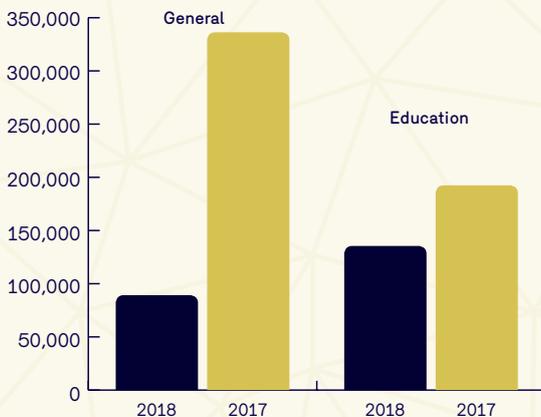
FINANCE COMMITTEE

CHRISTOPHER CALLAN
Chair

In anticipation of the imposition of a Legal Services Regulatory Authority (LSRA) levy for the first time, and the completion of the Solicitors Mutual Defence Fund (SMDF) levy in 2019, activities in 2018 were budgeted for a surplus of only 1% of income on both the general activities and Law School sides. Both performed slightly better than this, achieving a 2% surplus on income before tax.

The after-tax surplus from operations was €225k (2017: €529k). This equates to 1% of operational income after tax. The before-tax general activity surplus, at €299k, was better than budget, by €130k. Education activities made a surplus of €292k against a budgeted surplus of €134k. Reserves, including amounts allocated to the Capital Expenditure, Litigation and LSRA Levy Funds, after provision of €1.1m for the LSRA levy for 2018, increased by €273k (2017: €1.7m).

AFTER-TAX OPERATING SURPLUS 2018



Surplus/deficit	After tax 2018 (€)	After tax 2017 (€)
General	89,240	333,120
Education	135,474	192,412

In the audited financial statements, there are a number of revaluations and exceptional items that must be included, albeit that they are outside normal operations. The primary one is the inclusion of income of €2m, raised through the practising certificate fee to fund the remaining deferred cost of the sale of the SMDF. The second major adjustment is providing for an additional €7.75m based on a revaluation of the Benburb Street site from €10m to €17.75m.

In accordance with current accounting standard FRS102, the financial performance of the staff pension scheme

must also be shown in both the income statement and the balance sheet. This has created significant variances in the accounts over the last four years. In 2015, there was a positive readjustment of €2.5m in the pension liability but, in 2016, there was a negative adjustment of €4.8m. In 2017, there was a positive adjustment of €1.5m, and in 2018 there was another positive adjustment of €188k. The Finance Committee is not concerned about these variances, as the variables that impact on these valuations are different to those used in our actuarial valuations. Measured through actuarial valuations conducted by Mercer, our pension scheme is in good health.

Overall, these adjustments result in showing the Law Society, which had an after-tax operational surplus of €278k, as having an overall accounting surplus of €9.95m.

To further complicate matters, the operational surpluses for the Law Society are incorporated in 'Group' accounts, which include all Law Society subsidiaries. Overall, the Law Society's group made a surplus of €9.96m (2017: €6.6m) after tax and exceptional items. The group accounts give a full picture of the financial performance and financial position of all Law Society operations, but they can distort the view of the performance of the different elements of our operation, given that inter-entity trading must be eliminated. The 'overall results' table shows the management account results, which are the actual operating outcomes of the various elements of the Law Society's operations.

OVERALL RESULTS

ENTITY	MANAGEMENT ACCOUNTS	GROUP STATEMENTS
General activities	298,527	232,609
Funds	48,079	48,079
Education activities	292,186	126,489
Operating surplus pre-tax	638,792	407,177
Group taxation	-360,658	-365,999
Operating surplus after tax	278,133	41,177
Sundry income	—	9,777
Unrealised invest losses	—	-538,921
Law Club of Ireland	57,848	-338,050
Benburb St Prop Co Ltd	7,404,859	7,404,859
SMDF Levy Fund Income	2,027,888	2,027,888
FRS 102 Pension Charge	188,000	1,350,000
Overall surplus	9,956,729	9,956,729

Our income

Total income for the year was €27.2m, which was €1.4m or 6% ahead of 2017.

Practising certificate, membership, and admission fees were €15.2m (2017: €14.7m), an increase of 4%, which mirrors the increase in the number of practising certificates, as the practising certificate fee for 2018 remained at the 2017 level. Educational income, at €10.6m, increased by 11% from €9.6m, and income from other sources, such as advertising, publications, and Four Courts, at €1.2m, was on a par with 2017.

In 2018, there were 10,863 (2017: 10,470) practising certificate holders, an increase of 393 (+4%) on 2017. There was no significant increase in 'Brexit' practising certificate holders. The additional practising certificates accounted for €449k of the income increase. Membership numbers, at 11,941 (2017: 11,454), increased by 487. Membership numbers include 172 solicitors who avail of free membership on the basis of being over 50 years admitted or being unemployed. There were 1,231 admissions to the Roll in 2018 (2017: 1,050), being the second highest number of admissions ever, just behind the 2016 record of 1,406. There were 733 'Brexit' admissions in 2018. Practising certificate fee income totalling €1.15m (2017: €1.15m) was allocated to the Capital Expenditure Fund (€150k), the Litigation Fund (€302k), and the LSRA Levy Fund (€696k). However, €1.1m was also set aside to provide for a likely 2018 LSRA levy, leaving a net increase in the funds of €48k.

Education activities' income was €10.6m (2017: €9.6m). While income levels increased for all operations, the bulk of the increase came from increased revenue from our diplomas and professional training (LSPT) areas. Professional Practice Courses, exams, etc, accounted for €6.9m, and LSPT seminars, diploma courses and grants accounted for €3.6m. There were 448 PPC1 students in September 2018 (2017: 412). FE1 sittings at 2,376 (2017: 2,238), while growing at about 6%, are still very far off their high of

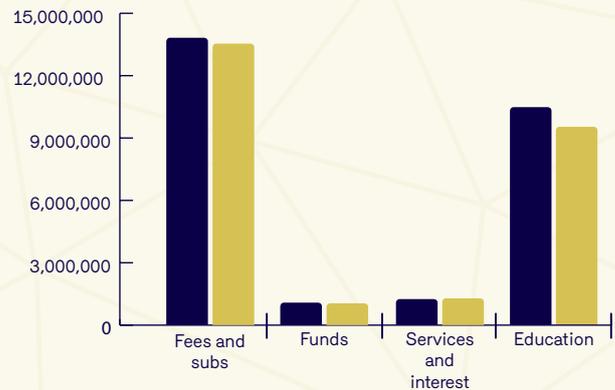
3,328 in 2007. Diploma course income at €2.5m was €52k ahead of 2017. LSPT, with its Skillnet and Finuas programmes, had overall income, including grants, of €1.1m (2017: €1.2m).

Our expenditure

Overall expenditure was €27.5m, which was an increase of 9% or €2.3m on 2017. On the general activities side, an increase of €1.0m was mainly accounted for by the €1.1m provision for LSRA costs. There was a very significant drop in regulatory legal fees, which offset increases in other areas.

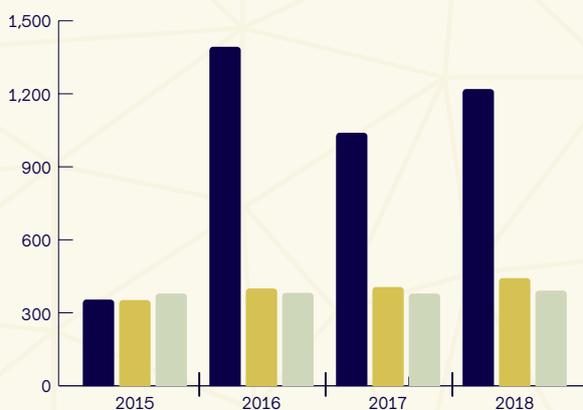
Education activities' operational charges increased by €1.0m (+11%), in line with increased activity and student numbers.

INCOME SOURCES 2018



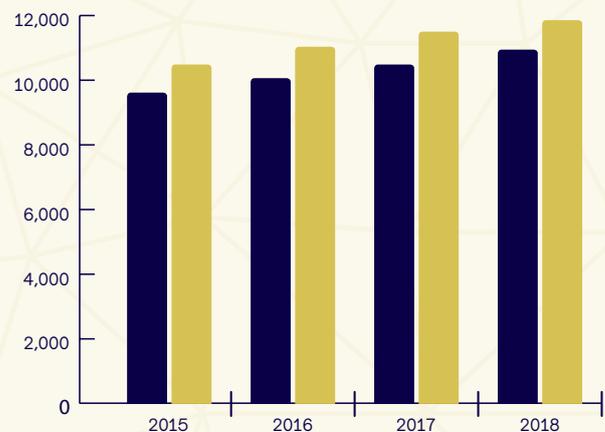
	2018 (€)	2017 (€)
Fees and subs	14,057,628	13,529,365
Funds	1,148,077	1,136,913
Services and interest	1,353,352	1,394,110
Education	10,645,406	9,597,355

ADMISSIONS AND COURSES 2015 - 2018



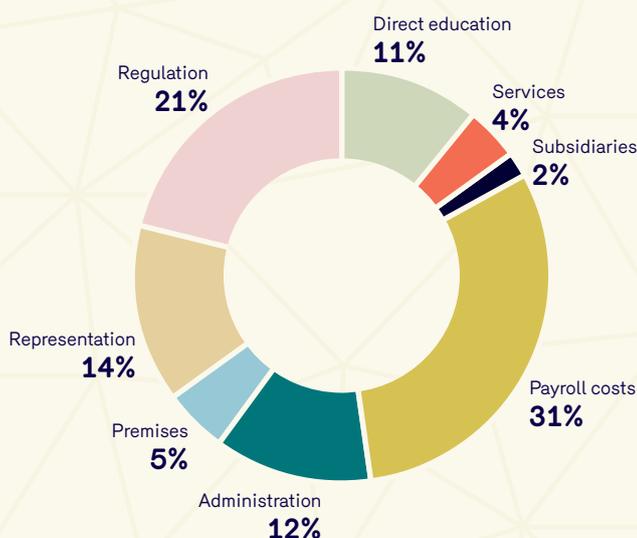
	ADMISSIONS	PPC I	PPC II
2018	1,231	448	396
2017	1,050	411	384
2016	1,406	405	387
2015	359	357	384

PRACTISING CERTIFICATE HOLDERS AND MEMBERS 2015-2018

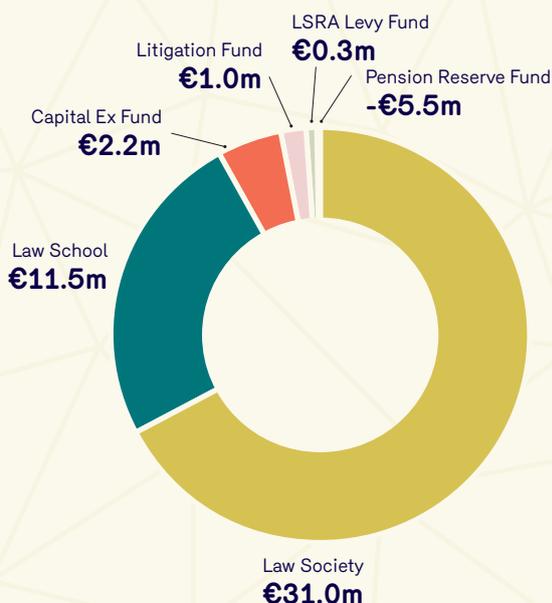


	PC HOLDERS	MEMBERS
2018	10,863	11,941
2017	10,470	11,454
2016	10,080	11,025
2015	9,688	10,479

GENERAL EXPENDITURE 2018



RESERVES 2018



'Other expenditure' noted in the accounts are the costs associated with our subsidiaries, which were €815k (2017: €542k).

Our balance sheet

The position shown by our balance sheet is significantly distorted by the FRS102 accounting standard requirements. This required three significant adjustments. The first is a positive one, which increased the valuation of the Benburb Street site from €10m to €17.75m. The second is a provision for the deferred costs of €3.2m on the sale of the SMDF, which is offset by €3m in the SMDF Levy Fund, which is earmarked to pay down the deferred cost of the SMDF sale over the next few years.

The third adjustment is a decrease in the deficit on the staff pension scheme (closed to new entrants since 2009) from €5.7m to €5.5m. While this deficit represents 15% of the value of the liabilities, it is based on FRS102 assumptions. Our actuaries have determined, based on their actuarial model, that the current contribution rate will eliminate any real deficit over the long term. As a consequence of these three adjustments, our net asset position now stands at €40.5m (2017: €30.5m). However, if you factor out the SMDF and pension adjustments, our reserves are €46.3m.

Of our reserves, €33.6m are accounted for by fixed assets. The reserves also include two contingency funds for capital expenditure (€2.2m) and litigation (€1.0m). Both funds are designed to meet costs in these areas as they arise. Additionally, there is a balance of €300k in the LSRA Levy Fund, which is the balance of funds raised over the last two years and the provision of €1.1m for the 2018 levy.

The sale of the SMDF liability in October 2016 resulted in a provision for deferred costs of €5m. This, combined with previous contributions of €8m, plus various transaction costs and interest, resulted in the estimated overall cost to members of the SMDF financial support being €13.5m approximately. Current indications are that the actual cost may be less than this.

Our subsidiaries

The group structure includes a number of subsidiary entities that are effectively run on a break-even basis. The Law Club of Ireland operates the commercial elements of the Blackhall Place premises and, after subsidies (net of management fees of €110k) made an operational surplus of €58k (2017: surplus €10k). Benburb Street Property Company Limited, which owns and manages the Benburb Street site, made an operational loss of €345k (2017: loss €48k) before allowing for the revaluation of the site. The 2018 accounts make a provision of €260k for a vacant site levy imposed by Dublin City Council. This has been successfully appealed to An Bord Pleanála, and this provision will be reversed in 2019.

2019

Practising certificate numbers are looking very strong for 2019 and will increase by 900 (8%) as against 4% in 2018. The primary driver is an additional 500 'Brexit' PCs. There have been 1,568 Brexit admissions to date this year. The PPC student intake in September at 458 is up 2% on 2018.

Members may have noted that, while the overall PC fee for 2019 increased by only €100 (including an SBA contribution increase of €50), there was a significant restructuring across the main elements of the fee. The primary change was a levy, for the first time, of the cost of the operation of the LSRA, equating to €287. The Law Society continues to work with the LSRA to ensure that costs are minimised, insofar as is possible.

This increase was significantly offset by a substantial reduction in the SMDF fund levy by €165. It now looks like the SMDF run-down will cost €13.5m rather than the estimated €16m, which has resulted in a significant reduction in the levy. This will be the last year of this levy (two years early). The run-down is proceeding according to plan, and it may even yield a small dividend to the Society in 2022.

To date, both the Law Society and Education activities are performing to budget.

'System 360' (the membership management system) is

now in Phase 2 (Education), with Phase 1 (Membership and Regulation) well bedded down at this stage, with over 40% of PC holders renewing their 2019 PC online. Phase 2 will be completed in early 2020, with the objective of completing the whole project by the end of 2020.

The committee has been successful in its efforts to remove the Benburb Street site from the register of vacant sites. There will be, therefore, no further levies demanded, which (at 7% of the site value) would have been quite substantial. This was facilitated by investment in the installation of sports facilities and landscaping to the benefit of the local community, and stylish hoarding on the site streetscape.

A number of premises projects are being undertaken throughout 2019, which are driven by the Society's business needs, health and safety, conservation, and disability access requirements. I am confident that all of these will add significantly to members' and students' enjoyment of Blackhall Place.

The Finance Committee continues to work to ensure that members get value for money for all operational and capital expenditure, and this has been reinforced by the establishment of an internal audit function. The committee is also conscious that, at the same time, it must ensure that the Society is sufficiently resourced to service members in an effective manner into the future, and that the Law Society remains an effective and efficient professional body.

Full, audited financial statements for 2018 are included in this report.



EDUCATION COMMITTEE

CAROL PLUNKETT
Chair

Our priority this year has been to implement the proposals of the *Peart Commission Report* to streamline and modernise the process of qualification as a solicitor. Following consultation with firms, the committee drafted new regulations that provide for the introduction of the new Professional Practice Course (PPC). The regulations have been approved by Council and now await the approval of the Minister for Justice and Equality.

In addition, we also:

- Continued our ongoing engagement with the LSRA,
- Launched a new PPC Hybrid course, which will be structured to allow those attending the course to remain in employment without the requirement to attend the Law Society on a full-time basis,
- Established a chair in intellectual property law, sponsored by the Irish Music Rights Organisation,
- Introduced a professional doctorate in law (DLaw) in collaboration with Northumbria University, and
- Undertook a project to redevelop the lecture theatre by upgrading outdated furniture and fittings and replacing defunct mechanical and electrical systems to enable the successful delivery of modern technology-based courses.

Finally, we were delighted that the Diploma in Aviation Leasing and Finance was awarded 'Postgraduate Course of the Year in Law' at the GradIreland Higher Education Awards.

My thanks go to my vice-chair Martin Lawlor, to all the members of the committee, and the consultants for contributing their views on the myriad issues that come before us, and for their dedication towards achieving the best possible outcome, to Paula Sheedy for her unfailing support as our secretary, and to the director of education TP Kennedy, deputy director of education Dr Geoffrey Shannon, the CPD unit, and all the staff of the Law School for giving so generously of their time and expertise.



MONEY-LAUNDERING REPORTING COMMITTEE

MARTIN LAWLOR
Chair

The committee met regularly throughout the year in order to fulfil the Law Society's obligations with regard to mandatory statutory reporting requirements relating to the offences of money-laundering, terrorist financing, and relevant offences by members of the profession and others.

The Society must report any suspicions that money-laundering or an offence of financing terrorism has been committed by a practising solicitor (or any other person, who the Society, in the course of monitoring solicitors, suspects has been engaged in such activities) to the relevant authorities, that is, An Garda Síochána and the Revenue Commissioners. These reports are made pursuant to the provisions of section 63 of the *Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010-2018*, via 'goAML' – the online reporting tool specifically designed by the United Nations Office on Drugs and Crime, and used by the State's Financial Intelligence Unit.

In the year under review, the committee directed that two such reports be made to the relevant authorities.

The Society is also required, pursuant to the provisions of section 19 of the *Criminal Justice Act 2011*, to report to the gardaí, as soon as practicable, information in its possession that it knows or believes might be of material assistance in preventing the commission of a relevant offence, or securing the apprehension, prosecution or conviction of a person for a relevant offence. Relevant offences are listed in schedule 1 of the act, and include fraud-related offences.

During the past year, the committee directed that nine such reports be made.

The committee also issued a practice note (November 2018 *Gazette*, p58) that reminded practitioners of the committee's remit.

I wish to thank my fellow committee members for their contributions at meetings during the year. I also express my thanks to committee secretary Tina Beattie and her colleagues in the Regulation Department for their assistance.



PII COMMITTEE

RICHARD HAMMOND
Chair

The function of Professional Indemnity Insurance (PII) Committee is to deal with all matters pertaining to the regulation of solicitors' PII, including monitoring of the implementation of the PII regulations and associated documentation, maintenance of a stable PII market, provision of guidance to the profession, and attending to any PII queries arising.

The committee reviews drafts and publishes updated PII regulations and associated documentation on an annual basis. The committee maintains a regular dialogue with insurers participating in the Irish market for solicitors' PII. It monitors the management and running of the Special Purpose Fund (the Assigned Risks Pool and the Run-off Fund) through the Special Purpose Fund Management Committee, which comprises representatives of the PII committee, the Special Purpose Fund manager, and the two participating insurers with the highest market share by premium.

The committee provides information and documentation to the public and the profession through the PII website at www.lawsociety.ie/PII, which contains current and historic information and documentation on PII matters, including news items, regulations, minimum terms and conditions, the common proposal form, participating insurers' agreements, Special Purpose Fund documentation, lists of insurers and brokers, and guidance notes. Information on the current insurance details of firms continues to be available through the Society's online 'firm insurance details' search facility.

The committee has published guidance notes on the PII renewal, the common proposal form, risk management, and withdrawal by Axis Specialty Europe SE from the market. Practice notes have been issued on PII changes and the PII renewal.

The PII market remains stable, as evidenced by the fact that only two firms have availed of the Assigned Risks Pool as the insurer of last resort for the 2018/19 indemnity period. The number of closed firms entering the Run-off Fund in the 2018/19 indemnity period has stayed low, at 34 firms.

The committee has been particularly focused this year on improving the PII regulations by completing an extensive gap analysis of PII regulations to identify any gaps or issues, and to future-proof the regulations with regards to matters such as Brexit and new legal structures.

Thanks to my fellow committee members and committee secretary for their hard work, assistance, and valuable input.



REGULATION OF PRACTICE COMMITTEE

MARTIN CROTTY
chair

The Regulation of Practice Committee administers the Law Society Compensation Fund, which is maintained in order to compensate clients for losses due to dishonesty by solicitors or their employees. The committee also polices the profession's compliance with regulations regarding solicitors' accounts, anti-money-laundering, solicitors advertising, and regulatory requirements under the *Solicitors Acts 1954-2015* not assigned to other regulatory committees.

The income and expenditure account of the compensation fund reflects a surplus (representing an excess of income over expenditure after taxation) of €830,936 for the year ended 31 December 2018 as compared with a surplus of €1,911,479 for the year ended 31 December 2017. The decrease of €1,080,543 in the surplus for 2018 (compared with 2017) is attributable to an increase in 2018 of €1,473,243 in income, an increase of €1,002,593 in expenditure (compared with 2017), an increased adjustment of €1,760,651 in the fair-value movements arising on revaluation of investments, together with a decrease in taxation amounting to €209,458.

Income streams

The increase of €1,473,243 in income in 2018 is attributed mainly to an increase of €1,341,616 in recoveries from defaulting solicitors, together with an increase of contributions receivable of €268,206.

Expenditure

The increase of €1,002,593 in expenditure as between the two years is attributable to an increase in the provision for claims of €914,870.

Balance sheet

The net assets of the fund, as at 31 December 2018, stood at €22,346,224, compared with €21,515,288 on 31 December 2017. The increase of €830,936 in the net asset position of the fund as between the two years' end is reflected in an increase of €2,587,275 in revenue reserves, together with a decrease of €1,756,339 in the revaluation reserve on the fund's investments.

Developments since December 2018

In the six months ended 30 June 2019, a total of 74 claims were received. Excluding invalid claims refused, these claims amounted to €1,954,017. Payments were made in the sum of €816,547 in respect of claims, and claims amounting to €1,137,470 are still under consideration.

The net assets of the fund are valued at €23 million, as at 30 June 2019. The annual contribution to the fund was €720 per solicitor for 2019. This was reduced from €760 in the previous year, which was possible due to the steady

stewardship of funds. Insurance cover for €50 million in excess of €5 million is in place for the year ending 31 December 2019.

Committee activities

The committee met 20 times during the year, for 17 scheduled and three special meetings.

Arising from these meetings, the committee decided to: levy contributions amounting to €8,750 towards the cost of investigations, refer 23 solicitors to the Solicitors Disciplinary Tribunal (17 of these cases related to late filing of reporting accountants' reports), and apply to the High Court pursuant to the *Solicitors Acts* in four cases.

The investigating accountants conducted approximately 375 investigations throughout the year.

A judicial review challenged a decision to reject an application for compensation from the compensation fund. This was successfully resisted with costs. The judge ruled that the committee's deliberations and decision were sound as to substance and procedure.

We continue to update the dedicated cybersecurity webpage at www.lawsociety.ie/cybersecurity. Cybersecurity and fraud presentations at CPD seminars were made to continue to raise awareness. Relationships have been established with cybersecurity divisions of other organisations, including An Garda Síochána, the Property Registration Authority, the Central Bank, and the British Solicitors Regulation Authority.

The *Solicitors (Money Laundering and Terrorist Financing) (Amendment) Act 2018* introduced additional statutory obligations on the profession in relation to anti-money-laundering and terrorist financing. This increased the workload of the investigating accountants and the committee in monitoring compliance. Compliance with the *Solicitors (Money Laundering and Terrorist Financing) Regulations 2016* increased – 94.5% of practices investigated were compliant. Remedial action brought the compliance rate up to 100%.

New *Solicitors Advertising Regulations 2019* (SI 229/2019) were introduced on 1 June 2019 following an opinion of the European Commission. The Society continues to target illegal 'claims-harvesting' websites. Next year, responsibility for the regulation of solicitors' advertising is to pass to the Legal Services Regulatory Authority.

The committee, in addition to its enforcement role, has an educational one and, to this end, published:

- A practice note (August/September 2018 *Gazette*, p64)

that addressed long-outstanding balances on client ledgers, which recommends that solicitors review and deal with such balances as moneys to which the firm is beneficially entitled, or repayment to clients.

- A practice note (June 2019 *Gazette*, p65) that dealt with long outstanding balances in the client ledger where a firm is acquiring, taking over, or merging with another firm. The new practice should deal with these long outstanding balances.
- Practice notes (June 2019 *Gazette*, p64) about solicitors borrowing from clients, and loans being made from a client to another client. Best practice requires independent legal advice and full supporting documentation.

The *Solicitors (Compensation Fund) Regulations 2018* (SI 548/2018) came into operation on 1 February 2019. The regulations extend the time limit for making a claim on the compensation fund from six months to 12 months, and incorporate a new application form for claiming refunds of money paid to a solicitor, with accompanying guidance published on the Society's website.

A subcommittee examined procedures and the provision of reasons for committee decisions, and issued recommendations, including the enhanced committee training. The committee already undergoes training to keep members up to date with regulatory developments.

The committee, on its own initiative, decided to adopt codified rules of procedure for the purpose of aiding clarity and certainty for the benefit of the committee, and persons dealing with the committee. Subsequently, the Council of the Law Society directed the committee to draft rules of procedure and to report progress later this year.

I would like to thank the committee vice-chairs, the lay members, all other committee members, the committee secretary, and his team in Regulation for their highly valued participation in the work of the committee.

NON-STANDING COMMITTEES





ADR COMMITTEE

WILLIAM AYLMEY
Chair

It is with great pleasure that we report on our committee's work over the past 12 months, which could not happen without the enthusiasm and commitment of vice-chair Alison Kelleher, committee secretary John Lunney, and dedicated committee colleagues Anthony Hussey, Michael Carrigan, Helen Kilroy, James Kinch, Bill Holohan, Liam Guidera, Eamonn Conlon, Noreen Howard and Diego Gallagher.

It is not possible here to mention all the committee's work during the session, but this is an outline of some key elements.

In collaboration with GEMME (Irish Branch), the committee hosted a sold-out and very successful seminar on mediation in the civil justice system. GEMME is the European association for judges interested in mediation. This took place in March, and a panel of eminent speakers addressed an audience of mediators, solicitors, and judges (serving and retired) on various topics, including how the *Mediation Act* has helped to integrate mediation into our civil justice system and whether this legislation marks a step change in litigation practice when compared to other jurisdictions.

Section 12 of the *Mediation Act 2017* envisages the establishment of a Mediation Council. The committee is actively involved in a working group of interested parties brought together by the Legal Aid Board to make a proposal to Government to establish the council. This group was convened by John McDaid, chief executive of the Legal Aid Board, and it submitted a proposal to the Minister for Justice in April 2019 that included a recommendation that the Law Society be a nominating body to the first Mediation Council.

In March 2019, a client care leaflet, *Your Guide to Mediation*, which was prepared by the committee, was published on the Law Society website. This guide was awarded the 'Plain English' stamp by the National Adult Literacy Agency.

In May 2019, the committee undertook a review of the membership of the Law Society's Panel of Arbitrators. That panel is subject to review on a five-yearly basis. The review requested confirmation from existing members of their active experience and knowledge of arbitration before being confirmed to the panel.

The committee's appointees to the ICC National Committee and to the ICC Court of Arbitration Commission continue to represent the profession's interests, attend meetings in Paris, and keep the committee informed of developments.

Committee members, including the chair, are members of and continue to support the work of Arbitration Ireland in promoting Ireland as a venue for cross-border dispute arbitration and promoting reform of the law relating to third-party funding in particular.

The committee, on behalf of the Society as a member of the CCBE, actively participated again this year in another EU working group, preparing an advocacy and representation training programme for lawyers to assist clients in the mediation process.

The committee continues its ongoing promotion of all forms of ADR – including mediation, arbitration, and adjudication – to members through seminars, speaking engagements, the Society website and social media updates.

The committee continues to provide specimen documents and other supports to members through the website and directly when requested.

We believe the committee has worked effectively and in a manner consistent with the strategic objectives of the Law Society. Specifically, with reference to education, committee members are active contributors at the Law School and assist in the preparation of diploma courses and other speaking engagements, lectures and articles. The committee has worked with the Education Department to ensure greater coverage of ADR (particularly mediation) at PPC level and has indicated a willingness to contribute to any new courses in this area.



BUSINESS LAW COMMITTEE

JOY COMPTON
Chair

The committee is responsible for representing, informing, and assisting the profession on a broad range of business-law-related topics. It also monitors developments in business law and practice and has continued the role of acting as a clearing house for any issues or anomalies arising under the *Companies Act 2014*.

In the year under review, the committee made the following submissions:

- August 2018 – the case for strengthening legal protections for a charitable CLG when its directors cause the charity to act *ultra vires* the objects in its memorandum of association,
- December 2018 – simplified merger procedure for the review of certain mergers and acquisitions,
- March 2019 – targeted consultation on the draft guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828,
- March 2019 – public consultation on the *Limited Partnerships Act 1907*,
- July 2019 – Brexit, CREST, the Central Securities Depositories Regulation, and the Irish Equity Markets,
- July 2019 – *European Union (Anti-Money-Laundering, Beneficial Ownership of Corporate Entities) Regulations 2019*.

The committee also issued a practice note in December 2018 on escrow accounts and escrow agents, and is currently preparing guidance for the profession on the execution of commercial agreements via electronic means.

On 15 November 2018, the committee held a highly popular half-day business law conference at the Law Society that consisted of an interview with company lawyer Tom Courtney, an update on the *Beneficial Ownership Regulations*, issues arising out of share purchase agreements, and a discussion panel on ‘Optimising the relationship between private practitioners and in-house counsel/commercial clients’.

During the year, the committee continued to monitor developments in relation to the *European Union (Anti-Money-Laundering Beneficial Ownership of Corporate Entities) Regulations 2016*.

We continue to represent the profession on the Company Law Review Group, CRO Link and the CCBE Private Law and Company Law Committees.

I wish to thank committee vice-chair Neil Keenan and our secretary Joanne Cox for their continued commitment to the work of the committee. I wish, also, take this opportunity to mention our former member and colleague Paul Robinson (Arthur Cox), whose untimely death in May was a tragic loss to the committee and our profession. Paul provided invaluable input, particularly in relation to the implementation of the *Beneficial Ownership Regulations*.



CONVEYANCING COMMITTEE

PATRICK SWEETMAN
Chair

The Conveyancing Committee has had an exceptionally busy year. As well as all its usual work helping solicitors in matters of conveyancing practice and procedure, the 12-month period from July 2018 to June 2019 was dominated by the committee's facilitation and implementation of the move by the profession to pre-contract investigation of title (PCIT), the culmination of three years' work that had first been mooted in 2016.

The final stages of PCIT involved a fundamental review and amendment of the standard contract and requisitions, leading to new 2019 editions of both precedents (along with detailed explanatory memoranda and FAQs) produced in December 2018 for use in all conveyancing transactions on or after 1 January 2019. The profession, having made many valuable submissions to the committee in response to being consulted on the change in practice, was kept apprised of developments by articles in the Society's *eZine* and *Gazette*, and by a fully subscribed seminar chaired by Prof John CW Wylie in October 2018 and a well-received slot at the Society's annual Property Law Conference. The committee was also supported by the Society's Professional Training/Skillnet in the production of an electronic interactive course on PCIT, which is available to practitioners up to the end of December 2019 by booking in the usual way.

The new regime was launched on 1 January 2019 and has been wholeheartedly adopted by the profession, with very positive feedback all round. Committee members helped with raising awareness of the new regime among the profession by providing 13 presentations nationwide between December 2018 and March 2019 in response to requests from bar associations. A total of 1,049 members availed of courses and presentations. The change in practice was also flagged to external stakeholders, with 15 presentations, meetings and correspondence with lending institutions, NAMA, IBEC, law searchers and the professional bodies for estate agents between November 2018 and June 2019. The Society issued three press releases on PCIT during December 2018 and January 2019, which were picked up by 17 online and print media. The responsiveness of conveyancing practitioners to this change in practice is seen by the committee as a great success that the profession will benefit from in the long run.

Alongside the above activities, the committee continued to deal with its usual volume of day-to-day practice queries from conveyancing solicitors. The committee's telephone and email helpline, run by the secretary, dealt with 902 queries. Eighty new written queries were considered at the committee's monthly meetings, along with a rolling agenda of about 35 ongoing topics. The

committee issued 19 new practice notes (www.lawsociety.ie/practicenotes) on diverse topics. New publications include the 2019 *Conditions of Sale*, 2019 *Requisitions on Title*, and 2019 *Completion Notices for Vendors and Purchasers* (www.lawsociety.ie/precedents).

The committee continued to represent solicitors' interests in its engagement with external bodies representing various stakeholders in the conveyancing process, including representative organisations, Government departments, and other State bodies. The committee met, and has ongoing liaison with, several external bodies in relation to practice issues that were of major concern to solicitors during the year, including:

- A series of bi-monthly meetings this year with the Property Registration Authority on Land Registry Form 3, data protection, and other registration matters, with registration of easements expected to come to further prominence in the coming year,
- The Banking and Payments Federation Ireland in relation to issues arising from the residential certificate of title system with qualified redemption figures and delays in issuing releases still being two of the main problems for solicitors,
- Ongoing liaison with Revenue and the Taxes Administration Liaison Committee (TALC) on electronic stamping and LPT, in conjunction with the Taxation and Technology Committees,
- Further work was undertaken with Irish Water on 'taken in charge' letters and new properties, which is continuing.

The committee's ongoing projects and activities for its task forces in the coming year include:

- A major review of landlord and tenant matters – reviewing and updating pre-lease enquiries, rent-review clauses, and service charge clauses in commercial leases,
- Considering the feasibility of a new commercial certificate of title,
- A comprehensive review of the practice position with regard to registration of easements,
- A review of MUDs/managed properties, and the need for protocols for collecting information from managing agents for the purpose of sales,
- A review of the extent to which AML requirements of foreign entities continue to be source of concern for practitioners.

My thanks are due to all committee members and consultants, vice-chair Orla Coyne, and our secretary Catherine O'Flaherty, for their time, hard work and support throughout the year.



CRIMINAL LAW COMMITTEE

ROBERT PURCELL
Chair

It was another busy year for the committee, with many significant projects and achievements.

These included advocating for legal-aid rate restoration; continuing our programme of liaison meetings with criminal justice system stakeholders to represent the experiences of solicitors when they attend garda stations or prisons; the ongoing development of initiatives to normalise and embed the use of the 'Find a garda station solicitor' web search in garda stations; and the continued representation of the interests of criminal law practitioners with various State bodies.

The committee also provided solicitor feedback to the DMD practice direction for criminal proceedings, as well as contributing the voice of solicitors to law reform consultations by making submissions throughout the year on topics including reform of juries and the prosecution and investigation of sexual offences.

The committee continued its assistance to criminal law practitioners with practice guidance queries and by hosting the committee's annual conference in November 2018, in conjunction with Law Society Professional Training.

Our next annual conference will be in November 2019.



CURRICULUM DEVELOPMENT UNIT

BRENDAN TWOMEY
Chair

The mission of the Society's Law School and Diploma Centre is to enable solicitors to provide excellence in legal services to the public. The CDU oversees that objective. It meets with the teams running the courses in professional practice, diplomas and certificates, and continuing professional development. It reviews curricula and materials furnished to students of the Law School to ensure that the courses offered at every level are at the highest possible standard. The CDU suggests improvements for existing courses and topics for new courses and, if considered appropriate, adoption by the Law School through the Education Committee.

This year, we reviewed the PPC electives in technology, communications and social media, conveyancing, legal practice Irish, business law, litigation, advocacy skills and client care, employment law, family law and probate.

The CDU continues to monitor training developments in Britain and, following a study trip to the Solicitor's Regulation Authority in Birmingham, noted with interest their intention to introduce the Solicitor's Qualification Examination (SQE) in autumn 2021, which will be a rigorous examination for all who seek to enter the profession.

We are keeping under review the recommendations of the *Peart Commission Report* on the review of solicitor education.

Thanks to each committee member from a wide range of practices and to Dr Geoffrey Shannon, deputy director of education, for his dedicated support as our secretary, and all the managers and tutors of the Law Society Law School, CPD and Diploma Centre.



EMPLOYMENT AND EQUALITY LAW COMMITTEE

LOUGHLIN DEEGAN
Chair

During the past year, the Employment and Equality Law Committee has provided a strong voice in policy debate in order to inform decision-making.

We have made submissions to the Irish Human Rights and Equality Commission's consultations on its draft *Code of Practice on Equal Pay* and its draft *Code of Practice on Sexual Harassment and Harassment at Work*.

A subcommittee of members is preparing a submission advocating the establishment of a separate forum to allow more efficient means of resolving bullying and harassment cases.

The committee continues to monitor the experience of practitioners attending before the Workplace Relations Committee (WRC) and, along with other stakeholder organisations, has met with the executives of the WRC to offer suggestions for continuous improvement.

Committee members actively monitor legislation with a view to making submissions to Government. For example, a subcommittee is currently drafting a submission highlighting the numerous deficiencies of the *Employment (Miscellaneous Provisions) Act 2018* and the challenges those deficiencies pose to practitioners.

The committee has a particular focus on supporting solicitors in practice.

Through the good offices of Maura Dineen of the Taxation Committee, we have raised with the Revenue Commissioners concerns about the taxation of employer contributions to employee legal fees and achieved helpful changes to the *Revenue Tax and Duty Manual*.

We make employment and equality law precedents available to the profession on the Society's website. We regularly update those precedents in light of changes in law and practice. These precedents were downloaded by Society members 1,524 times in 12 months to 20 March 2019.

We have provided updates to the profession on relevant legislative, case law, and practice and procedure developments via regular *eZine* and *Gazette* articles and the annual employment and equality law LSPT seminar.



EU AND INTERNATIONAL AFFAIRS COMMITTEE

DIANE BALDING
Chair

The committee maintains representation on the Council of Bars and Law Societies in Europe (CCBE), the German-Irish Lawyers and Business Association (GILBA), and the Franco-Irish Law Association (FILA). These relationships allow the Law Society to represent the solicitors' profession at international level and to influence policy debate on legal services and regulation matters. The committee has continued to respond to queries and requests for assistance sent to it by other European law societies and bars. Brexit has also remained a focus.

In October 2018, we hosted a delegation of 28 Polish lawyers from the Warsaw Bar Association. The delegation was on a study visit to Ireland and was hosted by the Law Society on 11 October 2018.

Throughout the year, we provided updates and education on EU and international matters for Law Society members. Committee members submitted articles for publication in the *Gazette* on a variety of matters, including merger control, competition law, and CJEU case law.

In September 2018, the EU seminar took place, which focused on the application of AML/CFT rules to cryptocurrencies, including bitcoin. On 21 March 2019, we hosted a talk focusing on international issues in sports law, at which representatives of the legal teams of FIFA and World Rugby spoke.

We also facilitated and sponsored the placement of a young Irish qualified solicitor to take part in an international Stage in Paris in late 2018. This placement offers a great opportunity for a solicitor to attend courses at the *École de Formation du Barreau*, followed by a month-long internship at a Paris law firm.

I extend my sincere thanks to all members of the committee for their valuable contributions, hard work and insightful input, and to our new secretary Deirdre Flynn for her ongoing support and dedication.



FAMILY AND CHILD LAW COMMITTEE

KEITH WALSH
Chair

The Child and Family Law Committee has had an exceptionally busy and productive year, with:

- The private international law difficulties created by a disorderly Brexit,
- The annual conference in November 2018, and
- An appearance before the Oireachtas Joint Committee on Justice and Equality to advocate reform of the family law system.

The committee supported or was involved, either directly or indirectly, with the following:

- The passing of a constitutional referendum to reduce the waiting time for divorce and to establish a more effective mechanism for recognising foreign divorces. These measures were led by Minister Josepha Madigan, who is a former committee member, and by Justice Minister Charlie Flanagan, with the direct support of the committee.
- The highly acclaimed report, *Divorce in Ireland – the Case for Reform*, was commissioned by the committee and researched and written by Dr Geoffrey Shannon. Already, it has had a significant influence on family law policy in Ireland, and is under active consideration by a number of Government departments and the Law Reform Commission.
- The commencement of the *Domestic Violence Act 2018* on 1 January 2019, which was the culmination of many years of lobbying and work by the Law Society and the Child and Family Law Committee. At time of writing, the committee continues to lobby for the introduction of the *Circuit Court Rules* to accompany the act.
- Addressing the multiplicity of difficulties arising in relation to jurisdictional disputes involving Britain after a disorderly Brexit, including raising these matters directly with the relevant Government departments and ministers.
- The annual conference in November 2018, with contributions by the then President of the District Court Rosemary Horgan, Dr Geoffrey Shannon, Gerry Durcan SC, committee members, and Dr Anne Byrne Lynch. This year's conference will be opened by President Colin Daly and take place on 22 November 2019.
- Keith Walsh and Helen Coughlan appeared before the Oireachtas Joint Committee on Justice and Equality in February 2019 to advocate for reform of the family law system of justice. Their presentation was well received, and a number of follow-up queries were addressed. Particular areas for reform highlighted were difficulties arising out of the current courts system, including heavy caseloads, delays, inadequate facilities, judges lacking specialist expertise in family law, the need for a dedicated family law court structure, costs issues in family law, alternative

dispute resolution, the conduct of family law proceedings, and issues regarding hearing the voice of the child.

- The committee's task force on legal aid also made submissions to the Legal Aid Board setting out a comprehensive case for the need to reform the current legal aid system.
- The committee worked closely with the Family Lawyers Association, the DSBA, and the Bar Council to continue to press for the development of the site at Hammond Lane, Dublin 7, as a new venue for all family law courts in Dublin.

Great credit is due to the members of the committee for the substantial investment of time, energy and expertise that they have devoted to the committee over the past 12 months. In particular, I would like to acknowledge the contributions of vice-chair Helen Coughlan, Geoffrey Shannon, Rachael Hession, Attracta O'Regan and, in particular, pay tribute to Jane Moffat, who retired earlier this year as secretary to the committee. We thank Jane for her many years of dedicated service, which is greatly appreciated. I would like to wish new secretary Fergal Mawe well on his appointment. This year also saw the appointment of Carol Anne Coolican, committee member and former chair of the committee, as a judge of the District Court. The committee wishes her well on her appointment and wishes to thank her for her years of service to the committee and the profession.

It is not possible to finish this year's report without mentioning two outstanding family lawyers whose contribution to improving the system of family in Ireland is without parallel. The first is Judge Rosemary Horgan, who this year completed her term of office as President of the District Court. Her work prior to her appointment to the bench in terms of CPD, articles on family law, and advocacy for reform was exceptional; however, the legal profession owes her a debt of gratitude for her work as a judge and as President of the District Court.



GAZETTE EDITORIAL BOARD

MICHAEL KEALEY
Chair

The *Gazette* remains the most popular communications channel for members of the solicitors' profession. The soft-launch in September of its daily online news service *Gazette.ie* was followed by the official launch on 14 November 2018. The news service (which complements the monthly magazine) allows readers to stay informed about the most significant daily legal news and analysis, and includes:

- Daily news updates (Monday to Friday),
- A breaking news service,
- 'Long-read' analysis articles,
- Short video news clips, with one-on-one interviews,
- Photo and video galleries, and
- Dedicated social media channels.

And the innovations kept coming. The *Gazette* became the first magazine in the country to offer readers a 'narrated journalism' service. Since November 2019, Law Society members and *Gazette* subscribers have been able to listen to the magazine's main features being narrated by professional readers on *Gazette.ie*, or through the service provider's app at newsveraudio.com.

The *Gazette* is in good company, sharing the News Over Audio (NOA) platform with publications such as *The Economist*, *The New York Times*, *Financial Times*, *Bloomberg News* and *The Irish Times*. In fact, the *Gazette* was the first business-to-business (B2B) publication to become globally available on NOA.

These developments were recognised by Magazines Ireland at its national awards ceremony at year-end 2018. *Gazette.ie* scooped the 'Digital Product of the Year' award, the *Gazette* magazine took the 'Magazine of the Year' title (B2B category), while *Gazette* journalist Mary Hallissey made it a hat-trick by winning the coveted 'Journalist of the Year' award – a first for the *Gazette*. The judges congratulated the *Gazette* on its efforts to keep innovating in order to match user trends and demands. "While the print edition remains the jewel in the crown, with an increased print run, the brand has been effectively developed across other platforms," the judges commented.

Continuing with the innovation theme, the *Gazette* has been actively pursuing an alternative to the polybags used to distribute the magazine. The publication is already 100% recyclable – environmentally friendly paper, inks and varnish are used in its production – and while the polybags are also 100% recyclable, we wish to discontinue the use of plastic in our distribution process. We are optimistic that a solution is imminent and will inform readers when that happens.

The magazine continues to grow its circulation, which is due chiefly to the increase in the number of practitioners on the Roll – helped by the influx of British solicitors applying for membership in Ireland as a result of Brexit.

The launch of *Gazette.ie* has had another positive effect – a total of 357,537 unique visitors clicked into the magazine's website in the year under review (July 2018 to June 2019), resulting in a significant jump of over 300% compared with the previous 12 months. This augurs well for the future development of the site.

I am most grateful to my editorial board colleagues for their dedication, commitment and valuable contributions throughout the year – and for their unstinting support for all of these exciting initiatives. My congratulations, once again, to the *Gazette* team on its constant efforts to achieve publishing excellence, and in its drive to continue innovating.



GUIDANCE AND ETHICS COMMITTEE

VALERIE PEART
Chair

It has been my great pleasure to act as chairperson to the Guidance and Ethics Committee this past year.

The committee has recently completed two guides for legal firms taking students into their office on work experience: *Work Experience in a Legal Firm – A Guide for Students* and *Work Experience in a Legal Firm – A Guide for Solicitors*. Both guides aim to assist firms taking students on work experience and will be available to download from the Law Society website in the autumn.

The committee continues to support the excellent work of the Panel to Assist Solicitors. We had a very successful seminar for volunteer panel members in November 2018 focusing on professional wellbeing and ethical practice. Another such event is planned for November 2019.

This year saw the continuance of the ever-popular bar association visits, where committee members can meet colleagues to give information and updates from the work of the committee. In the year 2018/2019, committee members were in contact with bar associations nationally and provided speakers for nine bar association events.

Our ‘Ten Steps Project’ continued during the year, with regular articles appearing in the *Gazette* on a wide range of topics, providing short and easily read practice notes – three have been published over the course of the past year. The committee has also, in collaboration with the Technology Committee, updated the practice note on data retention and destruction of paper and electronic files, which was published in March 2019.

The committee continues to monitor developments and events promoting physical health and wellbeing for solicitors.

The committee continue to maintain and update the list of solicitors participating in Get a Quote, which provides access to quotes from solicitors through the Law Society platform. There are currently 322 firms participating in this project.

We continue to monitor the progress of the Legal Services Regulatory Authority. As chairperson, I sit on the LSRA Task Force and have provided updates regarding the LSRA.

We have had a busy agenda, and all committee members have shown the utmost commitment and enthusiasm for the various matters undertaken.

Finally, many thanks to Linda Kirwan and to Pamela Connolly for their enormous help and support during the year.



HUMAN RIGHTS AND EQUALITY COMMITTEE

SHANE MCCARTHY
Chair

The Human Rights and Equality Committee this year continued with its programme of activities, promoting the law and practice of human rights both among the profession and members of the public.

Through this committee, via committee member Alma Clissmann, the Law Society maintains representation at the Access to Justice Committee and the Human Rights Committee of the Council of Bars and Law Societies of Europe (CBBE).

On 20 October 2018, the committee hosted the 16th Annual Human Rights Conference at Blackhall Place, on the theme 'Capacity in Ireland: challenges in balancing rights and practical realities'. The event was organised by the committee in partnership with Family Carers Ireland and Law Society Professional Training. The conference was widely attended, generated insightful debate, and highlighted the different aspects of the *Assisted Decision Making (Capacity) Act 2015* and its impact on relevant parties.

The committee prepared a number of submissions, including a joint submission with the Criminal Law Committee on the ministerial review of the investigation and prosecution of sexual assault trials, observations on the Irish Human Rights and Equality Commission's draft *Code of Practice on Sexual Harassment and Harassment at Work*, and the CCBE submission on a public consultation related to the EU implementation of the *Aarhus Convention* in the area of access to justice in environmental matters. We also contributed to the Law Society's submission on the High Court Practice Direction 81 – asylum, immigration and citizenship list.

In June 2019, the committee held the 14th Annual Human Rights Lecture with Craig D Hannah (chief judge of Buffalo City Court, New York, who also presides over the court's Opiate Intervention and Adolescent Diversion Division). The lecture was titled 'Justice and addiction – intersection of drug policy and human rights' and we had the honour of hosting Judge Rosemary Horgan (President of the District Court) as a distinguished guest.

Members of the committee continue to contribute to education, offering advice and guidance on relevant course content, and as regular contributors to PPC and diploma courses.

Currently, we are occupied with the organisation of the 17th Annual Human Rights Conference, which will take place on 12 October at Blackhall Place.

The committee is also continuing its awareness initiatives, with regular contributions to the *Gazette*, *Gazette.ie*, the *eZine*, and regular updates to its committee page on the Society's website.

Articles published included:

- The 'Endangered lawyers' series, prepared monthly by committee member Alma Clissmann,
- 'Human Rights Conference to address capacity' (August/September 2018),
- 'Capacity Act is a "good step in right direction"' (December 2018),
- 'Lawyer attacks increasing, EU hearing is told' (March 2019),
- 'Appeals before the International Protection Appeals Tribunal' (May 2019), and
- 'Justice and addiction' (June 2019).

My thanks go to vice-chair Thomas Reilly and to all committee members for giving so generously of their time, interest and expertise. In particular, my gratitude goes to Michelle Lynch and Nadya Lazarova for their work and assistance as secretaries to the committee.



IN-HOUSE AND PUBLIC SECTOR COMMITTEE

MARK COCKERILL
Chair

On 26 September 2018, the committee held its panel discussion – ‘The in-house solicitor: dealing with change and upheaval’ – in Limerick, having previously held it in Dublin on 24 May. On 8 November 2018, the committee held its annual conference.

The committee continued to liaise with the *Gazette* to ensure content relevant to in-house solicitors was included – for instance, an article in the July 2019 issue, ‘The inside track’. The monthly in-house update continued to be published on the Society’s website and in the members’ *eZine*.

The committee continued to provide practical guidance on a variety of queries received from members of the in-house sector. *A Guide for In-house Solicitors Employed in the Corporate and Public Sectors* provides prospective and existing in-house solicitors with key information, coupled with the Society’s *Regulatory Guide for In-house Solicitors Employed in the Corporate and Public Sectors*.

On 16 May 2019, the committee held its panel discussion (‘Enhancing and demonstrating value – sourcing and managing legal services’).

The committee is liaising with Support Services head Keith O’Malley to produce a number of career support videos for in-house solicitors.

The committee is also liaising with the Guidance and Ethics Committee regarding a proposed practice note on legal professional privilege.

I continued to represent the society at general assemblies of the European Company Lawyers’ Association.

Patrick Ambrose, committee member, continued as the Society’s representative on the Council of Bars and Law Societies of Europe Working Group on the *European Convention on the Profession of Lawyer*.

On 11 October 2019, the committee held its annual conference on the influence of technology on in-house counsel.

I would like to thank all committee members for their contribution this year, with special thanks to vice-chair Anna-Marie Curry and secretary Louise Campbell.



INTELLECTUAL PROPERTY AND DATA PROTECTION LAW COMMITTEE

JOHN CAHIR
chair

Throughout 2018 and 2019, the committee has continued to be involved in assisting practitioners in their implementation of the GDPR requirements. As a continuation of the ‘GDPR 12 steps for practitioners guidance notes’, the committee has released guidance for practitioners dealing with data access requests and data breaches. In addition, the committee agreed a data sharing protocol with the Bar of Ireland.

The guidance notes and the protocol, together with other resources, such as FAQs, are available on the GDPR and data protection page of the Law Society website (www.lawsociety.ie/Solicitors/Regulations/Data-Protection). In addition, committee members have given presentations on subject access requests and data litigation at events in Dublin and Cork. The subject access requests presentation will be made available as an online resource with the assistance of Law Society Finuas Skillnet.

In 2019, the committee held meetings with the Data Protection Commissioner and the Controller of the Patents Office to discuss developments in, and the implementation of, data protection law and patent law.

Committee members represented the profession on the International Chamber of Commerce Intellectual Property Committee, the Government’s Data Forum, and a DBEI meeting on the Irish National AI Strategy.

The committee has continued with the ongoing review of the impact of Brexit on intellectual property law in Ireland and the EU proposals on copyright and the digital single market. In addition, we regularly assisted colleagues with queries in IP and data law.

I would like to thank the committee members for their support and hard work throughout the year.



LITIGATION COMMITTEE

LIAM KENNEDY
Chair

This year was a busy one, with contributions from all committee members. Below is a brief synopsis of some of the matters we dealt with over the last 12 months.

Brexit

We supported a Law Society and Bar Council initiative to promote Ireland as a centre for legal business. We need to promote Ireland's advantages, including the fact that, in of a 'no deal' Brexit scenario, Ireland would be the leading common law jurisdiction in the EU.

VHI undertaking

The committee has worked with the VHI to modify the solicitors' undertaking that it requires before indemnifying clients when there is a possibility of recovery from another party. Many committee members have contributed (most recently Ronan O'Neill, Jack O'Brien and Colette Reid and, previously, Stuart Gilhooly). Wording has been agreed with the VHI (subject to the Law Society approval) and we appear close to a solution.

Submissions

The committee has contributed to Law Society initiatives and submissions, including submissions to the rules committees of the various Courts. Topics include:

- Legal aid for distressed home owners.
- Judicial review in asylum cases.
- The EU *Service Regulation*.
- New High Court cost rules,
- The review of the District Court cost rules,
- District Court case management.

Technology

The committee supports greater use of technology in the courts, including electronic filing of pleadings, use of e-briefs and paperless trials.

Guidance

As well as responding to individual queries, the committee supports the profession through the publications and updates via the *eZine*, the *Gazette* and the Law Society website.

Personal injuries

The committee liaises with the Injuries Board and advises the profession of developments in personal injury law, including the *PIAB (Amendment) Act*.

Third-party litigation funding

The committee is considering possible third-party litigation funding reforms (to ensure greater access to justice).

Class actions

The committee is considering possible multi-party litigation remedies and procedures.

Annual seminar

The annual seminar took place 3 October 2019. Distinguished speakers included Chief Justice Frank Clarke.

GDPR

The committee has contributed to the Society's response to the GDPR, including a protocol agreed with the Bar to ensure GDPR compliance. The protocol reflects mandatory standards, enabling solicitors and barristers to rely on the protocol, rather than individually negotiating GDPR on every retainer.

Mediation

The Litigation and Mediation Committees have collaborated to produce precedents to explain the benefits of mediation.

Courts Service

The committee engages with the Courts Service. Karen McDonnell is our very successful liaison.

I would like to thank Mike Kavanagh, who is standing down after years of great service; vice-chair Lisa Carty; secretary Colette Reid, who has ensured that we met our goals and objectives for the benefit of the profession in 2019; and, last but certainly not least, Fiona Duffy, my predecessor as chair, who deftly guided the committee with wisdom, tact and humour.



PROBATE, ADMINISTRATION AND TRUSTS

GEORGINA DRUM
Chair

The committee continued to protect the right of clients in nursing homes to have free access to their solicitor without third-party interference and, in this regard, is liaising with the Mental Health and Capacity Task Force in a mutually supportive and cooperative fashion.

The committee continues to engage with the Department of Justice and Equality in relation to the proposed *Civil Law (Costs in Probate Matters) Bill 2017* and in relation to the proposed *Registration of Wills Bill 2016*. While both of these are private member's bills, the committee is still keeping them under close review and making its opposition to both known.

The committee continued to liaise with the Probate Office on a number of matters, including delays reported by members and in relation to the recent reforms within the Probate Office.

The committee continued its work in relation to the *Fourth AML Directive* and the potential unintended consequences of its transposition into Irish law in relation to simple will trusts for minor or incapacitated beneficiaries.

The committee continued to engage with the relevant departments in relation to the *Assisted Decision-Making (Capacity) Act 2015*, which has been signed into law but not yet enacted, and primarily in relation to a proposed part 13 to the act.

Committee members actively engaged with the Revenue Commissioners directly in relation to the proposed online CA 24, which is still in the very early stages. The views of committee members have been expressed strongly to the Revenue representatives present. The committee also contributed to the Law Society budget submission and raised issues in relation to the availability of relevant practice notes on the amended Revenue website.

The committee engaged with the Regulation and the Representation and Member Services Departments in the production of new one-page client care leaflet in relation to enduring powers of attorney, which is due to be published this year.

In addition, the committee continue to engage with the CAT ROS Users Group, the Probate Office Users Group, and the Probate Office to deal with areas of mutual concern (some of which are outlined above).

The committee continues to engage with Computershare, Irish State Savings, the Irish League of Credit Unions, and the banks to outline best practice when dealing the assets of deceased clients, including joint accounts and the endorsement of cheques in certain circumstances.

The committee continues to provide assistance to colleagues who contact it in relation to particular areas of the law and of practice as it relates to probate and trusts and taxation of same.

Articles published by the committee and its members include a December 2018 *eZine* article on undertakings, non-resident personal representatives, and probate practice.

In conjunction with our colleagues on the Taxation Committee and STEP (the Society of Trust and Estate Practitioners), the committee held the third Probate and Taxation Annual Conference on 25 October 2018, which was well attended and positively received.

In addition, committee members continue to speak at a number of Law Society and other seminars throughout the country, too numerous to mention, including CPD 'cluster' events, and the Probate and Taxation Masterclass.

Challenges to be taken on by the committee in 2019/20 include exploring the possibility of solicitors availing of the dormant accounts legislation for relatively small sums languishing in client accounts, continuing to lobby for an increase in Probate Office staff, continuation of the District Probate Registries, and greater technical support; and a review of the CAT ROS system in order to remove ongoing technical difficulties and to ensure solicitors have access to the relevant information they need to provide to their clients.

My thanks to committee secretary Padraic Courtney and all the committee members for their hard work over the year.



PR COMMITTEE

MICHAEL KEALEY
Chair

The committee continues to host the annual Justice Media Awards, while a highly successful Communications Day took place last May.

The Justice Media Awards are Ireland's longest continuously running media awards. Around 120 of the nation's leading journalists gathered for an awards ceremony in Blackhall Place in June, with 35 awards and merits handed out.

Law Society President Patrick Dorgan told attendees: "The Justice Media Awards are the pride of the Law Society. Journalism that promotes a greater public understanding of the law, the legal system, and specific legal issues is of immeasurable value, and this year's awards recognise some fine examples."

The overall award went to BBC Northern Ireland, for their Spotlight investigation, 'When is sex rape?' This took an innovative approach to the workings of the criminal legal system through a mock rape trial, with members of the public acting as jurors and discussing their thinking.

There was a strategic review of the Society's 'Talk to your solicitor' advertising campaign. The committee worked with the director of representation and member services, Teri Kelly, to develop a fresh national print and radio campaign, which has been well received by both members of the public and the profession.

The 2019 Communications Day focused on the value and connectedness of smaller legal practices and sole practitioners. It helped build on other work undertaken as part of the Small Practice Support Project.

As previously set out, the PR Committee has taken on a more strategic (rather than functional) role, and it continues to work closely with the RMS Department.



TAXATION COMMITTEE

RUTH HIGGINS
Chair

The Taxation Committee has had another busy year representing the Society and its members in its engagement with the Revenue Commissioners and other stakeholders. Committee members actively participate in the Tax Administration Liaison Committee (TALC) and its relevant subcommittees, which deal with direct taxes, indirect taxes, capital taxes, audit, tax technical, collection tax issues, base erosion and profit shifting (BEPS), KDB, R&D, and the *Companies Act* working group. The committee is also represented on the CCBE Taxation Group.

The committee made numerous submissions to Revenue both via the TALC forum and directly to Revenue in respect of issues concerning practitioners. It also continues to liaise with the Revenue Commissioners in relation to e-stamping and local property tax. A new TALC subgroup was formed this year to deal with agent liability issues. This group was formed following calls by the committee to address the difficulties for solicitors acting for non-resident vendors and the delays encountered.

The committee prepared a detailed pre-budget submission, which was submitted to the Minister for Finance and other relevant Government departments. This year, the submission looked at:

- The suboptimal means by which legislation has been introduced in recent years,
- Access to justice in respect of VAT on legal services,
- Recommendations to address inequalities and hardship, and
- Simple and pragmatic legislative amendments in order to keep Irish competitive.

The committee also reviewed (to the extent appropriate) and commented on the provisions of the *Finance Act 2019*, and summarised its relevant consequences in the annual *Tax Guide* that was published and distributed to members.

The committee continues to provide updates to the profession via practice notes and CPD on changes to tax legislation and Revenue practice and procedures. In October 2018, we collaborated with the Law Society Probate Committee and STEP to provide the annual probate and taxation CPD seminar. The committee also responds to the taxation queries raised by members.

I have been ably assisted in my role by the committee's secretary, Dr Rachael Hession, and I thank her for her support and assistance throughout the year. My thanks also to vice-chair John Cuddigan and to all the committee members for their commitment and contributions throughout the year



TECHNOLOGY COMMITTEE

BRIAN HORKAN
Chair

The Technology Committee continues to monitor the use of technology in the profession and to advise best practice to members through guidance notes in the *Gazette* and *eZine*. The committee continues to represent solicitors and the Society in its interactions with the Courts Service, Revenue Commissioners, Property Registration Authority and other government bodies.

This year the committee:

- Published a practice note on ensuring confidentiality in the use of technology,
- Published a practice note on case management systems, with some practical advice on the selection and implementation of a system, together with a list of potential suppliers,
- Together with the Conveyancing Committee, published a joint practice note on sharing conditions of sale and title documents in electronic form,
- Updated the practice note on data retention and the destruction of data and electronic files, which was first published in 2005 (this was a joint publication by the Technology and the Guidance and Ethics Committees),
- Made recommendations to the Society on reducing its carbon footprint, and
- Contributed to cluster events.

A practice note on secure email communications is currently being finalised and will be published shortly. The committee has proposed that the Society recommend a consistent approach to e-government secure communications systems to the government and all agencies.

The committee is also reviewing the use of artificial intelligence by the legal profession and the ethical issues arising from this.

As well as all of the above, committee members also attend regular meetings with Revenue on electronic stamping and the PRAI.

I wish to thank vice-chair Jane Bourke for her support and valued input, our hard-working committee members, who ensure that we achieve our goals, and our diligent secretary Veronica Donnelly.



YOUNGER MEMBERS COMMITTEE

JENNIFER DORGAN
Chair

The Younger Members Committee represents members of the profession who are in their first seven years of practice (regardless of age). We aim to promote the development of the professional skills of younger members and advocate for their interests and concerns.

In 2018, we hosted a conference entitled 'The inclusive lawyer – diversity and inclusion'. The conference focused on the need for solicitors to be conscious of diversity and inclusion as they enter leadership roles within their firms and in their interactions with clients. The event covered topics such as gender parity in the legal profession, LGBT inclusivity, and diversity in the workplace. We are very pleased to have committee member Jennifer O'Sullivan representing younger members on the Law Society's Gender Equality, Diversity and Inclusion (GEDI) Task Force.

This year, we have been developing links with other groups representing younger members of the legal profession. We hosted two very successful meetings with members of the Young Bar and the Society of Young Solicitors, and we are looking forward to continuing these relationships into the future.

We have also been raising awareness among trainee solicitors about the work of the Law Society and the benefits of membership. In April 2019, the chair and vice-chair addressed almost 300 PPC2 students on the range of services and supports available to them as future members of the Law Society.

Finally, in October 2019, we hosted a conference called 'The mindful lawyer', which aimed to promote the importance of mindfulness and mental health, as well as providing attendees with a practical toolkit for use in pressurised work environments.

I would like to thank all of our committee members for their hard work and valued contributions throughout this year, with special thanks to vice-chair Avril Flannery and committee secretary Judith Tedders for their invaluable assistance, enthusiasm, and support.

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Anthony Casey, Facilities Operative
John Lindsay, Facilities Operative

James Robinson, Facilities Operative
Joan McKeever, Cleaning
Eileen Brennan, Cleaning (part-time)
Paul Kiberd, Head of Security
James Byrne, Security (part-time)
Tom Conneely, Security (part-time)
Peter Fallon, Security (part-time)
John Leonard, Security (part-time)
Henry Peyton, Security (part-time)
Gerard Redmond, Security (part-time)
John Rooney, Security (part-time)
Antonella Tiu, Security (part-time)
Michael Troy, Security (part-time)
Ben Chesney, Packer

Law Club of Ireland

Alan Greene, Bar Manager
Graham Helps, Bar and Hospitality Assistant



REPORTS AND CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

financial

THE LAW SOCIETY OF IRELAND

STATEMENT OF RESPONSIBILITIES OF THE FINANCE COMMITTEE

The Finance Committee is required to prepare financial statements for each financial year. The Finance Committee have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“relevant financial reporting framework”). The Finance Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and the Society as at the financial year end date and of the Group’s surplus or deficit for the financial year.

In preparing these financial statements, the Finance Committee is required to:

- select suitable accounting policies for the Group and the Society’s financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in operation.

The Finance Committee is responsible for ensuring that the Group and the Society keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Society, enable at any time the assets, liabilities, financial position and surplus of the Society to be determined with reasonable accuracy, and enable the financial statements to be audited. They are 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.

The Finance Committee is responsible for the maintenance and integrity of the shared and financial information included on the Society’s website.

Independent auditor's report to the members of The Law Society of Ireland

Opinion on the financial statements of the Law Society of Ireland

In our opinion the Group and Society's financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Society as at 31 December 2018 and of the surplus of the Group and the Society for the year then ended; and
- have been prepared in accordance with the applicable financial reporting framework.

The financial statements we have audited comprise:

the Group financial statements:

- the Consolidated Statement of Comprehensive Income and Retained Earnings;
- the Consolidated Balance Sheet;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 25, including a summary of significant accounting policies as set out in note 1.

the Society financial statements:

- the Society Balance Sheet; and
- the related notes 1 to 25, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the Group and Society financial statements is FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Finance Committee's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Finance Committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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Independent auditor's report to the members of The Law Society of Ireland

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Finance Committee

As explained more fully in the Statement of Responsibilities of the Finance Committee, the Finance Committee are responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the Finance Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Finance Committee are responsible for assessing the Group and Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Finance Committee either intend to liquidate the Group and Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Finance Committee.
- Conclude on the appropriateness of the Finance Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Society (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

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Independent auditor's report to the members of The Law Society of Ireland

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

22 May 2019

THE LAW SOCIETY OF IRELAND

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
INCOME			
Fees and subscriptions	4	15,205,705	14,666,278
Education activities	5	10,645,406	9,597,355
Publications	4	286,576	353,057
Four Courts rooms	4	903,994	903,941
Interest income	6	21,368	14,324
Other income	7	131,639	112,376
Sundry income		9,777	10,412
		27,204,465	25,657,743
EXPENDITURE			
Operating charges:			
- General activities	4	(16,136,957)	(15,135,807)
- Education activities	5	(10,518,917)	(9,478,657)
Other expenditure	7	(814,830)	(541,508)
		(27,470,704)	(25,155,972)
(DEFICIT)/SURPLUS FOR FINANCIAL YEAR BEFORE REVALUATIONS, EXCEPTIONAL ITEMS AND TAXATION			
		(266,239)	501,771
Fair value (loss)/gain arising on revaluation of investments	6	(538,921)	335,124
Surplus on revaluation of development land	8	7,750,000	2,500,000
Exceptional item - deferred income from sale of SMDF	24	2,027,888	1,979,394
SURPLUS BEFORE TAXATION	9	8,972,728	5,316,289
Taxation	10	(365,999)	(177,372)
SURPLUS AFTER TAXATION	17	8,606,729	5,138,917
OTHER COMPREHENSIVE INCOME			
Re-measurement of net defined pension benefit liability	20	1,350,000	1,489,000
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		9,956,729	6,627,917
Retained earnings at the beginning of the financial year		30,544,957	23,917,040
Retained earnings at the end of the financial year		40,501,686	30,544,957

THE LAW SOCIETY OF IRELAND

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
Fixed Assets			
Tangible fixed assets	<i>11</i>	33,566,721	25,638,523
Current Assets			
Investments	<i>12</i>	10,728,371	11,243,407
Stocks	<i>13</i>	49,085	61,558
Debtors	<i>14</i>	2,138,021	2,904,771
Cash at bank and in hand		15,528,718	10,743,062
		28,444,195	24,952,798
Creditors: Amounts falling due within one year	<i>15</i>	(12,831,230)	(9,380,364)
Net Current Assets		15,612,965	15,572,434
PROVISIONS FOR LIABILITIES AND CHARGES	<i>16</i>	(3,201,000)	(5,001,000)
NET ASSETS EXCLUDING PENSION LIABILITY		45,978,686	36,209,957
Pension liability	<i>20</i>	(5,477,000)	(5,665,000)
NET ASSETS INCLUDING PENSION LIABILITY		40,501,686	30,544,957
ACCUMULATED RESERVES			
Society reserves		30,984,598	20,732,932
Law school reserves		11,486,798	11,351,338
Litigation fund		963,234	1,277,150
Capital expenditure fund		2,247,829	2,148,537
LSRA levy fund		296,227	700,000
Pension reserve fund		(5,477,000)	(5,665,000)
TOTAL	<i>17</i>	40,501,686	30,544,957

The financial statements were approved and authorised for issue by the Finance Committee on 9 May 2019 and signed on its behalf by:

Chris Callan
Chairman of the Finance Committee

Patrick Dorgan
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

**SOCIETY BALANCE SHEET
AS AT 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
Fixed Assets			
Tangible fixed assets	11	15,802,019	15,619,775
Current Assets			
Investments	12	10,728,371	11,243,407
Stocks	13	34,657	46,533
Debtors	14	19,785,740	13,145,935
Cash at bank and in hand		15,157,478	10,497,878
		45,706,246	34,933,753
Creditors: Amounts falling due within one year	15	(12,501,739)	(9,368,387)
Net Current Assets		33,204,507	25,565,366
PROVISIONS FOR LIABILITIES AND CHARGES	16	(3,201,000)	(5,001,000)
NET ASSETS EXCLUDING PENSION LIABILITY		45,805,527	36,184,141
Pension liability	20	(5,477,000)	(5,665,000)
NET ASSETS INCLUDING PENSION LIABILITY		40,328,526	30,519,141
ACCUMULATED RESERVES			
Society reserves		30,796,325	20,692,003
Law school reserves		11,501,911	11,366,451
Litigation fund		963,234	1,277,150
Capital expenditure fund		2,247,829	2,148,537
LSRA levy fund		296,227	700,000
Pension reserve fund		(5,477,000)	(5,665,000)
TOTAL	17	40,328,526	30,519,141

The financial statements were approved and authorised for issue by the Finance Committee on 9 May 2019 and signed on its behalf by:

Chris Callan
Chairman of the Finance Committee

Patrick Dorgan
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
Net cash flows from operating activities	<i>19</i>	6,296,454	5,142,840
Cash flows from investing activities			
Net interest receivable		21,368	14,324
Purchase of tangible fixed assets	<i>11</i>	(1,508,281)	(1,922,621)
Purchase of investments	<i>12</i>	(2,000,000)	(4,000,000)
Disposal of investments	<i>12</i>	1,976,115	1,003,168
Net cash flows from investing activities		(1,510,798)	(4,905,129)
Net increase in cash and cash equivalents		4,785,656	237,711
Cash and cash equivalents at beginning of financial year		10,743,062	10,505,351
Cash and cash equivalents at end of financial year		15,528,718	10,743,062

1. ACCOUNTING POLICIES

Basis of Preparation

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

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

General Information and Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Law Society is incorporated by Charter and its principal place of business is Blackhall Place, Dublin 7. The Law Society of Ireland's primary business functions are representation, education and regulation of solicitors in the Republic of Ireland.

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

The consolidated financial statements include the financial statements of the Law Society of Ireland and the financial statements of its subsidiary undertakings as detailed in note 22.

Basis of Consolidation

The Society consolidates its interests in subsidiary undertakings as detailed in note 22 which make up financial statements to 31 December 2018.

Going concern

The Society's forecasts and projections, taking account of reasonable possible changes in performance, show that the Society will be able to operate within the level of its current cash and investment resources. The Finance Committee of the Society have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Income

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

1. ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets and Depreciation

Development land, which is included in Group tangible fixed assets, is measured at the lower of cost and net realisable value annually with any change recognised in the Statement of Comprehensive Income and Retained Earnings.

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

Depreciation is provided on a straight line basis at the rates shown below which are estimated to reduce the assets to their residual values of nil by the end of their expected useful lives. Land is not depreciated.

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

Financial Instruments

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the Statement of Comprehensive Income and Retained Earnings, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Society intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Society transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Society, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(i) Investments

Investments are measured at fair value with changes in fair value recognised through the Statement of Comprehensive Income and Retained Earnings. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Publications

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

Retirement Benefits

For defined benefit schemes the amounts charged to the Statement of Comprehensive Income and Retained Earnings are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined liability is charged to the Statement of Comprehensive Income and Retained Earnings. Re-measurement comprising actuarial gains and losses and the return on scheme (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

A defined benefit scheme is funded, with the assets of the scheme held separately from those of the Society, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the prospective benefits method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For the defined contribution scheme the amount charged to the Statement of Comprehensive and Retained Earnings in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Exceptional items

Income and expenditure received or incurred in the normal course of the Society's business are charged to the Consolidated Statement of Comprehensive Income and Retained Earnings as exceptional items. Non-operational liabilities assumed by the Society during the year are also charged as exceptional items. Where there is an asset to match such a liability, in whole or in part, the net amount is charged to the Consolidated Statement of Comprehensive Income and Retained Earnings.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Society is chargeable to taxation on bank and other interest, investment 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.

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Society's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes all expenditure that has been incurred in the normal course of business in bringing them to their present location and condition.

Grants

Revenue based grants are credited to the Statement of Comprehensive Income and Retained Earnings in the period in which the grant is receivable to match income and expenditure.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Law Society of Ireland's accounting policies, which are described in note 1, the Finance Committee members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the Finance Committee have made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Defined Benefit Pension Scheme

The Society has a defined benefit pension scheme in operation for staff who joined the scheme prior to 30 September 2009. There are estimates with respect to certain key assumptions made in calculating the actuarial liability relating to the scheme including the discount rate, inflation and mortality rates, as disclosed in note 20 to the financial statements.

Development Land

The valuation of development land is based on the outcome of the related calculations of the land's net realisable value. These calculations are based on assumptions relating to future market developments, interest rates and future cost and price increases. The Group uses external valuations to determine the net realisable value.

THE LAW SOCIETY OF IRELAND

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

3. STAFF COSTS	2018 General activities €	2018 Education activities €	2018 Other €	2018 Total €	2017 Total €
Salaries and wages	6,386,214	3,817,263	89,936	10,293,413	9,483,680
PRSI	679,861	405,274	9,758	1,094,893	1,017,480
Pension costs	1,463,241	722,588	6,745	2,192,574	1,997,264
Total	8,529,316	4,945,125	106,439	13,580,880	12,498,424

The above includes pay and related costs, as well as incidental human resource costs allocated to general activities (note 4) under premises expenditure, representation expenditure and regulation expenditure.

The average aggregate number of employees during 2018 was 141 (2017: 141).

KEY MANAGEMENT REMUNERATION

The total remuneration for key management personnel which consists of the 8 Directors and 11 Section Heads/Managers for the financial year totalled €2,790,442 (2017: €2,693,434). This amount includes the President's Subvention, as approved by Council, of €120,000 (2017: €119,000). Remuneration includes salary, social security costs and pension costs.

4. GENERAL ACTIVITIES (including funds)	2018 €	2017 €
INCOME		
Fees and subscriptions		
Practising certificates	12,764,533	12,315,221
Members' subscriptions	926,122	887,018
Admission fees	366,973	327,126
Fund Contributions:		
- LSRA fund	696,227	700,000
- Litigation fund	302,373	292,371
- Capital expenditure fund	149,477	144,542
	15,205,705	14,666,278
Services and interest		
Publications	286,576	353,057
Four Courts rooms	903,994	903,941
Interest (note 6)	21,368	14,324
Total income	16,417,643	15,937,600

THE LAW SOCIETY OF IRELAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. GENERAL ACTIVITIES (including funds) (Continued)

OPERATING CHARGES

General activities

Pay and related expenditure	3,383,082	2,965,028
Administration expenditure	1,194,666	999,557
Premises expenditure	807,591	767,290
Representation expenditure	3,791,514	3,540,015
Regulation expenditure	5,749,784	5,596,357
Admission expenditure	20,710	28,129

Services

Publications	844,788	785,314
Four Courts rooms	344,822	454,117

Total operating charges	16,136,957	15,135,807
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Surplus	280,686	801,793
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5. EDUCATION ACTIVITIES

2018
€

2017
€

INCOME

Professional Practice Course 1 fees	3,781,947	3,358,319
Professional Practice Course 2 fees	1,858,136	1,874,417
Indentures and registration	377,435	343,510
Examination fees	868,976	822,736
Diploma courses	2,479,564	1,957,887
Professional training	1,133,192	1,162,413
Miscellaneous income	146,156	78,073

Total income	10,645,406	9,597,355
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OPERATING CHARGES

Pay and related expenditure	5,078,266	4,672,162
Administration expenditure	1,926,777	1,555,853
Direct expenditure	2,871,178	2,638,021
Premises expenditure	642,696	612,621

Total operating charges	10,518,917	9,478,657
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Surplus	126,489	118,698
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THE LAW SOCIETY OF IRELAND

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

6. INTEREST AND INVESTMENT (LOSSES)/GAINS	2018	2017
	€	€
Interest – society	21,368	14,324
Fair Value (loss)/gain arising on revaluation of investment	(538,921)	335,124
	(517,553)	349,448

7. OTHER INCOME/EXPENDITURE	2018	2017
	€	€
Income		
Bar and catering income	34,166	32,323
Bed and breakfast income	54,075	52,518
Functions and consultation room income	43,398	27,535
	131,639	112,376
Expenditure		
Bar and catering cost of sales	338,625	363,826
Bed and breakfast cost of sales	9,158	10,705
Premises expenditure	308,698	46,752
Professional fees	41,881	6,857
Other administration expenditure	116,468	113,368
	814,830	541,508
Deficit	(683,191)	(429,132)

8. SURPLUS ON REVALUATION OF DEVELOPMENT LAND

The development land, included in tangible fixed assets, was valued at €17,750,000 by qualified external valuers Mason Owen & Lyons on a fair value basis at 31 December 2018. There was an upward valuation of €7,750,000 from the prior year based on valuations achieved on other properties in Dublin 7. There was an upward revaluation of €2,500,000 in 2017.

9. SURPLUS BEFORE TAXATION	2018	2017
	€	€
The surplus before taxation is stated after charging:		
- Depreciation	1,330,083	1,296,148
- Auditors' remuneration	34,000	34,000
and after crediting:		
- Deposit interest	21,368	14,324

All income recognised arose in the Republic of Ireland.

THE LAW SOCIETY OF IRELAND

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

10. TAXATION	2018	2017
	€	€
Based on the surplus for the financial year:		
Taxation charge	308,347	177,372
Prior financial year under provision	57,652	-
	<u>365,999</u>	<u>177,372</u>

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

	2018	2017
	€	€
Surplus before taxation	8,972,728	5,316,289
Surplus for financial year multiplied by standard rate of corporation tax of 12.5% (2017: 12.5%)	1,121,591	664,536
Effects of:		
Net income and expenditure not subject to taxation	(865,860)	(519,063)
Depreciation in excess capital allowances	60,349	32,793
Higher tax rates on interest and rental income	6,365	9,233
Retention tax paid	(14,098)	(10,127)
Prior year under provision	57,652	-
Total tax charge for period	<u>365,999</u>	<u>177,372</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. TANGIBLE FIXED ASSETS

Group

	Premises €	Development Land €	Leasehold Improvements €	Furniture Fittings & Equipment €	I.T. Equipment €	Motor Vehicles €	Total €
Cost/Valuation:							
At 1 January 2018	19,177,556	10,000,000	2,028,658	5,442,274	5,655,855	126,200	42,430,543
Additions	652,092	-	4,150	344,019	508,020	-	1,508,281
Reversal of prior impairment	-	7,750,000	-	-	-	-	7,750,000
At 31 December 2018	19,829,648	17,750,000	2,032,808	5,786,293	6,163,875	126,200	51,688,824
Depreciation:							
At 1 January 2018	6,159,847	-	2,015,641	5,093,467	3,447,204	75,861	16,792,020
Charge for financial year	389,625	-	12,992	258,916	651,966	16,584	1,330,083
At 31 December 2018	6,549,472	-	2,028,633	5,352,383	4,099,170	92,445	18,122,103
Net book value:							
At 31 December 2018	13,280,176	17,750,000	4,175	433,910	2,064,705	33,755	33,566,721
At 31 December 2017	13,017,709	10,000,000	13,017	348,807	2,208,651	50,339	25,638,523

The development land was valued at €17,750,000 by qualified external valuers Mason Owen & Lyons on a fair value basis at 31 December 2018. The original cost of the development land when purchased in 2005 was €21,718,981.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. TANGIBLE FIXED ASSETS (CONTINUED)

Society

	Premises €	Leasehold Improvements €	Furniture, Fittings & Equipment €	I.T. Equipment €	Motor Vehicles €	Total €
Cost:						
At 1 January						
2018	19,177,556	2,028,658	5,130,239	5,655,855	126,200	32,118,508
Additions	652,092	4,150	344,019	508,020	-	1,508,281
At 31 December 2018	19,829,648	2,032,808	5,474,258	6,163,875	126,200	33,626,789
Depreciation:						
At 1 January						
2018	6,159,847	2,015,641	4,800,180	3,447,204	75,861	16,498,733
Charge for financial year	389,625	12,992	254,870	651,966	16,584	1,326,037
At 31 December 2018	6,549,472	2,028,633	5,055,050	4,099,170	92,445	17,824,770
Net book value:						
At 31 December 2018	13,280,176	4,175	419,208	2,064,705	33,755	15,802,019
At 31 December 2017	13,017,709	13,017	330,059	2,208,651	50,339	15,619,775

Group and Society

Total assets under construction which have not been depreciated in the financial year:
Premises: €64,560 (2017: €Nil) and I.T. equipment: €Nil (2017: €Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. TANGIBLE FIXED ASSETS (CONTINUED)

Group and Society

Included in the above are assets relating to education activities:

	Cost €	Accumulated Depreciation €	Net Book Value €
Premises	9,315,768	2,361,543	6,954,225
Furniture, fittings and equipment	3,063,884	2,918,014	145,870
I.T. equipment	2,744,430	2,019,169	725,261
	<u>15,124,082</u>	<u>7,298,726</u>	<u>7,825,356</u>

12. INVESTMENTS

Group and Society

	2018 €	2017 €
Balance at 1 January	11,243,407	7,911,451
Additions	2,000,000	4,000,000
Disposals	(1,976,115)	(1,003,168)
Fair value (loss)/gain	(538,921)	335,124
Balance at 31 December	<u>10,728,371</u>	<u>11,243,407</u>

At 31 December 2018, the fair value of investments exceeded cost by €228,371 (2017: €1,163,357)

The investments are comprised of the following:

- (a) Diversified Absolute Return Fund ("DARF")
- (b) Global Equity Fund ("GEF")
- (c) Davy Cautious Growth Fund ("DCGF")
- (d) Davy Moderate Growth Fund ("DMGF")
- (e) Davy Passive Growth Fund ("DPGF")

The Policy DARF, DCGF, DMGF & DPGF have a low risk profile while GEF is fully exposed to volatility in equity markets.

The equity investment by the Society in subsidiary undertakings is carried at €Nil (2017 €Nil).

THE LAW SOCIETY OF IRELAND

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

13. STOCKS	2018	2017
	€	€
Group		
Stock in trade	49,085	61,558
	<u> </u>	<u> </u>
Society		
Stock in trade	34,657	46,533
	<u> </u>	<u> </u>

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

14. DEBTORS	2018	2017
	€	€
Group		
Amounts falling due within one year:		
Debtors and prepayments	2,056,808	2,676,684
Income tax	-	4,429
Deferred tax asset on investments	-	188,824
Amounts due from Law Society of Ireland Scholarship Fund	43,501	5,307
VAT	37,712	29,527
	<u> </u>	<u> </u>
	2,138,021	2,904,771
	<u> </u>	<u> </u>
Society		
Amounts falling due within one year:		
Debtors and prepayments	2,056,643	2,674,754
Income tax	-	4,429
Deferred tax asset on investments	-	188,824
Amounts due from Law Society of Ireland Scholarship Fund	43,501	5,307
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	215,233	216,996
- Benburb Street Property Company Limited	17,470,363	10,055,625
	<u> </u>	<u> </u>
	19,785,740	13,145,935
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. CREDITORS	2018	2017
	€	€
Group		
Amounts falling due within one year		
Creditors and accruals	5,972,456	3,530,897
Amounts due to Law Society Compensation Fund	4,209,713	3,143,250
Deferred income*	1,833,610	2,002,670
PAYE / PRSI	678,709	622,141
VAT	83,391	81,406
Income Tax	53,351	-
	<u>12,831,230</u>	<u>9,380,364</u>
Society		
Amounts falling due within one year		
Creditors and accruals	5,642,965	3,518,920
Amounts due to Law Society Compensation Fund	4,209,713	3,143,250
Deferred income*	1,833,610	2,002,670
PAYE / PRSI	678,709	622,141
VAT	83,391	81,406
Income tax	53,351	-
	<u>12,501,739</u>	<u>9,368,387</u>

* Deferred income represents fees for the 2019 financial year received in the financial year to 31 December 2018.

16. PROVISIONS FOR LIABILITIES AND CHARGES	2018	2017
	€	€
Group and Society		
Provision for settlement of SMDF liability		
Opening balance	5,001,000	5,000,000
Transfer from accruals	-	1,000
Paid	(1,800,000)	-
Closing balance	<u>3,201,000</u>	<u>5,001,000</u>

THE LAW SOCIETY OF IRELAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. ACCUMULATED RESERVES

Group

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €
Balance at 1/1/2018	30,544,957	20,732,932	11,351,338	1,277,150	2,148,537	(5,665,000)	700,000
Surplus for year	9,956,729	9,585,191	135,460	302,373	149,478	188,000	(403,773)
Transfers	-	666,475	-	(616,289)	(50,186)	-	-
Balance at 31/12/2018	<u>40,501,686</u>	<u>30,984,598</u>	<u>11,486,798</u>	<u>963,234</u>	<u>2,247,829</u>	<u>(5,477,000)</u>	<u>296,227</u>

Society

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €
Balance at 1/1/2018	30,519,141	20,692,003	11,366,451	1,277,150	2,148,537	(5,665,000)	700,000
Surplus for year	9,809,385	9,437,847	135,460	302,373	149,478	188,000	(403,773)
Transfers	-	666,475	-	(616,289)	(50,186)	-	-
Balance at 31/12/2018	<u>40,328,526</u>	<u>30,796,325</u>	<u>11,501,911</u>	<u>963,234</u>	<u>2,247,829</u>	<u>(5,477,000)</u>	<u>296,227</u>

Group and Society

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. ACCUMULATED RESERVES (CONTINUED)

Reconciliation of surplus per consolidated statement of comprehensive income to surplus for the year per accumulated reserves:

	Total €	General Activities €	Education Activities €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €	Other €
Surplus before tax & exceptional items (Note 4 & 5)	407,175	280,686	126,489	-	-	-	-	-
Deficit before tax (Note 7)	(683,191)	-	-	-	-	-	-	(683,191)
Sundry income	9,777	9,777	-	-	-	-	-	-
Reversal of prior year impairment on development Land (Note 8)	7,750,000	-	-	-	-	-	-	7,750,000
S MDF sale (Note 24)	2,027,888	2,027,888	-	-	-	-	-	-
Taxation (Note 10)	(365,999)	(209,273)	(156,726)	-	-	-	-	-
Investment loss (Note 6)	(538,921)	(538,921)	-	-	-	-	-	-
Surplus after tax	8,606,729	1,570,157	(30,237)	-	-	-	-	7,066,809
Remeasurement of pension	1,350,000	-	-	-	-	1,350,000	-	-
Income allocated to specific fund	-	(1,148,078)	-	302,373	149,478	-	696,227	-
Expense allocated to specific fund	-	1,100,000	-	-	-	-	(1,100,000)	-
Inter group trading	-	(500,288)	(182,903)	-	-	-	-	683,191
Reallocation of pension costs	-	813,400	348,600	-	-	(1,162,000)	-	-
Reversal of prior year impairment on development Land	-	7,750,000	-	-	-	-	-	(7,750,000)
Total comprehensive income	9,956,729	9,585,191	135,460	302,373	149,478	188,000	(403,773)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL INSTRUMENTS

Group

The carrying value of the financial assets and liabilities are summarised by the categories below:

	2018 €	2017 €
Financial assets		
<i>Measured at fair value through the income statement</i>		
Listed investments (Note 12)	10,728,371	11,243,407
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (Note 14)	2,056,808	2,676,684
Amounts owed from related undertakings (Note 14)	43,501	5,307
	12,828,680	13,925,398
Financial Liabilities		
<i>Measured at undiscounted amounts payable</i>		
Trade and other payables (Note 15)	5,972,456	3,530,897
Amounts owed to related undertakings (Note 15)	4,209,713	3,143,250
Amount due on sale of SMDF Limited (Note 16)	3,201,000	5,001,000
	13,383,169	11,675,147

Society

The carrying value of the financial assets and liabilities are summarised by the categories below:

	2018 €	2017 €
Financial assets		
<i>Measured at fair value through the income statement</i>		
Listed investments (Note 12)	10,728,371	11,243,407
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (Note 14)	2,056,643	2,674,754
Amounts owed from subsidiaries (Note 14)	18,120,233	10,272,621
Amounts owed from related undertakings (Note 14)	43,501	5,307
	30,948,748	24,196,089
Financial Liabilities		
<i>Measured at undiscounted amounts payable</i>		
Trade and other payables (Note 15)	5,642,965	3,518,920
Amounts owed to related undertakings (Note 15)	4,209,713	3,143,250
Amount due on sale of SMDF Limited (Note 16)	3,201,000	5,001,000
	13,053,678	11,633,170

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**
**19. RECONCILIATION OF SURPLUS
TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	2018 €	2017 €
Surplus before taxation	8,972,728	5,316,289
Depreciation charge	1,330,083	1,296,148
Interest received	(21,368)	(14,324)
Gain on development land	(7,750,000)	(2,500,000)
Fair value loss/(gain) on investments	538,921	(335,124)
Decrease in stock	12,473	4,916
Decrease/(increase) in debtors	573,497	(353,721)
Increase in creditors and provisions	1,597,515	802,147
Income tax paid	(119,395)	(43,491)
Net impact of pension	1,162,000	970,000
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,296,454	5,142,840

20. PENSION COMMITMENTS

The Society operates two pension schemes. A defined benefit scheme was available to all eligible employee who chose to join before 30 September 2009, at which date the scheme was closed to new entrants. Thereafter eligible employees could opt to join a hybrid arrangement with the defined benefit element capped at a salary of €45,500 (2017 €45,500) and the balance being in a defined contribution scheme.

Defined contribution scheme

The Society operates a defined contribution pension scheme for all eligible employees. The total expense charged to the Statement of Comprehensive Income and Retained Earnings in the financial year ended 31 December 2018 was €54,642 (2017: €50,318).

Defined benefit schemes

The Society operates a defined benefit pension scheme which has been closed to new entrants since 2009. The information set out in this note relates to the defined benefit pension scheme. The scheme is funded by the payment of contributions to a separately administered trust.

Determination of contributions and funding

The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2015. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the rates of increase in salaries and the rate of increase in pensions in payment. In preparing that valuation, it was assumed that the discount rate would be 4.25% per annum pre retirement and 2.45% per annum post retirement, that future salary increases would average 2.00% per annum, and that pensions in payment will increase at 1.50% per annum on average. In effect, this means that the investment return pre retirement would be 2.25% higher per annum than future salary increases and the investment return post retirement would be 0.95% higher per annum than pension increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. PENSION COMMITMENTS (CONTINUED)

The actuarial valuation at 31 December 2015 indicated that the market value of the assets of the scheme was €30,216,000 and that the assets were sufficient to cover 103% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution continue at 20% of pensionable salaries in 2017 and this has been paid by the Society. The defined benefit section has been closed to new entrants since 30 September 2009 and was replaced by a hybrid arrangement with the defined benefit element capped at a salary of €45,000 (now €45,500).

The Trustees obtain the consent of the Society to, on a discretionary basis, index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. No increases were awarded in 2017 as inflation was marginally positive for the relevant period. Members of the Scheme who wish to be considered for this indexation pay a higher contribution rate of 8% of pensionable salary.

The actuary carries out an annual update of the Funding Standard position of the scheme. The scheme met the Funding Standard at 31 December 2018. The next actuarial valuation of the scheme to determine the contributions will be carried out as at 31 December 2018 and be available from June 2019.

Requirements

The Society is the sponsoring employer of the scheme and has the legal responsibility for the scheme. The Law Society of Ireland's Compensation Fund also participates in the scheme.

There is no stated policy for charging the net defined benefit cost of the scheme to either entity as both entities availed of an exemption under the previous accounting standard, Financial Reporting Standard 17. Under Financial Reporting Standard 102, the Society has decided that it will recognise the entire net defined benefit cost and the relevant net defined benefit liability in its financial statements. Pension costs for the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Below are the relevant disclosures together with the comparative figures for the previous year.

Changes in the present value of the defined benefit obligation in the year were as follows:

	2018	2017
	€'000	€'000
Opening defined benefit obligation	(42,673)	(39,827)
Service cost (including employee contributions)	(2,802)	(2,603)
Interest cost	(934)	(793)
Benefits paid	546	458
Actuarial gains	3,582	92
Closing defined benefit obligation	(42,281)	(42,673)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of plan assets in the year were as follows:

	2018 €'000	2017 €'000
Opening fair value of plan assets	37,008	33,643
Contributions (including employee contributions)	1,747	1,740
Benefits paid	(546)	(458)
Interest income	827	686
Actuarial (losses)/gains	(2,232)	1,397
Closing fair value of plan assets	36,804	37,008

The principal actuarial assumptions at the balance sheet date:

	2018 %	2017 %
Rate of general increase in salaries	2.00	2.20
Discount rate of scheme liabilities	2.20	2.20
Rate of pension increase	1.50	1.70
Inflation	1.50	1.70
Post retirement mortality		
Current pensioners at 65 - male	22.4	22.2
Current pensioners at 65 - female	24.3	24.9
Future pensioners at 65 - male married	24.1	25.0
Future pensioners at 65 - female married	26.1	28.1
% of pension commuted for cash at retirement	12.5	12.5

The post retirement mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to the assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in 2037.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. PENSION COMMITMENTS (CONTINUED)

The market value of the scheme's assets at the year end were as follows:

	At Year End 31 December	
	2018	2017
	€'000	€'000
Equities	14,522	14,795
Bonds	18,980	18,877
Cash	18	24
Other	3,284	3,312
	36,804	37,008
	2018	2017
	€'000	€'000
The actual return on plan assets	(1,405)	2,083
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	36,804	37,008
Present value of funded obligations	(42,281)	(42,673)
Deficit in the scheme	(5,477)	(5,665)
The amounts included in the performance statements are as follows:		
	2018	2017
	€'000	€'000
Current service cost	(2,335)	(2,136)
Past service cost	-	-
Interest income on pension scheme assets	827	686
Interest expense on pension scheme liabilities	(934)	(793)
Net interest charge	(107)	(107)
Actual return less expected return on pension scheme's assets	(2,232)	1,397
Experience losses arising on the scheme's liabilities	(375)	(76)
Changes in assumptions underlying the present value of the scheme's liabilities	3,957	168
Actuarial gain included in Statement of Comprehensive Income	1,350	1,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. PENSION COMMITMENTS (CONTINUED)

The movements in the deficit in the scheme during the year arose as follows:

	2018 €'000	2017 €'000
Deficit at beginning of year	(5,665)	(6,184)
Current service cost	(2,335)	(2,136)
Net interest cost	(107)	(107)
Contributions (excluding employees)	1,280	1,273
Actuarial gain	1,350	1,489
Deficit at end of year	(5,477)	(5,665)

History of defined benefit obligations, assets and experience gains/losses:

	2018 €'000	2017 €'000
Defined benefit obligation	(42,281)	(42,673)
Fair value of plan assets	36,804	37,008
Deficit	(5,477)	(5,665)

	2018 €'000	2017 €'000
--	-----------------------------	---------------

Difference between the expected and actual return on plan assets:

Amount €'000	2,232	(1,397)
--------------	--------------	---------

Experience losses on plan liabilities:

Amount €'000	(375)	(76)
--------------	--------------	------

Future contributions:

The Society expects to contribute €1,280,000 to the defined benefit pension scheme in 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. RELATED PARTY TRANSACTIONS

Law Society Compensation Fund	2018
	€
Opening balance at 1 January	(3,143,250)
Charges	6,954,994
Receipts	(8,021,457)
Closing balance at 31 December	(4,209,713)
<hr/>	
Law Society of Ireland Scholarship Fund	2018
	€
Opening balance at 1 January	5,307
Charges	41,303
Receipts	(3,109)
Closing balance at 31 December	43,501
<hr/>	
Irish Rule of Law International	2018
	€
Opening balance at 1 January	-
Charges	26,016
Receipts	(26,016)
Closing balance at 31 December	-
<hr/>	

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

Transactions with Council Members during 2018 totalled €277,404 (2017: €299,281) which includes the President's Subvention, as approved by Council, of €120,000 (2017: €119,000).

22. SUBSIDIARY AND RELATED UNDERTAKINGS

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

Subsidiary undertakings:

- Benburb Street Property Company Limited
- Law Club of Ireland*.

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

Related undertakings:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. CAPITAL COMMITMENTS	2018	2017
	€	€
At the end of the year, the following expenditure had been authorised by the Finance Committee:		
Contracted for	518,503	625,134
Not contracted for	2,668,092	2,415,881
	3,186,595	3,041,015

24. SOLICITORS' MUTUAL DEFENCE FUND LIMITED

In 2011, the members of the Law Society approved the provision of financial support to Solicitors' Mutual Defence Fund Limited (SMDF), which was insolvent, to a maximum of €16m.

In 2016, the Law Society entered into an agreement with R&Q Ireland Limited (R&QI) for the sale of SMDF. The agreement included deferring part of the agreed payment to R&Q Ireland Claims Services Limited (a subsidiary of R&QI). At 31 December 2016 a liability of €5m was recognised in the financial statements. At that date there was €0.82m in the SMDF Levy Fund, resulting in a net deferred cost of sale of €4.18m. This was recognised in the financial statements as an Exceptional Item. At 31 December 2017 the provision in the financial statements for liabilities under the agreement was €5m. At that date there was a balance of €2.79m in the SMDF Levy Fund available for use under the financial support commitment.

In 2018, €2.03m (2017: €1.98m) of practising certificate fee income was allocated to the SMDF Levy Fund. There was a capital contribution of €1.8m made to R&QI Claims Services Limited in 2018. At 31 December 2018 the provision in the financial statements for liabilities under the agreement was €3.2m. At that date there was a balance of €3m in the SMDF Levy Fund available for use under the financial support commitment.

The overall cost to Law Society members to cover the rundown of operations and the sale to R&QI is likely to be approximately €13.5m.

25. CONTINGENT LIABILITIES

The Society is from time to time, a party to legal proceedings and claims, which arise in the ordinary course of its activities. The Finance Committee is satisfied that there are no additional claims that require provision by the Society at 31 December 2018. Legal costs incurred by the Society to 31 December 2018, in connection with these matters, have been charged to the Statement of Comprehensive Income and Retained Earnings.

LAW SOCIETY OF IRELAND
COMPENSATION FUND

financial

LAW SOCIETY OF IRELAND COMPENSATION FUND

RESPONSIBILITIES OF THE REGULATION OF PRACTICE COMMITTEE

The Regulation of Practice Committee is required to prepare financial statements for each financial year. The Management Committee have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). The Regulation of Practice Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Compensation Fund as at the financial year end date and of the Compensation Fund's surplus or deficit for the financial year. In preparing those financial statements The Regulation of Practice Committee is required to:

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

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

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

Opinion on the financial statements of the Law Society of Ireland Compensation Fund (the 'Compensation Fund')

In our opinion the Compensation Fund's financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Compensation Fund as at 31 December 2018 and of the surplus of the Compensation Fund for the year then ended; and
- have been prepared in accordance with the applicable financial reporting framework.

The financial statements we have audited comprise:

- Statement of Income and Retained Earnings;
- the Balance Sheet;
- the Statement of Cash Flows and
- the related notes 1 to 17, including a summary of significant accounting policies as set out in note 1.

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

Basis for opinion

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Regulation of Practice Committee's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Regulation of Practice Committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Compensation Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of the Regulation of Practice Committee

As explained more fully in the Statement of Responsibilities of the Regulation of Practice Committee, the Regulation of Practice Committee are responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the Regulation of Practice Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Regulation of Practice Committee are responsible for assessing the Compensation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Regulation of Practice Committee either intend to liquidate the Compensation Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compensation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Regulation of Practice Committee.
- Conclude on the appropriateness of the Regulation of Practice Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Kevin Sheehan

For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

22 May 2019

LAW SOCIETY OF IRELAND COMPENSATION FUND

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<i>Notes</i>	2018 €	2017 €
INCOME			
Contributions receivable		7,987,058	7,718,852
Income and returns on investments	5	438,719	613,037
Recoveries from defaulting solicitors	6	1,859,317	517,701
Disciplinary fines and investigation levies		101,939	64,200
		10,387,033	8,913,790
EXPENDITURE			
Provision for claims	6	2,362,300	1,447,430
Insurance		657,162	699,719
Overheads allocated from the Law Society of Ireland		1,334,393	1,186,485
Financial regulation direct administration costs		2,452,015	2,403,337
Practice closure direct administration costs		723,322	716,571
Legal and other professional fees		189,643	258,532
Other expenditure		116	4,284
		7,718,951	6,716,358
Fair value movements arising on revaluation of investments	13	(1,756,339)	4,312
SURPLUS BEFORE TAXATION	7	911,743	2,201,744
Taxation	8	(80,807)	(290,265)
SURPLUS AFTER TAXATION		830,936	1,911,479
Retained earnings at beginning of financial year		21,515,288	19,603,809
RETAINED EARNINGS AT END OF FINANCIAL YEAR		22,346,224	21,515,288

All recognised gains and losses arose from continuing activities.

LAW SOCIETY OF IRELAND COMPENSATION FUND

BALANCE SHEET AS AT 31 DECEMBER 2018

	<i>Notes</i>	2018 €	2017 €
Fixed Assets			
Financial assets	9	22,197,050	23,702,911
Current Assets			
Debtors	10	4,458,221	3,201,399
Cash at bank and in hand		506,919	752,870
		4,965,140	3,954,269
Creditors: Amounts falling due within one year	11	(1,896,396)	(2,487,596)
Net current assets		3,068,744	1,466,673
Total assets less current liabilities		25,265,794	25,169,584
Provisions for liabilities and charges	12	(2,919,570)	(3,654,296)
NET ASSETS		22,346,224	21,515,288
Revenue reserves		21,054,759	18,467,484
Revaluation reserve	13	1,291,465	3,047,804
		22,346,224	21,515,288

The financial statements were approved by the Regulation of Practice Committee on 9 May 2019 and signed on its behalf by:

Martin J Crotty
Chairman of the Regulation of Practice Committee

Patrick Dorgan
President of Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
Net cash flows from operating activities	<i>15</i>	(357,074)	259,271
Cash flows from investing activities			
Dividends received	<i>5</i>	64,328	64,328
Purchase of investments	<i>9</i>	(2,121,000)	(8,267,001)
Disposal of investments	<i>9</i>	2,167,795	8,302,066
Net cash flows from investing activities		111,123	99,393
Net (decrease)/increase in cash and cash equivalents		(245,951)	358,664
Cash and cash equivalents at beginning of financial year		752,870	394,206
Cash and cash equivalents at end of financial year		506,919	752,870

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

General Information and Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Law Society of Ireland Compensation Fund is considered to be euro because that is the currency of the primary economic environment in which the Fund operates.

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

Financial instruments

Financial assets and financial liabilities are recognised when the Compensation Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the entity, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(i) Investments

Investments are measured at fair value with changes in fair value recognised through the Statement of Income and Retained Earnings. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

1. ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

Claims

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

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

Pension Costs

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Law Society of Ireland Compensation Fund's accounting policies, which are described in note 1, the Committee members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Law Society of Ireland Compensation Fund's accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements.

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. GOING CONCERN

The Compensation Fund earned a surplus before taxation for the financial year of €911,743 (2017: €2,201,744) and had net current assets of €3,099,551 (2017: €1,466,673) at the balance sheet date.

The Compensation Fund has €22,197,050 (2017: €23,702,911) of financial assets at its disposal that are readily convertible to cash. Therefore, the Regulation of Practice Committee considers it appropriate to prepare the financial statements on a going concern basis.

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

4. STAFF COSTS	2018 €	2017 €
Salaries and wages	2,374,455	2,323,172
PRSI	250,877	242,091
Pension (Note 17)	284,647	266,682
Total	<u>2,909,979</u>	<u>2,831,945</u>
5. INCOME AND RETURNS ON INVESTMENTS	2018 €	2017 €
Surplus on sale of investments (Note 9)	297,273	548,709
Dividends and interest receivable	64,328	64,328
Other investment income	77,118	-
	<u>438,719</u>	<u>613,037</u>
6. NET COST OF CLAIMS AFTER RECOVERIES	2018 €	2017 €
Provision for claims (Note 12)	2,362,300	1,447,430
Recoveries from defaulting solicitors	(1,859,317)	(517,701)
Net cost of claims	<u>502,983</u>	<u>929,729</u>

The Compensation Fund has stop loss insurance policies in place which are subject to an excess of €5,000,000 in any financial year. No insurance recoveries apply in respect of the 2018 or 2017 claim years.

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

7. SURPLUS BEFORE TAXATION	2018	2017
	€	€
The surplus before taxation is stated after charging:		
Auditor's remuneration	4,800	4,800
(Decrease)/increase in fair value movement in investments	(1,756,339)	4,312
	<u> </u>	<u> </u>

8. TAXATION

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

	2018	2017
	€	€
Income tax	80,807	290,265
	<u> </u>	<u> </u>

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

	2018	2017
	€	€
Surplus before taxation	911,743	2,201,744
	<u> </u>	<u> </u>
Surplus multiplied by standard rate of income tax of 20%	182,349	440,349
Effects of:		
Income not subject to taxation	(1,645,332)	(1,493,356)
Expenses not deductible for tax purposes	1,543,790	1,343,272
	<u> </u>	<u> </u>
Current tax charge for the financial year	80,807	290,265
	<u> </u>	<u> </u>

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. FINANCIAL ASSETS

Listed investments – at fair value

€

Balance at 1 January 2018	23,702,911
Additions at cost	2,121,000
Disposals at cost	(2,167,795)
Unrealised movement arising on revaluation of investments	(1,756,339)
Realised movement arising on the disposal of investments	297,273
Balance at 31 December 2018	22,197,050

The investments are comprised of the following:

- (a) SSgA EMU Government Bond Index
- (b) SSgA Global Value Equity Investment Fund
- (c) SSgA Diversified Alternatives Fund
- (d) Standard Life Global Absolute Return Strategy Fund ("GARS");
- (e) Irish Government Fixed Bond
- (f) Standard Life Enhanced Diversified Fund
- (g) Standard Life Global Bond Strategy

All the investments noted above have a low risk profile.

At 31 December 2018, the fair value of investments exceeded cost by €1,291,465
(2017: €3,047,804)

In respect of prior financial year:

Listed investments – at fair value

€

Balance at 1 January 2017	23,184,955
Additions at cost	8,267,001
Disposals at cost	(8,302,066)
Unrealised movement arising on revaluation of investments	4,312
Realised movement arising on the disposal of investments	548,709
Balance at 31 December 2017	23,702,911

The investments are comprised of the following:

- (a) SSgA EMU Government Bond Index
- (b) SSgA Global Value Equity Investment Fund
- (c) SSgA Diversified Alternatives Fund
- (d) Standard Life Global Absolute Return Strategy Fund ("GARS");
- (e) Irish Government Fixed Bond
- (f) Standard Life Enhanced Diversified Fund
- (g) Standard Life Global Bond Strategy

All the investments noted above have a low risk profile.

At 31 December 2017, the fair value of investments exceeded cost by €3,047,804
(2016: €3,043,492)

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

10. DEBTORS: Amounts falling due within one year	2018	2017
	€	€
Other debtors	52,900	58,149
Income tax	195,608	-
Amounts due from the Law Society of Ireland	4,209,713	3,143,250
	4,458,221	3,201,399
	<hr/> <hr/>	<hr/> <hr/>
11. CREDITORS: Amounts falling due within one year	2018	2017
	€	€
Accruals and other creditors	117,709	130,583
Solicitors funds held	1,778,687	2,078,463
Income tax	-	278,550
	1,896,396	2,487,596
	<hr/> <hr/>	<hr/> <hr/>
12. PROVISIONS FOR LIABILITIES AND CHARGES	2018	2017
	€	€
Provision for claims:		
At beginning of financial year	3,654,296	3,790,296
Provision made (Note 6)	2,362,300	1,447,430
Claims paid	(3,097,026)	(1,583,430)
At end of financial year	2,919,570	3,654,296
	<hr/> <hr/>	<hr/> <hr/>

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. REVALUATION RESERVE	2018	2017
	€	€
Unrealised movement on investments:		
At beginning of financial year	3,047,804	3,043,492
Movement during financial year	(1,756,339)	4,312
At end of financial year	1,291,465	3,047,804

14. FINANCIAL INSTRUMENTS

The carrying value of the Fund, financial assets and liabilities are summarised by the category below:

Financial assets	2018	2017
	€	€
<i>Measured at fair value through the income statement</i>		
Listed investments (see Note 9)	22,197,050	23,702,911
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (see Note 10)	52,900	58,149
Amounts due from related undertakings (see Note 10)	4,209,713	3,143,250
	26,459,663	26,904,310
Financial Liabilities		
<i>Measured at undiscounted amounts payable</i>		
Creditors (see Note 11)	1,896,396	2,209,046

15. CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	€	€
Surplus before taxation	911,743	2,201,744
Dividends received	(64,328)	(64,328)
Surplus on disposal of investments	(297,273)	(548,709)
Fair value movements on investments	1,756,339	(4,312)
Increase in debtors	(1,061,214)	(1,040,360)
Decrease in creditors	(1,047,376)	(303,619)
Income tax (paid)/refunded	(554,965)	18,855
Net cash flows from operating activities	(357,074)	259,271

16. RELATED PARTY TRANSACTIONS

During the financial year the expenditure of the Compensation Fund included expenses and payroll costs totalling €4,450,057 (2017: €4,205,273), which were recharged to it by the Law Society of Ireland. The amount due from the Law Society of Ireland at the financial year end is shown at note 10.

The total remuneration for key management personnel which consists of the 2 Directors and 6 Section Heads/Managers (3.25 full time equivalents) for the financial year totalled €543,248 (2017: €537,557 – 3.25 full time equivalents).

17. 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. Under FRS 102, the Society as sponsoring employer of the schemes will recognise the entire net defined benefit cost and the relevant net defined benefit liability in its financial statements. Pension costs for the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2015. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the rates of increase in salaries and the rate of increase in pensions in payment. In preparing that valuation, it was assumed that the discount rate would be 4.25% per annum pre retirement and 2.45% per annum post retirement, that future salary increases would average 2.00% per annum, and that pensions in payment will increase at 1.50% per annum on average. In effect, this means that the investment return pre retirement would be 2.25% higher per annum than future salary increases and the investment return post retirement would be 0.95% higher per annum than pension increases.

The actuarial valuation at 31 December 2015 indicated that the market value of the assets of the scheme was €30,216,000 and that the assets were sufficient to cover 103% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution continue at 20% of pensionable salaries in 2017 and this has been paid by the Society. The defined benefit section has been closed to new entrants since 30 September 2009 and was replaced by a hybrid arrangement with the defined benefit element capped at a salary of €45,000 (now €45,500).

The Trustees obtain the consent of the Society to, on a discretionary basis, index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. No increases were awarded in 2016 as inflation was marginally positive for the relevant period. Members of the Scheme who wish to be considered for this indexation pay a higher contribution rate of 8% of pensionable salary.

The actuary carries out an annual update of the Funding Standard position of the scheme. The scheme met the Funding Standard at 31 December 2018. The next actuarial valuation of the scheme to determine the contributions will be carried out as at 31 December 2018 and will be available from June 2019.

The pension charge for the Compensation Fund for the financial year was €284,647 (2017: €266,682).



**COMMITMENT
TO THE
ENVIRONMENT**

The Law Society of Ireland is committed to energy efficiency, minimising waste, reducing water consumption, encouraging greener modes of transport, and generally encouraging a culture of sustainability and an awareness of our impact on the environment.

A limited number of hard-copy annual reports have been produced for administrative, accessibility and archival purposes.

Our full Corporate Responsibility Statement is available at:

www.lawsociety.ie/csr

Production: Representation and Member Services Department

Design: Lisa Duffy

Photography: Cian Redmond Photography, Jason Clarke Photography, Lensmen, Marc O'Sullivan, Tony O'Connell Photography

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