



Law Society of Ireland

ANNUAL REPORT AND ACCOUNTS

2012/2013

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REPORT OF THE

PRESIDENT

REPORT OF THE PRESIDENT

James McCourt



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As I approach the end of my term of office, I want to say how honoured I am to have been the President of the Law Society, representing over 14,000 solicitors at home and abroad for the past 12 months.

Like every president since 2008, my year has been dominated by the effects of the worldwide recession. These effects have been felt in every sector of Irish life. It is commendable and noteworthy that, despite the challenges of the financial climate faced by us all, many solicitors have resisted the opportunity to bemoan their station and, instead, have sought to find new ways to make themselves relevant to the public that we serve.

Our largest firms continue to punch above their weight internationally. They continuously strive to attract foreign direct investors. Furthermore, they continue to try to adapt and evolve to the quickly changing demands of their international clients. The demands of the local client have changed significantly also, and will continue to evolve swiftly over the next few years. It behoves solicitors to ensure that they mould their services in the manner that will be compatible with their clients' requirements in terms of cost of delivery of service and quality of service.

I was greatly encouraged by the efforts of many solicitors across the length and breadth of Ireland in their attempts to distinguish themselves or set themselves apart. We are well

served with a young, vibrant profession. I have no doubt that the coming generations of solicitors will take the profession to heady heights in due course.

LSRB update

In October 2011, the *Legal Services Regulation Bill* was published. By February 2012, a most detailed submission from the Law Society had been submitted to the Government. It is unfortunate that the bill has yet to complete the committee stage through the Dáil. Inevitably, other affairs of state led to slower progress on the bill than we would have preferred. However, we remain confident that many of our submissions will have been taken on board by Minister Shatter. Indeed, at the Society's annual conference in Killarney last May, the minister gave some of the most positive signals thus far in relation to our representations. In particular, Minister Shatter appeared to acknowledge that an independent complaints authority would not only have to be independent of the Law Society, but also of the executive.

Further, the minister indicated that he is positively disposed to the introduction of limited liability partnerships – the types of

REPORT OF THE PRESIDENT

“The minister indicated that he is positively disposed to the introduction of limited liability partnerships – the types of entity that the Law Society has been calling for for upwards of ten years”

entity that the Law Society has been calling for for upwards of ten years.

When I came into office last November, every member of the profession was concerned about professional indemnity insurance (PII) renewals. Fortunately, the renewal process last November was considerably smoother than had been the case in previous years. However, despite having had a smoother renewal process, we remain concerned about a number of aspects. In particular, we are concerned about the high percentage (30%) of non-rated insurance providers in the Irish market. We are concerned that the low premiums charged by some of the non-rated providers may have caused some of the rated and long-standing insurers to exit the small Irish market. The incidence of claims remains high, and it may be that the reduction of almost 50% in premium income has been, in reality, too much, too fast. Obviously, we will continue to monitor the developing situation very closely, all the while acknowledging that we have no power to determine which insurers participate in the market.

The issue of PII renewal has been at the top of the agenda at every bar association I have attended across the country. I have emphasised and underlined that one must factor into the equation more than just the price of insurance, although the

lowest price can be very hard to resist. However, if the price appears to be too good to be true, then it probably is, in the long term.

I want to record a particular thanks to the PII Task Force – headed up, yet again, by Stuart Gilhooly – for its continuous monitoring of a position that has concerned us greatly all year.

Future of the Law Society

I am very pleased to record my thanks to John P Shaw for bringing the report of the Future of the Law Society Task Force to Council earlier this year, with a host of significant recommendations for change. I am particularly happy to record that the Council thoroughly debated the report at the earliest opportunity and voted overwhelmingly to adopt the report and implement its recommendations without delay. The Society has immediately begun to take steps to implement these recommendations, including the appointment of a director of representation. I expect that the Society, in answer to the demands of the profession at large, will now be enabled to disseminate its message to the members in very direct ways and in ways that the members understand and appreciate.

The Society also oversaw the publication of the third edition of *A Guide to Good Professional Conduct for Solicitors*, a document

Answering Ireland's call

To honour Galway-based solicitor Billy Glynn's year as president of the Irish Rugby Football Union, a dinner was held in Blackhall Place on 7 March 2013. (Seated, l to r): Colin Patterson, retired High Court Judge John Quirke, President of the IRFU Billy Glynn, President of the Law Society James McCourt, retired Circuit Court Judge Frank O'Donnell, retired Dublin City sheriff Brendan Walsh and Donal Spring. (Standing, l to r): Trevor Ringland, Brian Woodcock, former TD Tom Enright, director general Ken Murphy, Tony Ensor, Donald Binchy and James MacGuill (both past-presidents of the Law Society). (Pic: Lensmen)



REPORT OF THE PRESIDENT

Solicitors in the Oireachtas

The Society met with solicitor colleagues during the year who have pursued careers as members of the Oireachtas. At Blackhall Place were (*front, l to r*): Joanna Tuffy TD (Dublin Mid-West), Senator Colm Burke, Senator Catherine Noone, Law Society President James McCourt, Michelle Mulherin TD (Mayo), Charlie Flanagan TD (Laois/Offaly) and Sean Conlan TD (Cavan/Monaghan). (*Back, l to r*): director general Ken Murphy, senior vice-president John P Shaw, deputy director general Mary Keane, junior vice-president Stuart Gilhooly, Kevin O'Higgins and Martin Lawlor (both Council members). (Pic: Lensmen)



that ought to be found on every practitioner's desk. This was the product of three years of diligent effort by the Society's Guidance and Ethics Committee, and I want to pay a warm tribute to them for this.

The Society's Education Department continues to provide courses of the highest quality. I have attended several parchment and diploma-conferring ceremonies. I have been greatly encouraged by the enthusiasm and thirst for knowledge, particularly from people who have been in practice for over 20 years. Through their involvement in the diploma programme, they have enabled it to prosper. Most importantly, by attaining greater levels of knowledge and understanding of specialist subjects, they have been enabled to provide top-quality advice to the public. Very often, they can now do so without succumbing to the easy failsafe of a counsel's opinion.

Our engagement with members is increasing all the time. During the year, I enjoyed visiting many bar associations around the country, from Waterford to Donegal, Dublin to Galway, and many places in between. Bar associations have had new life injected into them since the introduction of CPD. The many people who volunteer to work in their local bar associations are the lifeblood of the profession. That they participate and engage so willingly with the Law Society must augur well for the future wellbeing of the Society itself.

Words of thanks

A happy task in preparing this president's report is to record my unreserved thanks and gratitude to every member of staff in the Law Society's departments – Policy, Communication and Member Services, Regulation, Education, and Finance and Administration. At the start of my term, I met every

member of staff. I thank them for their excellent efforts in difficult and uncertain times. I have been aware from my first days on Council of the outstanding work of the Society's staff, and I have always admired their commitment and hard work.

The director general, Ken Murphy, is a huge resource to the Society and to the president. Each year, he must adapt to the ideas and projects of a new president. More often than not, Ken is the public face of the Society. His communication skills are second to none and have been acknowledged as such by many of the leaders of other professions with whom I have met during the year.

I must also thank deputy director general Mary Keane for her sterling work, her straight talking and continued enthusiasm. Without Mary, the Council would have difficulty in seeing through to completion many of the projects it has energetically endorsed at the outset.

I wish to record my gratitude, also, to the director of regulation, John Elliot, for his incisiveness and willingness to address any queries put to him, almost instantly.

In addition, many thanks are due to my secretary in the Law Society, Maria Hoey, for her invaluable assistance, patience and professionalism during my term of office.

I want to also acknowledge my gratitude to a very active Council, which has supported me steadfastly throughout the year.

I wish to thank my senior vice-president, John P Shaw, for his unstinting support throughout the year and for always being

REPORT OF THE PRESIDENT

“We are concerned that the low premiums charged by some of the non-rated providers may have caused some of the rated and long-standing insurers to exit the small Irish market”

available to stand in for me at any events that I was unable to attend. John will prove to be an excellent president next year, and I wish him the very best for his year.

In addition, I express my appreciation to my junior vice-president, Stuart Gilhooly, for his support and efforts, especially with the PII Task Force throughout the year, along with the chairman of the Litigation Committee, Eamon Harrington. Stuart has worked very closely with the Courts Rules Committee regarding impending jurisdictional changes, the Court of Appeal and associated public-interest issues.

I thank all of those solicitors who have given voluntarily of their time to serve on the several committees and task forces. This involves a huge commitment, particularly in terms of time. I express my particular thanks to all the chairmen and vice-chairmen and secretaries. These stalwarts have steered the same committees and task forces through the year. They have provided support and advice to the profession and have managed the broad range of operations of the Society.

My gratitude, too, goes to my colleagues and friends across the length and breadth of Ireland for their welcome and support throughout the year. I have enjoyed my year as president. I have met leaders of the profession at home and abroad. I have quickly learned that the challenges that face the profession in this country – challenges of increased regulation and the ever-increasing attempts to commoditise legal services – are similar if not identical to the challenges being faced in almost every other jurisdiction around the world.

Final reflections

The role of president of the Law Society of Ireland involves much time and effort, but it is one I have been very happy to bear. It has afforded me the chance to use the knowledge, experience and skills that I have acquired during my time on

Council. I hope that I have put such skills to good use for the betterment of the Society and its thousands of members.

I am deeply honoured to have served as president. I say this because such opportunities or privileges are afforded to very few. It was a lifetime opportunity that I was delighted to grasp. I have fully enjoyed my time in office. I have been happy to meet the several and various challenges head on. I realised immediately that, in almost every task presented, time was of the essence and obfuscation or delay was not an option.

I have every confidence that my successor will meet such new challenges as may be presented during his forthcoming term in a forthright and direct manner. I hope that there will be an improvement in Ireland’s economic situation and that the problems of unemployment and under-employment will be lessened considerably during the course of his year. Furthermore, I hope that the long-awaited *Legal Services Regulation Bill* will finally pass into law and thereby remove fear and uncertainty that continues to affect many practitioners and certain Society staff alike. Economic recovery still seems some way off, despite the fact that the fifth anniversary of the bank guarantee was marked recently.

Finally, I want to record the biggest thanks to my wife Barbara and my children Lucy, Ally and Jeff for their unwavering support throughout the year. I doubt I could have done so much without their help.

It has been one hell of a trip! I gave it my best shot and thoroughly enjoyed every second of it.

Thank you all.

James McCourt,
President

COUNCIL OF THE LAW SOCIETY

for the year ending 8 November 2013



President: James B McCourt

Senior vice-president: John P Shaw

Junior vice-president: Stuart Gilhooly

Council members: William Aylmer, James Cahill, Bernadette Cahill, Christopher Callan, Paul Connellan, Maura Derivan, Patrick Dorgan, Nicola Dunleavy, Paul Egan, Alan Gannon, Eamon Harrington, Liam A Kennedy, David Lavelle, Martin G Lawlor, Barry MacCarthy, Sonia McEntee, Simon J Murphy, Michelle Ní Longáin, Michele O'Boyle, Daniel O'Connor, John O'Connor, Kevin O'Higgins, Deirdre O'Sullivan, Valerie Peart, Michael Quinlan, Moya Quinlan, Brendan J Twomey

Past-presidents: Donald P Binchy, John E Costello, Philip M Joyce, Gerard J Doherty, James MacGuill, John D Shaw

Provincial delegates

Leinster: Andrew J Cody

Munster: Richard Hammond

Ulster: Garry Clarke

Connaught: David Higgins

Dublin Solicitors' Bar Association representatives: Geraldine Kelly, Aaron McKenna, Eamonn Shannon

Southern Law Association representatives: Brendan Cunningham, Mary C Keane, Jonathan Lynch, Shane McCarthy, Kieran Moran

Law Society of Northern Ireland: Michael Robinson, Imelda McMillan, Richard Palmer, Alan Hunter

REPORT OF THE

DIRECTOR GENERAL

REPORT OF THE DIRECTOR GENERAL

Ken Murphy



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The fact that this annual report is being communicated and distributed electronically – rather than in the medium of a printed copy, as was always the case until now – perfectly illustrates the theme of change within the Law Society and within the profession.

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It also illustrates the Society’s responsiveness: this format is something that the members suggested to us. They thought that it would be more modern, more cost effective, and more efficient to do it this way. We listened, and here we are.

Perhaps the best example of our responsiveness has been with regard to the *Report on the Future of the Law Society*. This was based on the most comprehensive survey of the solicitors’ profession in Ireland ever undertaken. The survey – conducted not by the Society, but by the professional market research firm Millward Brown – garnered a huge response. It formed the basis of the report on the Society’s future and it reflects what we have heard from the members.

The report makes 31 separate recommendations that, when taken together, represent a considerable rebalancing of the role of the Society towards a more supportive role for members. Members’ desire to rebalance the objectives of the Society

and to put more emphasis on representation was, of course, well known to anybody who visited so many bar associations over so many years. However, to hear this expressed, not just in anecdotal terms, but on the basis of scientific research, resonated with the Society, and changes are now being introduced to give expression to this agenda for our members.

The 31 specific changes that are in the report on the Society’s future are all based on what the members requested. Without in any way reducing the invaluable work the Society does in regulation and education, we have committed to beefing up representation to more proactively and assertively promote the interests of members – and we are delighted to do this.

Rebalancing of objectives

Although the report is 81 pages in length, perhaps the key recommendation is summed up in the following terms: “Primarily, there was a desire among solicitors for the Society to rebalance its objectives to put more emphasis on representation. Essentially, members want the Society to defend the profession, promote the public image of the profession, develop the Society’s proactive lobbying and law reform agenda, as well as proactively representing the profession.”

REPORT OF THE DIRECTOR GENERAL

Louth and proud!

The annual general meeting of the County Louth Solicitors' Bar Association on 12 February 2013, at Dundalk Courthouse, and was attended by James McCourt (Law Society President), Ken Murphy (director general). Louth was one of 15 bar associations that the president and director general visited this year.



This will be achieved by “committing the necessary finances and resources and by creating two standalone high-profile departments, one with responsibility for policy and public affairs and the other with responsibility for representation and profession support”. This is all part of taking the representative role out of the shadow of the Society’s regulatory role, where it has been for too long.

Nothing will transform overnight, but the effort is being made. Additional professional expertise and extra resources are being put in place without any increase in the practising certificate fee. This is being done from within – through the reallocation of existing resources within the Society.

We all know that the *Legal Services Regulation Bill* is on the way; it commenced the committee stage in July. It will introduce changes to the Law Society, most of which we welcome. We have sought to engage constructively with Minister Shatter, and we are delighted to say that, with regard to issues concerning the preservation of the independence of the profession from improper Government control – which was a real concern – representations made by the Law Society and others formed the basis for major improvements in the bill as it came to the committee stage.

Having acknowledged and in large measure addressed the Society’s concern on the independence issue, the minister is now in receipt of Society submissions on other vital issues – including the need to strictly control the cost of the new regulatory model.

Cutbacks in the justice system

In overall terms, with inevitable cutbacks by the Government, there have been major reductions in resources for the justice system. There has been a lot of publicity and public debate about cutbacks in the health system – and there should be a similar focus on cutbacks in the justice system. The system of justice is essential to the health and wellbeing of the nation. Cutbacks cannot be sustained beyond certain levels. In criminal or civil legal aid, for example, there are limits below which we are in danger of diminishing ourselves as a society – we cannot have that, and we must oppose it.

In terms of the economy, recent OECD and ESRI reports are the latest in a line of independent economic commentary suggesting that the economy is improving. The profession has had a very tough time throughout the financial catastrophe of the last five years. Some sections have been harder hit than others. Sole practitioners have been hardest hit of all, especially

“Additional professional expertise and extra resources are being put in place without any increase in the practising certificate fee. This is being done from within – through the reallocation of existing resources within the Society”

REPORT OF THE DIRECTOR GENERAL

those in rural areas. But this return to growth in the economy has to be good news all round.

A huge tsunami of change has hit the profession. Nevertheless, the profession is adapting to that change, just as the Law Society itself is adapting to change. Despite the reputation that both the Society and the profession have for conservatism, in fact throughout their history both have always adapted well to change. Both are continuing to do so.

Education

On the education front, one of the significant developments this year has been the 10% reduction in the number of new trainees entering the profession. In fact, in cumulative terms, there has now been a reduction of nearly 50% from peak in the numbers commencing the professional practice course in Blackhall Place. This is market forces at work. In time, this will lead to a much longed-for reduction in the unemployment levels within the profession.

On a positive note, the profession has been warmly embracing the diploma programme offered by the Society. Huge numbers of colleagues are taking these diplomas and deepening their knowledge of specific legal areas. This is just one of the Society's success stories in the education field. Colleagues in jurisdictions in other parts of the world are very impressed by what we are doing with diplomas. Our education system can continue to lead the world, even during tough economic times.

Teamwork

Everything that is achieved in the Law Society is achieved through teamwork. A key element in this teamwork is the contribution of the Society's extremely hard-working

professional staff. I want to pay tribute to each and every one of them, once again this year, for their expertise and commitment to excellence in the service of the profession and the public.

Other crucial contributors to the team are the hundreds of volunteer members of the profession who serve on the Society's committees and task forces. They are true 'unsung heroes'. It is their generosity with their time and knowledge that makes the work of the Law Society possible. The leadership for all of this comes from the elected members of the Society's Council. It is to the Council that the most difficult issues are referred for their collective debate and judgement. Many examples of that collective wisdom at work were to be seen again over the last twelve months.

The captain of the team this year, the president of the Law Society, was James McCourt. He is someone with an excellent understanding of teamwork. I have known him since university days and, as I anticipated, he was a pleasure to work with. Nothing was too much trouble for him to do on behalf of the profession. Although constantly promoting change and impatient for quick decisions, his affability and concern for everyone on the team made him a very popular president.

Open door

In the Society, our doors are always open. Any ideas, thoughts and, particularly, any offers to participate and contribute to the work of the Society would be most welcome. Feel free to email me at k.murphy@lawsociety.ie. I want to hear from you.

Ken Murphy,
Director General



Director General on the air

During the year, the director general was asked to comment on many different issues by the broadcast media. Here is a small sample:

- [Listen to the interview](#) he gave to Áine Lawlor on RTÉ's *Morning Ireland* in relation to the breakdown in communications between the government and the judiciary.
- The director general was interviewed by Seán O'Rourke on RTÉ's *News at One* about the issue of unethical client-poaching by a small minority of solicitors. [Hear what he had to say here.](#)
- And on RTÉ's *Morning Edition* with Keelin Shanley on the same topic. [View the interview here.](#)

PARCHMENT CEREMONIES 2013



Laura Hannon (Tullamore, Co Offaly), Fiona Healy (Dalkey, Co Dublin) and Amelia Walsh (Letterkenny, Co Donegal)



At the parchment ceremony on 17 April 2013 were Harry Wall (Mason Hayes & Curran) from Claregalway, Co Galway, with his daughter Ava



Jennifer Dorgan from Douglas, Co Cork and Michael Donoghue from Killarney at the parchment ceremony on 6 June 2013



Attending their parchment ceremony on 4 July 2013 were Allison Quinn (Athy, Co Kildare), Emer Murphy (Kells, Co Meath) and Eimear Buckley (Templemore, Co Tipperary)

PARCHMENT CEREMONIES 2013



Monika Chaberska Blaszczyk received her parchment at Blackhall Place on 17 April 2013



Pictured at the parchment ceremony on 4 July 2013 were Laura Daly (Castlebar, Co Mayo) and Brian Johnston (Newbridge, Co Kildare)



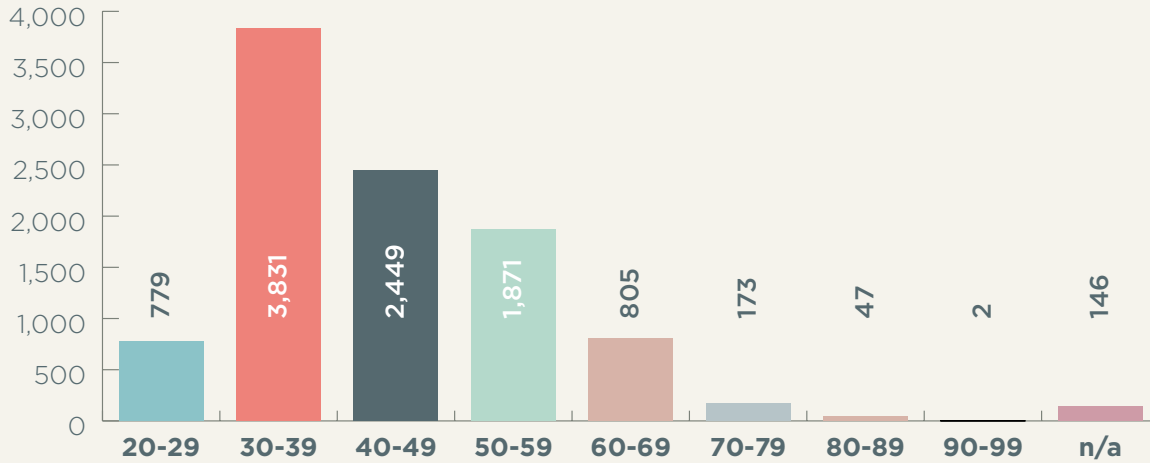
Declan Cunningham received his parchment at the Blackhall Place ceremony on 28 February 2013



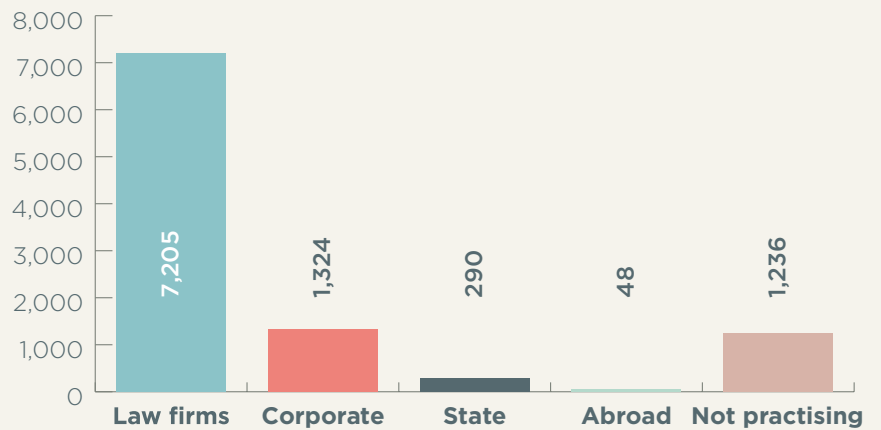
Patrick McEvoy (Matheson) and Conor McEvoy (A&L Goodbody) both from Navan, Co Meath, celebrating receiving their parchments at Blackhall Place. . (All photos: Jason Clarke Photography)

FACTS ABOUT THE PROFESSION

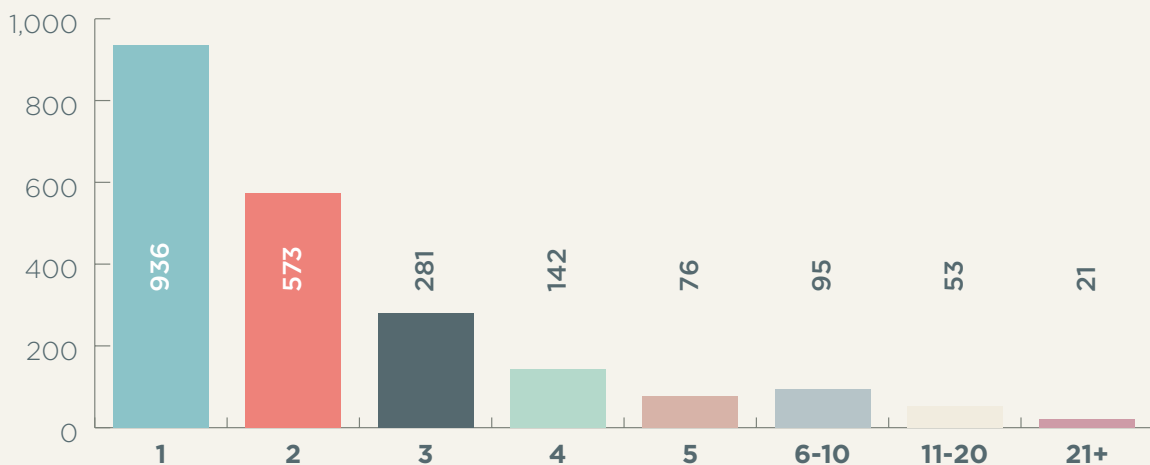
Age profile of members



Practising status

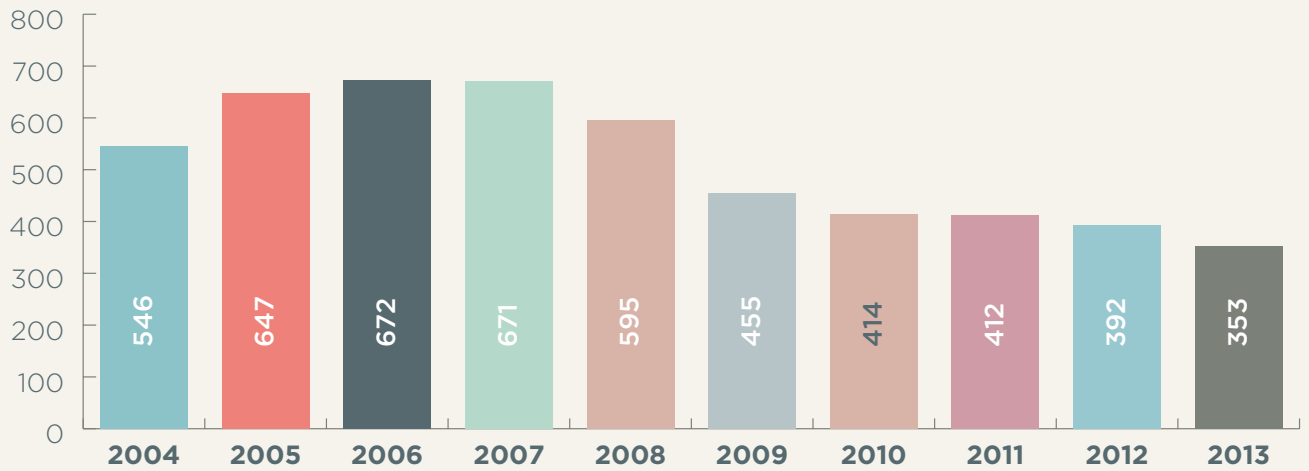


Firms by number of solicitors

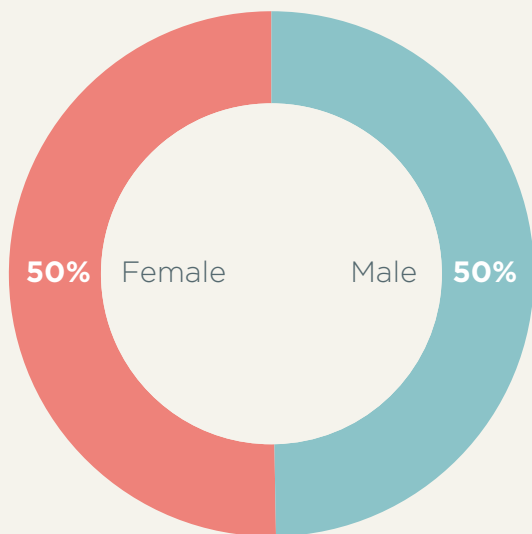


FACTS ABOUT THE PROFESSION

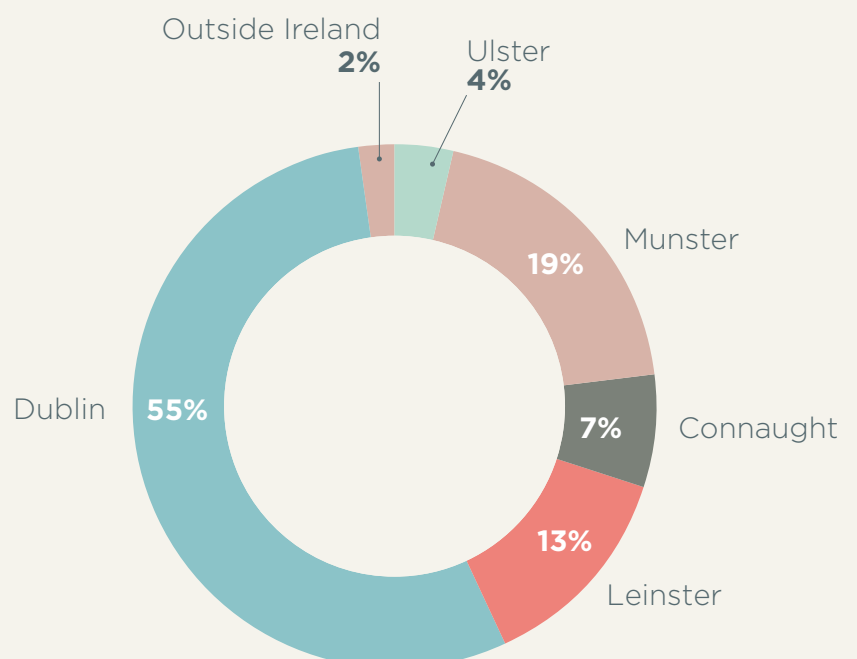
PPC I intake



Gender balance (members)



Where are we?



DIRECTORS' REPORTS

- [Policy, Communication and Member Services Department](#)
- [Regulation Department](#)
- [Education Department](#)
- [Finance and Administration Department](#)

DIRECTORS' REPORTS

Policy, Communication and Member Services Department

Mary Keane, Deputy Director General



In 1997, the Policy, Communication and Member Services department was established “to bring together in one department the various elements of policy, communication and member services so that a more structured, cohesive approach can be taken to the Society’s representative functions”.

Over the past 16 years, the department has committed itself to the enhancement of the Society’s relationship with its members through the promotion of meaningful services, the development of a range of communication streams, and the provision of a voice for the profession and the public with Government and policymakers.

The survey of the Society’s members in autumn 2012 by Millward Brown rated the Society very highly as a professional organisation and as a support service to the members. We were particularly pleased to note that the *Gazette*, website, *eBulletin*, *eZine*, *Law Directory* and library all received the highest rankings as good or excellent means of contact between the Society and its members.

The Society was complimented by Millward Brown on its universally strong rating in terms of its electronic and print communications, with factors such as regular contact, comprehensive coverage, and relevant and accurate information contributing to its strong performance.

The survey canvassed the views of members on the use of the practising certificate fee, and it was clear that the members see the provision of a comprehensive representation function as a key priority for the Society – with emphasis on defending the profession, promoting the public image of the profession, developing the Society’s proactive lobbying and law reform agenda, as well as proactively representing the profession.

In order to deliver this type of representation, the Council agreed that the Society should enhance its representative function through a variety of means, including committing the necessary finances and resources and creating two standalone high-profile departments – one with responsibility for policy and public affairs, the other with responsibility for representation and member services. This process is now in train.

As a consequence, this will be the last contribution to an annual report from a director of Policy, Communication and Member Services, in a year that brought strong endorsement for the work of the department to date, but with an encouraging call for ‘more’ – and a commitment by the Society to meet this call.

The establishment of two separate departments, each dealing with different aspects of the policy and representation brief, will strengthen the Society’s ability to represent its members and will enhance its level of influence in Irish public affairs. The current staff of the Policy, Communication and Member Services Department look forward to meeting the challenges and opportunities presented by this welcome development.

DIRECTORS' REPORTS

Regulation Department

John Elliot, Registrar of Solicitors and Director of Regulation



The professional indemnity insurance (PII) position remained generally stable, with only one firm in the assigned risks pool 'safety net'. However, risks from reliance on unrated insurers are causing concern, about which we are alerting the profession.

We wait to see the impact of the announcement by XL Insurance Company Limited of intention not to participate in the market for the 2013/2014 indemnity period.

The new run-off fund accepted 94 firms in its first year. Responsibilities of solicitors closing down receive special focus in the *Close of Practice Guidelines* and a [practice note](#) confirming that closed firms cannot deal with the Land Registry.

We introduced access to firms' PII information in the 'Find a Firm' facility on the Society's website. An independent survey of the profession was repeated. Work to improve the common proposal form continues.

Much has been done on the draft new *Solicitors' Accounts Regulations* and the 'paperless meeting' project for the Regulation of Practice Committee.

Complaints by financial institutions about undertakings continue. From the volume of complaints, we know there are still numerous overdue undertakings. This was the subject of a [practice note](#).

Compliance with the restriction on personal injuries advertising was covered by a [practice note](#). Action will be taken against breaches, which may include injunctions and disciplinary proceedings.

We participated in the Regulation 13 Review Group, which addressed touting in the vicinity of courthouses. There can now be no doubt that this is prohibited.

We are participating in the Residential Undertakings Task Force, which is considering regulation of undertakings in residential conveyancing.

We assisted with the new *Conveyancing Conflict of Interest Regulation 2012*, which restricts acting for vendor and purchaser.

Regulatory litigation volumes remain high. In 2012, the Society made 120 applications to the Solicitors Disciplinary Tribunal and 232 orders were made by the High Court under the *Solicitors Acts*.

Prosecutions of solicitors for fraud continue, with increased focus by An Garda Síochána since the passing into law of the *Criminal Justice Act 2011*.

We have seen an increase in fake solicitors' firms and solicitors practising without practising certificates. It is a criminal offence to pretend to be a solicitor, or for solicitors to practise without a certificate. Such matters are reported to An Garda Síochána.

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

We are seeking to engage with the new Insolvency Service to coordinate the regulation of solicitor personal insolvency practitioners.

We continue to monitor the progress of the *Legal Services Regulation Bill 2011*. In fact, there has been very little progress, which causes continued uncertainty and makes planning difficult, not least because of the detrimental effect on morale among those members of staff who have received no assurance that their jobs will not be taken away from them and given to other people.

DIRECTORS' REPORTS

Education Department

TP Kennedy, Director of Education



The number of trainees commencing their training contracts with the Law Society fell last year. The peak year was 2006, with 668 new training contracts registered. This fell to 392 trainees in 2012. The September 2013 intake has fallen to 353 trainees – a 47% reduction from 2006.

In contrast, the number of candidates sitting the Final Examination – First Part has started to increase. A total of 912 students registered for the October 2013 sitting – a 12% increase since April. This is the first significant increase in FE-1 numbers since 2007.

Highlights of the year included the very successful hosting of the International Mediation Competition in March. In all, 36 teams from different countries participated. It marked the Law School's contribution to 'The Gathering'. A Law Society team of Yvonne Czajowski, Paul Murran and Frank Wall came second in the competition. A Law Society team of Siobhan McNamara, Clodagh Power and Katherine Quirke also came second in the International Environmental Moot Court Competition. Katherine Quirke received the best speaker award in that competition.

The PPC II this year saw the introduction of iPads as a mechanism for delivering course materials. Trainees used these tablets for much of the course content, and many student manuals were replaced with digital books with embedded web content and interactive learning aids. The number of such e-books will greatly increase in 2014.

At post-qualification level, the Diploma Centre is flourishing. A record number of over 900 attendees attended 20 diploma and certificate courses during the last year. These courses included new offerings such as the Certificate in Personal Insolvency (the Law Society was the first body to provide such training), the Diploma in E-Commerce, the Diploma in Mediation, the Certificate in Data Protection and the Certificate in Higher Civil Court Advocacy. A number of new programmes are planned for 2014.

The Professional Training section won two awards from the Institute of Training and Development. These were for the most innovative use of technology and an outstanding achievement award in the networks and groups category. A range of new courses have been offered during the year.

Due to the surge in post-qualification training, works are ongoing to provide two new large teaching spaces in the Education Centre – converting what had been a car park into a new floor of the building. These new facilities will be in use from November onwards.

DIRECTORS' REPORTS

Finance and Administration Department



Cillian MacDomhnaill, Director of Finance and Administration

Over the last 12 months, the department's focus has continued to be on cost reduction, value for money, process improvements and protecting the Society's financial assets. At the same time, the department continued to fulfil its primary role of providing internal services and infrastructure to the other departments that provide the core business functions of regulation, education and representation.

The department also managed many of the Society's commercial activities, some of which have shown early signs of improvement in the last 12 months.

In 2012, the Society saw its first increase in income in four years, albeit at a modest level of 1%. The Society's income (excluding compensation fund) is €22.6m, with general activities accounting for 60% and education the remaining 40%. This income is managed to ensure that members receive value for money through a rigorous budgeting process, detailed monitoring throughout the year, and an annual five year plan review. In the last 12 months, a number of leases have been renegotiated, yielding an annual saving of €250k per annum. The financial position of the Law Society's staff pension scheme has improved significantly, and this will facilitate a reduction in pension costs in 2014.

In the interest of reducing economic risks to the Society's investments and cash flows, a rigorous cash-management strategy was formulated and implemented. The department is also gearing up to play an important role, insofar as it can, in minimising the set-up and running costs of the proposed Legal Services Regulatory Authority. Much work was also done on updating the financial control environment in the Society during the year.

On the facilities side, the department managed the ongoing business of providing internal services, such as printing, post, telephone, reception, cleaning, security, maintenance, and the operation of the newly refurbished Four Court's consultation rooms. The work done on the Four Courts – including the provision of additional services such as an IT hot-desk room, mobile phone recharging and improved coverage, remote printing, videoconferencing facilities, greater security and easier room access – has received much favourable comment from members.

The Facilities Section continues to save costs and reduce the Society's carbon footprint through improving the efficiency of the building management system and the conversion of some significant areas to low energy lighting. A number of significant improvements were also made to some internal areas and the grounds of Blackhall Place during the year.

On the IT side, the Society's processes are heavily dependant on IT and the internet, and the department provided support to all departments in effecting improvement in the delivery of services electronically. The Society continues to be a leader in innovative use of technology in teaching and learning and in the electronic and online delivery of education services both to students and qualified solicitors. Students on the 2013 PPC II course were all given iPads on arrival in Blackhall Place, and most material was provided to them electronically. The practising certificate and *Law Directory* processes continue to be refined to make them more user-friendly for members.

An online booking system for the Four Courts consultation rooms was successfully rolled out in late 2012. WiFi access for all visitors to Blackhall Place and the Education Centre has been improved hugely. A 'paperless meetings' project is currently underway to reduce costs and increase efficiency by the exclusive use of electronic documents at meetings. A 'Search for a solicitor' facility on the Society's website was developed to complement the existing 'Find a Firm' facility.

The department is the 'risk manager' for the Society and is responsible for its extensive insurance programmes, maintaining a risk register of the Society's activities, and business continuity planning. The department also has ongoing responsibility for overseeing the implementation of the agreement between the SMDF and the Law Society in regard to the orderly run down of the activities of the SMDF.

LAW SOCIETY COMMITTEES

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

STANDING COMMITTEES

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

NON-STANDING COMMITTEES

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

STANDING COMMITTEES

- [Complaints and Client Relations Committee](#)
- [Coordination Committee](#)
- [Education Committee](#)
- [Finance Committee](#)
- [Money-Laundering Reporting Committee](#)
- [Professional Indemnity Insurance Committee](#)
- [Regulation of Practice Committee](#)

STANDING COMMITTEES



Complaints and Client Relations Committee

Andrew Cody, chairman



Coordination Committee

James McCourt, chairman

In my report last year, I anticipated that the *Legal Services Regulation Bill* would be enacted before the next annual report. This has proved to be a somewhat optimistic forecast. On 17 July 2013, new provisions amending the role of the Minister for Justice in the Legal Services Regulatory Authority and addressing the way in which members would be appointed were dealt with at committee stage. However, amendments to the substantive sections in the bill have not yet been published. The committee stage is due to recommence when the Dáil reconvenes.

In the meantime, the work of the committee continues. Once again, our meetings were dominated by complaints about undertakings given to financial institutions, although I can confirm that numbers are falling, and there has been a substantial decrease in the number of new complaints in this category received by the society this year. Unfortunately, there has been a significant increase in the number of complaints that have been referred to the Solicitors Disciplinary Tribunal. These are cases that have been in the complaints system for some time, but have ultimately proved incapable of resolution.

The committee has noted an increase in the number of complaints made about solicitors advertising and will take appropriate action where advertisements are deemed to be in breach of the regulations.

The lay members of the committee (who are in the majority) continue to provide an invaluable perspective on decisions made by the committee, and to them, together with my vice-chairman and solicitor members, I extend my thanks.

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 committee. It reviews the benefit of these projects in terms of resources and delivery 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 chairmen of the Society's standing committees to consider ongoing issues and to plan for the year ahead.

A further function of the committee is the consideration of issues falling outside the remit of any of the other committees, and it provides a useful forum for the resolution of operational and procedural matters. During the past year, the committee coordinated the Society's position on a number of key issues, including:

- The Society's response to a proposed rule change by the Irish Takeover Panel,
- The promulgation of the Report of the Legal Aid Task Force,
- The appointment of specialist judges under the *Personal Insolvency Act* (see part 6),
- The extension of the remit of the Office of the Ombudsman to include the Society,
- The Society's involvement in Irish Rule of Law International,
- Issues relating to the Law Clerks' JLC,
- Implementation of the recommendations of the Future of the Law Society Task Force,
- A request to the minister for the appointment of a third taxing master,
- The treatment of Turkish lawyers and the prosecution of the president and members of the Istanbul Bar,
- The 'next steps' for the eConveyancing Project,
- New Career Support and Employer Support initiatives, and
- The nomination of representatives to a number of external bodies.

STANDING COMMITTEES



Education Committee
Simon Murphy, chairman



Finance Committee
Michelle Ní Longáin, chairman

In addition to considering applications in relation to the CPD scheme, traineeships and examinations, the committee carried out work on the implications of the *Legal Services Regulation Bill* and on the implementation of the recommendations of the Future of the Law Society Task Force. PPC numbers fell at a slower rate than in recent years, while post-qualification education continued to expand. The committee was pleased to see the Law School receive external recognition of its courses.

More than 900 participants attended 22 diploma and certificate courses since autumn 2012, and approximately 600 solicitors collaborated with us in providing these courses. This level of commitment and willingness to share knowledge contributes greatly to the success of the programme. We were pleased to be the first professional body to provide a course to train personal insolvency practitioners, and we have provided two such courses. The Diploma Centre was named 'Law school of the year 2012' at the inaugural Irish Law Awards.

For the third year, the Law Society Professional Training team was successful at the Irish Institute of Training and Development Awards, winning the 'Most innovative use of technology' category. The team was also awarded an outstanding achievement award in the 'Networks and groups' category. These awards were granted in recognition of LSPT's excellence in developing, designing and delivering innovative training programmes.

A highlight of the year was the 12th annual International Law School Mediation Tournament, hosted by the Law School in March. A total of 36 teams from around the world comprising 108 students participated. A Law School team won second place in the 'team mediator' category.

Finally, a sincere word of thanks to my vice-chair Valerie Peart, my committee colleagues, and to TP Kennedy and the staff of the Law School for their much-appreciated hard work during the year.

You will see from the financial statements at [page 58](#) that 2012 was a year when the Law Society experienced a level of stability returning to its finances. General trends mirrored 2011, and the Law Society's general and education activities operated very close to budget. The after-tax operational surplus for these areas was €441k (2011: €330k), which was 2% of overall income. Reserves, including amounts allocated to the litigation, Education Centre and capital reserve funds, increased by €2.2m (2011: €400k). This included a requirement, in accordance with accounting standards, to take an 'onerous lease' charge of €750k on Courthouse Chambers in Cork, as a consequence of the premises being unlikely to yield economic value in the foreseeable future.

The operating surpluses for the Law Society are incorporated in 'group' accounts, which include all Law Society subsidiaries and related undertakings. The outcome for the Law Society's group for the year was an after-tax surplus of €2.2m (2011: €378k). The main variance between the two years is an impairment charge of €2m on the Benburb Street site in 2011.

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

ENTITY	MANAGEMENT ACCOUNTS	AUDITED GROUP STATEMENTS
<i>General activities</i>	307,140	291,884
<i>Funds</i>	2,544,871	2,544,871
<i>Education activities</i>	133,436	821,708
<i>Exceptional item</i>	-750,000	-750,000
<i>Law Club of Ireland</i>	-520	} -618,263
<i>Benburb Street Property Co Ltd</i>	-278	
<i>Friary Property Services Ltd</i>	4,362	
<i>Ellis Quay Property Services Ltd</i>	-595	
<i>Sundry income</i>	6	63,128
<i>Restructuring costs</i>		-114,906
<i>Group taxation (credit)</i>	597	597
Total surplus	2,239,019	2,239,019

STANDING COMMITTEES

Finance Committee (continued)

Income streams

Total income increased by 1% to €22,683k (2011: €22,503k). Fees and subscription income, at €12,179k, was 2% ahead of 2011. Education income, at €8,517k, decreased by 4% and income from other sources, at €1,985k, increased by 21%. Fees and subscriptions, which are primarily practising certificate, membership and admission fees income, increased by €216k, despite a small decrease in the registration fee element of the practising certificate fee. In 2012, the practising certificate fee increased by €187 as a result of members' approval of financial support to the SMDF by way of a levy of €200 per PC.

In 2012, there were 8,768 (2011: 8,575) practising certificate holders, an increase year on year of 193, or 2%. This is the second consecutive year of growth in practising certificate numbers of 2%. This increase accounted for an income increase of €188k.

Membership numbers, at 9,962 (2011: 9,717), increased by 245. The membership number includes 534 solicitors who availed of free membership on the basis of being over 50 years admitted or being unemployed. There were 525 admissions to the Roll in 2012 (2011: 718). The 2012 figure is indicative of the likely future trend in admissions, which appear to have stabilised at approximately 500 per annum. Practising certificate fee income totalling €2,244k (2011: €2,181k) was allocated to the litigation fund (€284k) and capital reserve fund (€1,960k).

Education activities income was €8,518k (2011: €8,903k), a fall of 4%. This income can be broken down as Professional Practice Courses and exam fees, €6,276k, and Law Society Professional Training (LSPT) seminars, grants and diploma courses, €2,242k. There were 392 PPC I students in September 2012 (2011: 412). This represents a fall of 41% from a high of 666 in 2007. FE-1 sittings at 1,784 (2011: 1,952) were down 9%, and are down 46% from a high of 3,328 in 2007. Diploma courses performed very well again in 2012, increasing income by 15% to €1,232k. LSPT, with its Skillnet and Finuas programmes being allocated State grants of €485k (2011: €541k), had income of €950k, in line with 2011.

Other income sources include services, investment returns and income relating to our subsidiaries, and these yielded €1,985k (2011: €1,636k). Education Centre fund investment showed good improvement in 2012, earning €95k in interest and €205k on investment gains.

Expenditure

Total expenditure fell from €20,051k to €19,694k. On the general activities side, operating charges were directly in line with 2011. This was despite a significant increase in legal costs in the regulatory area, arising from an increase in regulatory activity. All other cost areas showed continuing reductions and tight cost control. Education activities operating charges decreased by €165k, or 2%. This highlights the Law School's ability to reduce costs in line with falling income. Financing costs of €287k were incurred, and these are effectively rent payable under the sale-and-lease-back arrangement on the Education Centre.

'Other expenditures' are the costs associated with our subsidiaries and were €797k (2011: €939k). This reflects continuing efficiencies in these areas.

Balance sheet

The balance sheet improved to a net asset position of €24.6m (2011: €22.3m), despite the exceptional item of €750k. The reserves include two contingency funds for capital expenditure (€2.2m) and litigation (€1.8m). These are reserves to meet costs in these areas as they arise. There are also two 'sinking' funds, the Education Centre fund (€7.4m) to buy back the Education Centre in 2014 under a sale-and-lease-back arrangement, and a capital reserve fund (€13.5m) to pay for the Benburb Street site over a ten-year period. The balance of reserves is allocated to the Law Society (-€3.5m) and the Law School (€3.2m); €17.4m of the reserves are tied up in fixed assets.

The monies raised through the SMDF levy (€1.7m) are reflected in the balance sheet as an asset with a matching liability.

Subsidiaries and related undertakings

The group structure includes a number of subsidiary entities that are effectively run on a break-even basis. The Law Club of Ireland operates the commercial elements of the Blackhall Place premises and, after subsidies of €95k, it made an operational loss of €520. This is a significant improvement on 2011 and results from the contracting out of the bar and catering operations in Blackhall Place. Benburb Street Property Company Ltd, which owns and manages the Benburb Street site, made an operational loss of €278 (2011: €12k). Friary Property Services Ltd, which rents and manages the Solicitors Disciplinary Tribunal office, made an operating

STANDING COMMITTEES

Finance Committee (continued)

surplus of €4,362 (2011: €100k). This company has been voluntarily struck off. Ellis Quay Property Services Ltd, which rents and manages the Law School facilities in Cork, made a loss of €595 (2011: €10k).

2013

There will be an increase of approximately 150 or 2% in practising certificate numbers this year, which is a positive sign. There was a drop off of about 10% (40) in PPC I students on the September PPC I course. To date, all other Law Society operations are performing according to budget. However, there will be increased expenditure towards the end of the year with the implementation of the Future of the Law Society Task Force recommendations in relation to giving additional emphasis and resources to representation and member services. The Finance Committee hopes to be able to absorb this cost increase without any addition to the PC fee in 2014.

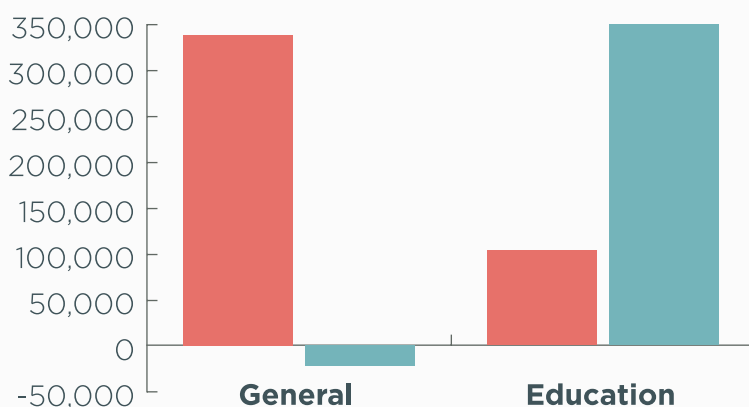
Approval by the members of the SMDF financial support levy has yielded €3.4m to date. As yet, there has been no requirement by SMDF to draw on these funds. The wind-down of the SMDF is proceeding and is being monitored closely by the Law Society.

While there is still uncertainty in relation to the shape and form of the Legal Services Regulatory Authority, it is clear that there will be significant set-up costs associated with its establishment, which is expected sometime in 2014.

It is also expected that there will be an increase in the ongoing cost of regulation as a consequence of the establishment of the authority. The Law Society is doing everything within its power to put in place control systems to minimise any increases. It is the Finance Committee's hope that the Law Society will be able to finance any associated setup costs through its reserves, without having to place an additional burden on practitioners through practising certificate fee increases.

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

After tax operating surplus 2012

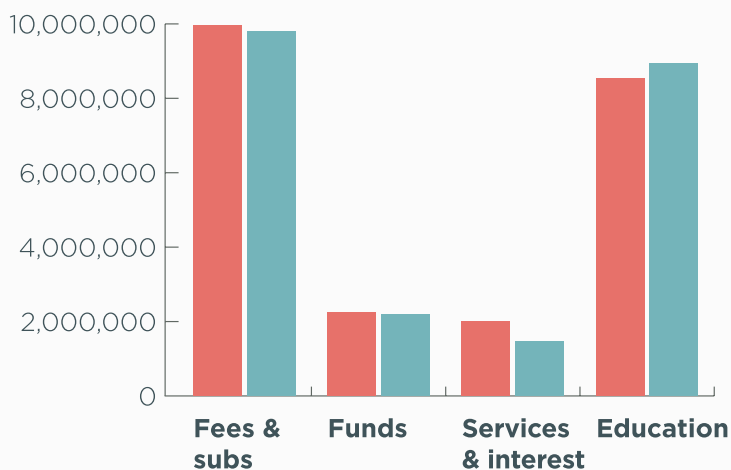


	2012	2011
<i>General</i>	337,072	-21,624
<i>Education</i>	104,101	351,757

STANDING COMMITTEES

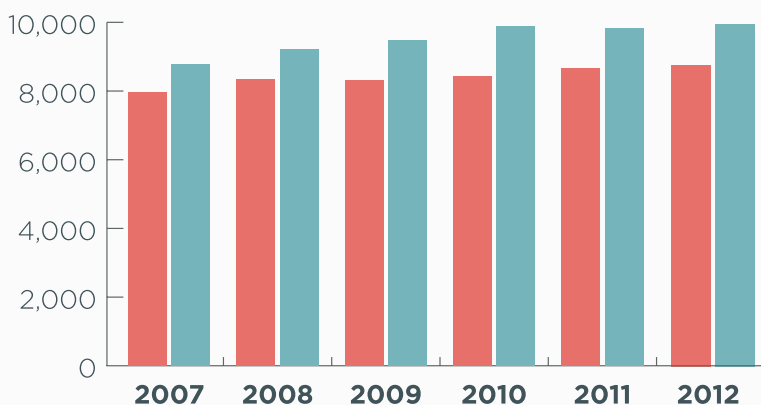
Finance Committee

Income sources 2012



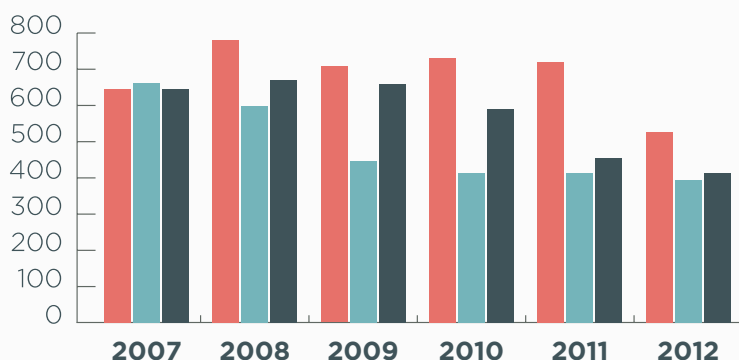
	2012	2011
<i>Fees & subs</i>	9,935,519	9,782,820
<i>Funds</i>	2,244,291	2,180,793
<i>Services & interest</i>	1,985,213	1,465,170
<i>Education</i>	8,517,758	8,903,419

Practising certificate holders and members 2007-2012



	PC holders	Members
<i>2012</i>	8,768	9,962
<i>2011</i>	8,571	9,717
<i>2010</i>	8,335	9,774
<i>2009</i>	8,225	9,360
<i>2008</i>	8,231	9,115
<i>2007</i>	7,876	8,684

Admissions and courses 2007-2012

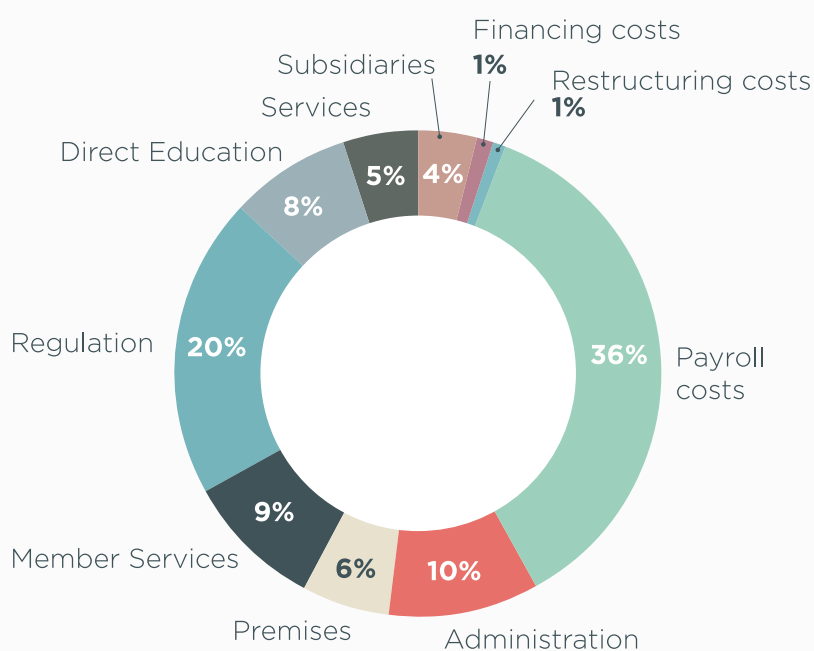


	Admissions	PPC I	PPC II
<i>2012</i>	525	392	412
<i>2011</i>	718	412	454
<i>2010</i>	729	413	588
<i>2009</i>	705	445	658
<i>2008</i>	777	595	669
<i>2007</i>	642	660	643

STANDING COMMITTEES

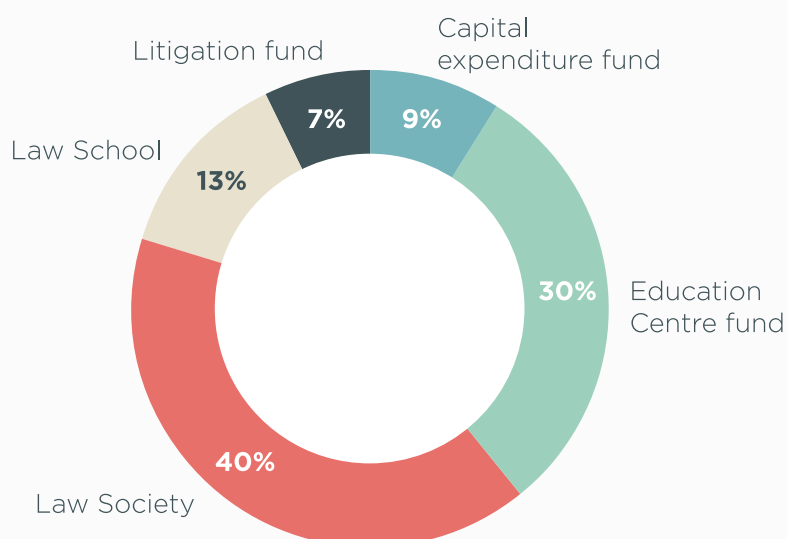
Finance Committee

Areas of expenditure 2012



<i>Payroll costs</i>	€7.0m	36%
<i>Administration</i>	€2.1m	10%
<i>Premises</i>	€1.2m	6%
<i>Member services</i>	€1.6m	9%
<i>Regulation</i>	€4.0m	20%
<i>Direct education</i>	€1.7m	8%
<i>Services</i>	€0.9m	5%
<i>Subsidiaries</i>	€0.8m	4%
<i>Financing costs</i>	€0.3m	1%
<i>Restructuring costs</i>	€0.1m	1%

Reserves 2012



<i>Law Society</i>	€9.9m	40%
<i>Law School</i>	€3.2m	13%
<i>Litigation fund</i>	€1.8m	7%
<i>Capital expenditure fund</i>	€2.2m	9%
<i>Education Centre fund</i>	€7.5m	30%
Total	€24.6m	

STANDING COMMITTEES



Money-Laundering Reporting Committee
Michael Quinlan, chairman



Professional Indemnity Insurance Committee
Stuart Gilhooly, chairman

The committee, in fulfilling the Society's obligations in relation to both money laundering and relevant offences reporting, met on a regular basis throughout the year.

The Society must report to the relevant authorities any suspicions that money laundering or an offence of financing terrorism has been committed by a practising solicitor. During the past year, the Society made 12 such reports. The Society is also tasked with investigating due compliance with anti-money-laundering obligations by solicitors.

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

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

In contrast to previous years – where the work of the Law Society to regulate the provision of professional indemnity insurance was divided between the Professional Indemnity Insurance Committee (PIIC) and the Professional Indemnity Insurance Task Force – this year, all matters relating to professional indemnity insurance were dealt with solely by the PIIC. We have endeavoured to ensure that the good work of 2011/2012 has continued and that the market works in as smooth and economic a manner as possible.

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

This year saw the full implementation of the new Special Purpose Fund, which consists of the Assigned Risks Pool and the Run-off Fund, and is monitored by the Special Purpose Fund Management Committee, which comprises the PIIC chairman, the director of regulation, the two largest insurers by market share, and the Special Purpose Fund manager.

The common proposal form continues to be a success and has been further modified following feedback from the profession to improve the document. Continued feedback is welcome.

The PIIC continues to bring to the attention of the profession its advice relating to the importance of financial rating as a consideration when choosing an insurer.

The PIIC will continue to pay the closest attention to the requirements of the profession in this most important area of practice and is acutely aware that the improvements of the last two renewal periods must at least be maintained, and preferably enhanced.

STANDING COMMITTEES



Regulation of Practice Committee

Martin Lawlor, chairman

The Regulation of Practice Committee administers the compensation fund, which the Society is required to maintain in order to compensate clients for losses arising due to dishonesty on the part of solicitors or their employees. The committee also polices the profession's compliance with the *Solicitors' Accounts Regulations* and with aspects of the *Solicitors Acts* not assigned to other regulatory committees.

Overall financial performance

The income and expenditure account of the compensation fund reflects a surplus (representing an excess of income over expenditure) of €680,938 for the year ended 31 December 2012, as compared with a deficit of €998,052 for the year ended 31 December 2011. The increase of €1,678,990 in the surplus for 2012 as compared to 2011 is attributable to an increase in 2012 of €3,103,089 in income, an increase of €1,447,696 in expenditure, as compared with 2011, together with a decrease in taxation amounting to €23,597.

Income streams

The increase of €3,103,089 in income in 2012 is attributed mainly to an increase of €1,035,935 in insurance recoveries under the fund's excess loss insurance policy and an increase of €1,748,408 in recoveries from defaulting solicitors.

Expenditure

The increase of €1,447,696 in expenditure as between the two years is substantially attributable to an increase in the provision for claims of €1,652,281.

Our balance sheet

The net assets of the fund as at 31 December 2012 stood at €16,193,108, as compared with €12,960,911 at 31 December 2011. The increase of €3,232,197 in the net asset position of the fund as between the two years' end is reflected in an increase of €680,938 in revenue reserves, together with an increase of €2,551,259 in the revaluation reserve on the fund's investments. These investments are recognised in the accounts at prevailing market valuations at year end.

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

Developments since December 2012

In the six months ended 30 June 2013, 165 claims were received. Excluding invalid claims refused, these claims amounted to €1,161,153. Payments were made in the sum of €213,562 in respect of claims, and claims amounting to €947,591 are still under consideration.

The net assets of the fund are valued at €18 million as at 30 June 2013. The annual contribution to the fund was €760 per solicitor for 2013. Insurance cover for €50 million in excess of €5 million is in place for the year ending 31 December 2013.

Activities during the year

The committee met 17 times, for eight scheduled, five emergency and four special meetings. Arising from these meetings, the committee decided to:

- Refer ten solicitors to the Solicitors Disciplinary Tribunal on foot of findings disclosed in the investigation reports on their practices,
- Refer 16 solicitors to the Solicitors Disciplinary Tribunal for failure to file accountants' reports on time,
- Refer one solicitor to the Solicitors Disciplinary Tribunal on the basis of criminal convictions obtained against the solicitor,
- Refer one solicitor to the Solicitors Disciplinary Tribunal for failing to pay for his practising certificate,
- Apply to the High Court for an order freezing the accounts of six solicitors where dishonesty was discovered and in respect of two practices that had been abandoned,
- Apply to the High Court to take up the files of three solicitors' practices,
- Apply to the High Court to suspend the practising certificates of three solicitors,
- Levy contributions amounting to €99,600 towards the cost of investigations,
- Apply to the High Court pursuant to section 18 of the *Solicitors (Amendment) Act 2002* for an order preventing a solicitor from practising as a solicitor illegally,
- Apply to the High Court pursuant to section 18 of the *Solicitors (Amendment) Act 2002* for an order to compel a solicitor to cooperate fully with the Society, respond to correspondence, and attend meetings as directed,
- Refuse to issue a practising certificate to a solicitor in accordance with section 49 of the *Solicitors Act 1954*, as substituted by section 61 of the *Solicitors (Amendment) Act 1994*, on the grounds that the solicitor had a criminal conviction and had been sentenced to a term of imprisonment in another jurisdiction.

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

Trends worthy of note include a significant reduction in the number of solicitors referred to the Solicitors Disciplinary

STANDING COMMITTEES

Regulation of Practice Committee (continued)

Tribunal on foot of findings disclosed in the investigation reports on their practices, and a reduction in the number of applications to the High Court to freeze the bank accounts of solicitors' practices, both due to a reduction in economic activity in solicitors' practices in recent years and generally greater compliance with the *Solicitors' Accounts Regulations*. However, there was an increase in the number of solicitors referred for failure to file accountants' reports, mainly due to the failure to file closing accountants' reports. The Society is receiving claims on the compensation fund in relation to an increasing number of solicitors' firms, mainly due to claims connected with incomplete work by now closed firms giving rise to fee disputes and complaints.

Consideration of draft new *Solicitors' Accounts Regulations* has been adjourned by the Council of the Law Society pending the passing into law of the *Legal Services Regulation Bill*. It is my firm intention that new regulations be brought into being as soon as possible after the bill has been passed.

The principal changes proposed to the existing regulations are as follows:

- Quarterly balancing of the client and office ledgers,
- Mandatory review of client ledger balances for delays,
- Amendment to interest regulations to require solicitors to account for interest at a rate that is fair and reasonable, having regard to the amount of money held, the length of time the moneys were held, and the need for access to the funds,
- Amendment to the definition of 'client moneys' to exclude moneys received or held other than in respect of an instruction relating to an underlying transaction of a legal or financial nature,
- Accountants' reports to be filed within three months of the year end,
- Reporting accountants to review the financial circumstances of the practice and, in defined special circumstances, provide a statement of the financial circumstances of the practice to the Law Society,
- In exceptional circumstances, for the adequate protection of the compensation fund and/or for the purpose of determining whether or not to issue a solicitor with a practising certificate or to impose conditions, the Law Society may require a solicitor to make available detailed evidence of that solicitor's assets and liabilities.

This time last year, the Law Society was in consultation with the accountancy bodies with a view to improving the relevance

of the work of the reporting accountants in the regulation of the solicitors' profession. Consultation with the accountancy bodies has concluded, and it is anticipated that, when the new *Solicitors' Accounts Regulations* are enacted, the work of the reporting accountants will be more focused on risk issues and therefore of greater value to the profession.

A practice note was issued on the effect of adjudication in bankruptcy of a solicitor, which immediately suspends the practising certificate.

The committee was at the forefront of a Law Society initiative to introduce innovative and technologically efficient methods of holding committee meetings, resulting in a move away from the more traditional paper-based format. To this end, a 'paperless meeting' project, using tablets, was piloted on a phased basis in October 2012 and was formally adopted by all divisions of the committee in April 2013. The success of the project was due to a number of elements, including the work of the software specialists, Law Society IT manager Tom Blennerhassett, the staff of the committee secretariat, and the committee members themselves.

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

Once again, I pay tribute to my committee vice-chairmen Martin Crotty and Dara Robinson for their invaluable assistance throughout the year. I also wish to thank all other committee members, including lay members Frank Bowen, Frank Mee and Richard George for their considerable work and dedication.

On behalf of all committee members, I thank our committee secretary, registrar of solicitors and director of regulation John Elliot, and his team for shouldering an ever-burgeoning workload with grace and good humour.

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- ➔ [Alternative Dispute Resolution Committee](#)
- ➔ [Business Law Committee](#)
- ➔ [Conveyancing Committee](#)
- ➔ [Criminal Law Committee](#)
- ➔ [Curriculum Development Unit](#)
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- ➔ [Technology Committee](#)

NON-STANDING COMMITTEES



Alternative Dispute Resolution Committee

Larry Fenelon, chairman

It is a year of renewal for the recently renamed ADR Committee (formerly the Arbitration and Mediation Committee). The slimline (ten) committee is chaired by Larry Fenelon, with vice-chair James Kinch.

The committee agreed at the outset to adopt a fresh approach, armed with the Law Society's task force initiative to increase the focus on education, lobbying, financial and representation issues.

It recognises that ADR practices such as arbitration and mediation are now mainstream and that genuine alternatives – such as adjudication and expert determination – had received little attention to date.

Committee members were assigned responsibility for particular ADR areas, and they then prepared an annual plan of key goals with deadlines, coordinated by specific committee members with responsibility for education, lobbying, financial and representation.

The committee has been hard at work, including a number of publications in the *Gazette*, the Alternative ADR seminar in October (which focused on expert determination, adjudication and facilitation), a workshop for solicitor mediators, and a variety of initiatives relating to the forthcoming *Mediation Act* and the *Construction Contracts Act 2013*.

I wish to thank the very hard work of the ADR committee members and its indefatigable secretary Colleen Farrell.



Business Law Committee

Paul Keane, chairman

The areas in respect of which the committee is responsible for representing, informing and assisting the profession include five major headings:

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

This year (in addition to many other projects):

- The committee undertook a review of the *Companies Bill 2012*. This is the longest bill in the history of the State. We prepared a number of detailed submissions to the department on the draft text and presented a CPD seminar.
- Members continued to monitor the implementation of the *Personal Insolvency Act* and published two articles in the *Gazette* on it.
- NDAs – demanded of solicitors in the context of restructuring negotiations for their clients – led to discussions with the bank concerned and a resolution of the issue. An article on the duties of confidentiality was published in the *Gazette*.

Members of the committee serve as nominees on various State and regulatory bodies and on committees of the CCBE and other organisations.

The year ahead will see progress of the *Companies Bill*, the implementation of the *Fourth Directive on Money Laundering*, the implementation of the *Consumer Protection Directive*, the proposed changes to the regulation of competition and consumer law, and the *Merchant Shipping Bill*.

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

NON-STANDING COMMITTEES



Conveyancing Committee

Deirdre Fox, chairman

The committee continued this year to assist the profession by giving guidance on matters of conveyancing practice and procedure by way of direct interaction with members, either in writing or by telephone, in responding to their queries, and by way of issuing practice notes to the profession generally. The services provided include:

- Twenty-five practice notes were published in the *Gazette* and three electronic circulars were issued to the profession. The majority of these practice notes and circulars were on matters connected with solicitors' dealings with lending institutions, property registration matters, and a broad range of taxation-related matters, including LPT and the NPPR and household charges.
- The committee secretary dealt with 1,355 telephone queries to the committee's conveyancing helpline. This is an increase of 6% on the number of calls dealt with in 2012, and it represents an increase of almost 30% on the average annual number of calls over the previous five years.
- More than 80 new matters were considered by the committee at its monthly meetings, and written responses were issued on these matters.
- Approximately 300 written replies were issued in reply to other enquiries.
- Three formal rulings were given by the committee on matters of conveyancing practice and procedure and on questions of good marketable title under the residential certificate of title system

Matters to do with lending institutions and the residential certificate of title system still account for most queries to the committee. Notwithstanding that the committee finds it increasingly difficult to get the IBF/IMC to engage with it on matters to do with the residential certificate of title system and other matters, it continues to make representations on behalf of practitioners.

The prohibition on acting for both sides in a conveyancing transaction, which came into effect on 1 January 2013, and the Local Property Tax were two new sources of queries this year, as was the topic of overly restrictive contracts for sale being offered by mortgagees in possession, receivers, and liquidators.

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

New precedents were published in the members' area of the So-

ciety's website for sales where NAMA is a chargeholder, in addition to a precedent of the long form of section 72 declaration.

Major achievements this year include the completion of the committee's revision of a new edition of the requisitions on title, publication of which is imminent. In conjunction with the Taxation Committee, revised editions of the Society's pre-contract VAT enquiries and special condition 3 of the contract for sale were completed and are due for publication shortly.

Notable areas of activity during the year include:

- Meetings (in conjunction with other Society committees) with Revenue and TALC on the Local Property Tax and e-stamping,
- Liaison with the Department of the Environment on the NPPR and Household Charges,
- Ongoing liaison with the Department of the Environment and with the RIAI and ACEI on the new building regulations that will come into force in February 2014,
- Meetings with the HSE and its legal representatives on nursing home charges under the Fair Deal Scheme,
- Liaison with NAMA's legal department leading to the publication of new precedents for releasing property in sales where NAMA is the chargeholder.

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

- A task force within the committee is carrying out an extensive review of residential landlord and tenant law with a view to the committee making a submission to the Department of Justice in the context of that department's own review and proposed new legislation in this area,
- Liaison with lending institutions on behalf of the profession,
- Interaction with the Property Registration Authority on a wide range of practice matters to do with registered and unregistered title, including the new rules, issues surrounding mapping (including the report of the Inter-Professional Task Force on Property Boundaries), and the registration of easements.

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

NON-STANDING COMMITTEES



Criminal Law Committee
Conal Boyce, chairman

The Criminal Law Committee held a seminar on 22 March 2013, entitled 'Criminal litigation update 2013', in partnership with Law Society Skillnet and the DSBA.

The committee was part of the review group that produced the *Report of the Regulation 13 Review Group*, published in May 2013. See also the [story in the Gazette](#) on the report.

The committee reviewed a number of different pieces of legislation, including the *Corporate Manslaughter Bill 2011*, the *Criminal Justice (Spent Convictions) Bill 2012*, and the *National Vetting Bureau (Children and Vulnerable Persons) Bill 2012*.

It held a video call with the Prison Service to conduct a training session in videoconferencing with prisoners. This has been an ongoing project between the Law Society and the Prison Service. Valuable [step-by-step guidelines](#) from the Prison Service were put on the committee webpage for practitioners.

[Practice notes](#) and *eZine* updates were issued as necessary. Committee members also continued to participate in various court user groups.

A number of ongoing issues appeared on the committee's agenda, for example, matters relating to solicitors' ethics/conduct, prison visit issues and garda vetting arrangements.

The Criminal Law Committee is actively working with the Government's Committee on Legal Representation during Garda Interviews. A meeting was held with Richard Atkinson, chairman of the Criminal Law Committee of the Law Society of England and Wales. The subcommittee also met with the department's Advisory Committee on Garda Interviewing of Suspects.

A meeting was held with the committee of the European Criminal Bar Association on 25 January at Blackhall Place.

The committee hosted a two-day criminal law conference in October, in association with the ECBA and the ERA.

I would like to thank the members of the committee for their time and commitment, particularly vice-chairman Shalom Binchy.



Curriculum Development Unit
Carol Plunkett, chairman

The function of the Curriculum Development Unit is to consider the curriculum and materials provided by the Law School to trainee solicitors and to students of the continuing legal education diploma and certificate courses. The Law Society is the premier provider of continuing legal training in Ireland, and courses are continuously updated, keeping abreast of developments to assist solicitors to provide the best possible advisory services to the public.

Over the past year, we have received reports on the iPad project, which is being rolled out to all students at every level. The Law School is at the cutting edge of e-learning in this regard. Our review of progress informs us that delivering course materials electronically is favoured by lecturers and students alike. Electronic delivery facilitates much more rapid distribution and updating of materials and, with hard-copy manuals being phased out, will result in a more cost-effective and convenient service.

The Access Programme, which provides support to disadvantaged students wishing to pursue legal careers, is still unique in Irish professional training. We would urge practitioners to take part in the Internship Programme, where Access students are placed within a legal office environment for a structured 12-week period to equip them to compete more capably for traineeships.

In May, the CDU visited the University of Northumbria School of Law, meeting Kevin Kerrigan, Dr Michael Stockdale and Andrea O'Cain. The unit viewed, among other things, the courtroom where students practise advocacy in a real setting and the law firm that is run in conjunction with the lecturers, which provides a live service to the community, resulting in invaluable practical experience for students.

This year we welcomed several new members to the CDU: Deborah Spence, Emma Crowley and Andrew McGovern. Each has brought their experience to bear on issues of importance, from diverse areas of practice and location. Thanks are due to each CDU member for their commitment and contribution throughout the year, to Dr Geoffrey Shannon (deputy director of education) for his unfailing support as our secretary, and to the dedicated managers and tutors of the Law School.

NON-STANDING COMMITTEES



Employment and Equality Law Committee

Maura Connolly, chairman



EU and International Affairs Committee

Mary Casey, chairman

This has been another busy year for employment and equality law practitioners. The committee has been actively involved in relation to the proposal by Minister Bruton to reform the employment rights adjudication bodies. Following up on the work of previous committees, where a written submission had been made to a public consultation process, we sought and had a meeting with Mr Ger Deering, who was charged with responsibility for the reform agenda. This meeting took place in February 2013 and a number of committee members, including the chair and the vice-chair, attended. We have also written to Mr Deering and his replacement Mr Martin Shanagher in relation to the proposal that employment rights claims will be filed online, and also in relation to the issue of oral hearings.

In conjunction with the Pensions Sub-Committee, we have made submissions to the Department of Social Protection, Department of Justice and Equality, and Department of Jobs, Enterprise and Innovation in relation to the legal issues arising from the proposal that the State pension age should be changed with effect from 1 January 2014.

Members of the committee continue to contribute to the *Gazette*. Additionally, committee members contribute to the Society's annual Employment Law Update seminar.

I warmly acknowledge the contribution of all committee members during the year.

The committee kept its representation at international institutions, including the CCBE (Council of European Bars and Law Societies; representatives: James MacGuill and Eva Massa), the IBA (International Bar Association; representative: John D Shaw), the International Law Section of the ABA (American Bar Association; representative: Eva Massa), the Union Internationale du Notariat Latin and the World Organisation of Notaries (representative: Mary Casey), as well as cooperation with the German Ireland Lawyers and Business Association.

The occasion of the Irish presidency of the EU (January 2013 to June 2013) was a significant one for the committee, which organised a major event in April. As the presidency coincided with the 40th anniversary of Ireland joining the EU, this was used as the main theme for the event, which included a reception and dinner hosted by the president of the Law Society (attended by EU ambassadors, Irish judges, the president of the CCBE and representatives of other European bars and law societies); a roundtable discussion with representatives of the bars of Belgium, Luxembourg, France, the joint bars of England and Wales, Scotland, Northern Ireland, Spain, Germany and Greece (at which they explained the current concerns of the legal profession in their respective countries); and a conference that included two distinguished panels addressing the themes '2013: Challenges and opportunities' and 'External relations, security and defence in the EU'.

As well as feature articles in the *Gazette*, the 'Eurlegal' section continues to include regular articles from committee members and external contributors on issues of interest.

The last three Irish participants in the Leonardo Da Vinci Programme (funded by the European Commission) completed a 12-week work experience in Madrid and Brussels (September-December 2012). In addition, the committee hosted four Spanish lawyers participating in the same programme from the Madrid Bar (April-June 2013).

NON-STANDING COMMITTEES



Family and Child Law Committee

Carol Anne Coolican, chairman

The Family Law Committee of the Law Society was established 21 years ago and, in 2012, was renamed the Family and Child Law Committee. This was in recognition of the establishment of the Department of Children and Youth Affairs, the increase in legislation and other developments regarding children, including the passing of the children's referendum. The committee's recommendation that the Council of the Law Society endorse the children's referendum was accepted enthusiastically by Council at its November 2012 meeting.

The committee continued to inform the profession of developments in family and child law through articles, practice notes and guidance in the *Gazette* and the *eZine*. We continue to update the committee website with relevant information and links. We made recommendations to Council regarding legislation that the Law Reform Commission might usefully review. We continue to monitor and make submissions and review developments in the area of family and child law.

This year, we took the initiative of organising information and discussion forums in Dublin, Cork and Galway. We had short input from the committee and local members, followed by lively debates. This was a step towards reaching out from Blackhall Place and helped to explain the purpose and work of the committee – and informed the committee on the current issues of concern to the profession on the ground.

Having sought the views of the profession, we submitted a report to the Minister for Justice in respect of the proposed restructuring of the family court system and invited the minister as our guest speaker to give his initial response to our report.

I would like to thank the committee, in particular my vice-chairman Donagh McGowan and our hard-working secretary Colleen Farrell, for their enthusiasm, engagement and commitment.



Gazette Editorial Board

Michael Kealey, chairman

The editorial board meets six times a year, providing guidance and advice to the *Gazette's* editorial team on potential articles and contributors. Members of the board comprise both experienced and younger solicitors from a wide variety of practice areas; such diversity is important for the proper functioning of the board. The pressures being faced by practitioners in the current economic climate are high on each meeting's agenda, with board members making regular suggestions for articles that might assist members in managing their operating costs and growing their businesses.

The *Gazette* continues to be regarded by members as one of the Society's most significant communication channels, as evidenced in the report by the Future of the Law Society Task Force. All respondents indicated that they read the *Gazette*. In fact, the magazine received the highest ranking as a 'good' or 'excellent' means of contact for members with the Society.

Millward Brown Lansdowne, who compiled the report, said that "the Society should be pleased with its universally strong rating in terms of its outbound communications" – the *Gazette* being named as one of the key media channels in this regard. Respondents stated that the Society provides comprehensive coverage through the *Gazette*, with most praising the timely and relevant information it provides. In particular, legislative changes are regarded as priority information, and the magazine aims to continue focusing strongly on this vital support service.

The *Gazette* continues to perform strongly at the annual Magazines Ireland awards. It was shortlisted in no less than three categories in 2012, including 'Best business to business magazine of the year', 'Cover of the year' and 'Editor of the year'.

It continues to feel the effects of the recession, however, with a flattening of advertising revenue – particularly from the downturn in recruitment advertising. Most of this revenue stream has moved online and is unlikely to return in the short to medium term. This mirrors the impact being felt by other print and broadcast media.

In order to develop new advertising income, the *Gazette* team are aiming to launch a new digital offering in the New Year that will target digital advertising. This will necessitate the development of a sophisticated digital publication in tandem with the hard-copy version of the magazine. The *Gazette* will be seeking to accommodate annual and monthly digital subscriptions – which, in time, should lead to print and

NON-STANDING COMMITTEES

Gazette Editorial Board (continued)



Guidance and Ethics Committee

Brendan Dillon

distribution savings. Practitioners will soon be able to place and pay for professional notices online.

Various initiatives to control costs have been undertaken over recent years, including a change in the size and weight of the magazine, negotiating revised contracts with all suppliers, and reducing photography costs.

I express my thanks to my editorial board colleagues for their dedication and excellent input during the past year and extend my gratitude to the members of the editorial team, led by editor Mark McDermott, for producing a magazine that focuses so relevantly on the information requirements of the Society's members.

The Council has now approved the text of the third edition of the *Guide to Good Professional Conduct for Solicitors in Ireland*. This has been an enormous project, ongoing for a number of years. It is hoped that the new guide will help solicitors when they encounter circumstances where their professional duty is not clear.

The committee continues to provide guidance to individual members of the profession by dealing with phone or written queries. This service is available to all colleagues.

The committee coordinates the panel of solicitors who assist colleagues in difficulty with the Law Society. This panel is a great tribute to the members of our profession who offer to assist their colleagues in difficulty. We believe that collegiality within the profession is extremely important for all of us.

This year, the committee introduced a new project promoting ethics within the profession. We were delighted to be involved with the Law School in a pilot project on the PPC II course.

The committee is publishing a series of 'top tips' articles in the *Gazette* that are relevant to practice management issues, including cashflow, business growth and productivity.

The committee continues to review and update the solicitors' terms and conditions of business document. We encourage all members to use this document in their dealings with clients.

The committee is also involved in a project with the National Consumer Agency to promote greater transparency in relation to the work we do and the costs of same.

Finally, I want to extend my heartfelt thanks to Therese Clarke, who ensures that that we remain focused on our agenda at all times. I also want to thank my vice-chairman Graham Farrell and all members of the committee who have worked tirelessly throughout the year in order to achieve our objectives.

NON-STANDING COMMITTEES



Human Rights Committee
Michael Finucane, chairman

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

The committee hosted an art poster competition for CSPE class students (in conjunction with Amnesty International) entitled 'Mental health problems don't discriminate, people do'.

We hosted the Annual Human Rights Conference 2013 on 12 October (in conjunction with the Irish Human Rights Commission), which focused on the challenges for human rights in 21st century Ireland.

The Annual Human Rights Lecture 2013, again hosted by the committee, was delivered by President Michael D Higgins.

The committee continued its educational initiatives with the annual Human Rights Essay Competition, its regular contributions to the 'Human rights watch' page of the *Gazette*, and the Certificate in Human Rights. This marked the fourth year for the Certificate in Human Rights. Students who participated in the programme were conferred at the Annual Human Rights Conference.

The committee will complete a study of the impact of the *European Convention on Human Rights Act 2003* on Irish law (jointly sponsored by the Dublin Solicitors' Bar Association), due to be published by the end of 2013.

The committee made a submission to the charities consultation of the Department of Justice and Equality. It also made a lengthy submission to the Law Reform Commission's Fourth Programme of Law Reform.

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



In-House and Public Sector Committee
Mary Cummins, chairman

The committee continues to provide guidance to individual members of the profession in response to phone and written queries. In May 2012, the committee finalised the fourth edition of its *Guide for Solicitors Employed in the Corporate and Public Sectors*, which provides both prospective and existing in-house solicitors with key information.

The committee held its annual conference on 23 November 2012, which dealt with topical issues ranging from risk management and regulation to social media.

On 30 May 2013, it held a panel discussion (entitled 'Independence, ethics and the role of the in-house lawyer'), concerning the unique challenges and opportunities faced by in-house lawyers in managing their relationship with their employer in a manner consistent with their professional independence.

Our 2013 annual conference will take place on 20 November 2013. The focus will be on the practical implementation of the data protection regulatory regime, together with an overview of recent developments.

The committee is liaising with the diploma team regarding the Diploma in In-House Practice, which aims to run, for the third time, as part of the Spring Programme 2014.

The committee is currently reviewing the Law School's PPC I and PPC II courses with the aim of including further in-house and public sector training.

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

The chairman, vice-chairman and secretary will represent the Society at the 'four jurisdictions' meeting for those working to represent and support in-house lawyers, to be held by the Law Society of Scotland in the autumn.

The committee communicated with in-house solicitors through the Society's website and the December 2012 and April 2013 issues of the *Gazette*.

I would like to thank all the committee members for their contribution this year, with special thanks to James Kinch (vice-chairman) and our secretary Louise Campbell.

NON-STANDING COMMITTEES



Intellectual Property Law Committee

Patricia McGovern, chairman



Litigation Committee

Eamon Harrington, chairman

The committee was formally launched in September 2012. Its purpose is to provide a support to the solicitors' profession and a resource to business, Government, and those involved in the development and enforcement of intellectual property.

Since its launch, the IP Law Committee has made the following submissions:

- A submission to the European Office of Harmonisation in the Internal Market, which has been entrusted with tasks relating to IP enforcement,
- A submission relating to the EU proposal on the collective management of copyright and related rights,
- A submission on an implementing act on a common logo for legally operating online pharmacies/retailers offering medicinal products for human use for sale at a distance to the public,
- A submission on the proposal for an EU directive on the *Tobacco Products Directive*, and
- A submission on the EU trademark package.

The committee has also been concerned about the proposal for a Unified Patent Court and the consequences to the IP community in Ireland if our government opts not to host a local division of this court. This was a topic at an IP law conference hosted by the committee in collaboration with Law Society Professional Training, and was the subject of a press release issued by the Law Society in June and reissued in July, and articles in the *Gazette*.

Committee members had two meetings with officials of the Department of Jobs, Enterprise and Innovation, and other meetings with Enterprise Ireland, IBEC, the Irish Software Association, Damien English TD, Dara Calleary TD and Mr Justice Peter Kelly.

The committee is currently carrying out a review of the *Rules of the Superior Courts*, order 64, as it concerns IP litigation.

In addition, we met with Revenue, the Patents Office and the IBA Intellectual Property Subcommittee.

I would like to thank the committee members and our secretary, Katherine Kane, for their hard work and enthusiasm.

The proposed changes in jurisdiction in civil matters were high on the committee's agenda over the year. The committee was concerned about the potential impact of the introduction of additional caseloads on the lower courts, especially on the Circuit Court. Representatives of the committee engaged constructively with relevant bodies, including the Courts Service. In addition, representatives of the committee met with the District Court Rules Committee to highlight the need for modernisation of procedures in District Court civil cases, as well as the need for a proper overhaul of District Court costs, which have not been changed in many years and are not fit for purpose.

The committee negotiated a new protocol with VHI Healthcare in respect of solicitors' undertakings to the VHI, with an implementation date of 1 August 2013. The new undertaking represents an improvement because solicitors will be able to conclude settlements in instances where previously VHI's prior approval was required, and where a case is settled for a percentage of full value, the payment to VHI of that percentage of the amount due to VHI satisfies the terms of the undertaking.

The area of taxation of costs, generally, continues to raise issues for solicitors and, accordingly, was identified as being the major focus point of the committee's annual update seminar.

Members of the committee met with various groups and bodies in relation to a range of issues arising out of litigation practice, including the Irish Hospital Consultants' Association and the Injuries Board Users' Group.

The committee collaborated with the Society's representatives on the court rules committees in relation to proposed modifications in court rules, including significant changes proposed in chancery/non-jury matters and trial procedures, as well as broad-ranging electronic-filing procedures (in conjunction with the Society's Technology Committee).

I wish to thank my vice-chairman, John Savage, for his support and commitment, and each member for their valued contributions to the work of the committee. We are all enormously indebted to our excellent committee secretary, Colette Reid.

NON-STANDING COMMITTEES



Probate, Administration and Trusts Committee

Thomas Martyn, chairman

Issues surrounding the Revenue Online System (ROS) for filing of CAT returns and payment of CAT due continued to engage the committee this year. An innovation was the establishment of the CAT ROS Users' Group where stakeholders, including committee members representing the Law Society, meet with representatives of ITI, STEP and Accountancy Ireland, the Revenue Commissioners and the Probate Office to deal with areas of mutual concern.

This has led to greater understanding by the parties of the difficulties faced in attempting to implement the CAT ROS regime and to practical outcomes being reached.

The committee also alerted the Society to an issue arising in relation to banks' anti-money-laundering procedures in relation to estates, which the committee felt was overly rigorous. The chairman wishes to thank the president and the officers of the Society for their excellent work in resolving this matter to the satisfaction of the members.

The committee is engaging with the Property Registration Authority in relation to a proposed extension of compulsory registration of title. It has pointed out some of the potential difficulties for practitioners should such a regime come into force.

It is also engaging with the National Consumer Agency in relation to providing clients with questionnaires for will-drafting and administration of estates.

The committee continues to engage with the Probate Office and will endeavour to assist in any way possible to highlight

the difficulties encountered by members and staff at the Probate Office arising out of ongoing staff shortages there.

The committee will continue to engage with stakeholders and issue submissions in relation to the recently published *Assisted Decision Making (Capacity) Bill*, the implementation of any forthcoming EU directives and any further changes to taxation.

In addition to the normal assistance provided to colleagues who consulted with the committee, we continued to inform the profession via the *eZine* and the *Gazette* on a wide variety of issues of concern to the profession.

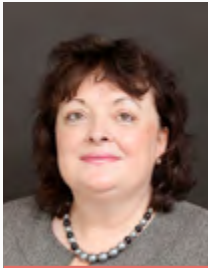
These included a lengthy article in relation to [filing and paying CAT online](#), an article in relation to the [statutory obligations on the personal representative](#), and shorter articles in relation to:

- Updated *Administration of Estates* client information brochure in downloadable format,
- Updated HC49 – viewing of details of Inland Revenue affidavit,
- Further amendments to the Inland Revenue affidavit,
- Changes to Revenue contact details, and
- Increase in probate fees and new fee for resubmitting.

It is also intended to publish an article in the near future highlighting the EU *Succession Directive* and its potential effect on Irish will drafting and probate practice.

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

NON-STANDING COMMITTEES



Public Relations Committee

Maura Derivan, chairman

The Public Relations Committee advises in relation to the formulation and development of public relations policy for the Law Society. That policy includes promoting the work of the Law Society and promoting the legal profession.

The committee also consults regarding public relations issues that arise during the year.

The major projects undertaken by the PR Committee in the past year were the hosting of the Justice Media Awards, the continuing development of the radio advertisement campaign, and the promotion and development of the role of the bar associations in public relations.

The Law Society hosts the Justice Media Awards annually, which assist in the promotion of the Law Society with the media. This year, the Law Society received the largest ever number of entries, which is indicative of the significance of these awards for members of the media.

A media campaign has been undertaken by the PR Committee in recent years, with a particular preference for radio advertising campaigns over the last three years. The object of these campaigns is to promote the profession to the public, to promote awareness of the services provided by solicitors to the public, and to promote good relations between the Law Society and its members by raising the profile of solicitors with the public.

The PR Committee has continued to promote and develop the role of the bar associations in public relations. In this

regard, a communications day was held in 2012, which was very successful. The second stage of this project is a communications workshop. This will be a practical workshop for representatives of bar associations to assist in dealing with both print and broadcast media.

The projects currently being developed by the committee are:

- The communications workshops, which will be held at Blackhall Place and will include media expertise,
- Examination and discussion of the Future of the Law Society Task Force report in order to advise and develop public relations policy for the Law Society,
- Reviewing the radio ad campaign, taking into account developments in social media.

I would like to thank the members of the committee (especially vice-chairman Michael Kealey) for their dedication and hard work during the year. I would particularly like to thank the secretary to the committee, Mark McDermott, and his team for all their assistance. In addition, recognition and thanks are due to the Justice Media Awards judging panel for their significant work.

In January 2013, the PR Committee lost, not only the chairman of the committee, but an esteemed colleague, with the passing of Dominic Dowling. His contributions and leadership were invaluable to the committee and his passing is a great sorrow to us all.

Ar dheis Dé go raibh a anam dílis.

NON-STANDING COMMITTEES



Taxation Committee

Donal Kennedy, chairman

The committee continued to represent the Society and its members through interaction with the Revenue Commissioners and other professionals by means of active participation in the Taxes Administration Liaison Committee, with representatives on the indirect taxes, capital taxes, audit, technical tax issues, simplification and collection issues subcommittees. It also made submissions to the Revenue Commissioners in relation to a number of matters under consideration and draft guidance notes to be published by Revenue.

The committee reviewed the *Finance Act 2013* and other relevant tax legislation throughout the year and published the annual *Tax Guide* for members.

Relevant practice notes and advisories were issued by the committee throughout the year, as necessary.

The committee made a detailed freedom-of-information request to the Revenue Commissioners in relation to decisions of the Appeal Commissioners. The matter is currently under review by the Office of the Information Commissioner.

The Society's annual pre-budget submission to the Minister for Finance was presented.

The committee continues to offer advice and support to solicitors who encountered difficulties or anomalies in practice and legislation concerning various taxation issues.

A number of changes were made to special condition 3 of the conditions of sale and the pre-contract VAT enquiries in conjunction with the Conveyancing Committee following submissions requested from practitioners.

I would like to thank my vice-chairman, James Somerville, and the members of the committee for their valued assistance and support throughout the year. I would especially like to express my gratitude to the committee's secretaries, Colette Carey and Rachael Hession, for their dedication and assistance.



Technology Committee

Raymond Smith, chairman

This year, the committee published the results of the survey of general IT systems and support, which is available to the profession on the committee's page in the members' area of the Law Society website.

The committee has continued to monitor uses and proposed uses by authorities of computerised systems. Meetings have taken place with the Courts Service in relation to the development of an online debt collection system. A submission on this proposed system as drafted by the Technology Committee was sent to Minister Shatter and can also be found on the committee page.

The committee has reviewed and updated all documents in relation to its advice on computer security, which is available on the committee's page.

We organised a very successful seminar in June, with the theme 'New ways to work – putting your office in the cloud'. A second one is being organised for the end of November.

The committee continues to monitor EU-level developments that may affect the profession. In particular, the committee has researched and reported on the CCBE 'find-a-lawyer' system. The committee has also monitored the EU eCodex project and has contacted Government to ascertain Government policy in this regard. Through the CCBE, the committee has made contributions to the International Bar Association's proposed guidance document on social media use by lawyers. The committee also responded to CCBE questions as to when the State can access lawyer's data held in cloud computing data centres in Ireland.

The committee continues to support other activities by the Society. Members of the committee have contributed to the work of the eConveyancing Task Force and the Property Registration Authority's Customer Focus Group. The committee also made detailed submissions to the Litigation Committee in relation to the technology-related aspect of the proposed court rules on personal insolvency.

I would like to thank all members of the committee for their valued assistance and support throughout the year. I would especially like to thank Veronica Donnelly, secretary to the committee, for her assistance and support.

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James Cahill
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THE YEAR IN REVIEW JMA TURNS 21



Category and Merit winners at the Justice Media Awards 2013, held at Blackhall Place on 13 June, with Law Society President James McCourt and director general Ken Murphy. (All photos: Lensmen)

The Justice Media Awards came of age this year, with the celebration of their 21st anniversary. This year's significant milestone for Ireland's longest-running media awards was marked, once again, by a vintage crop of entries. The number of applications was the highest ever recorded in the history of the competition.

Law Society President James McCourt congratulated the assembled journalists on the quality of their work, which led to a higher number of awards than usual being issued by the adjudicating panel.

The overall winner was Kitty Holland of *The Irish Times* for her series, 'The Savita Halappanavar story'. Quoting the judges, the president said: "This series of outstanding articles showed what great journalism is all about. This was one of the most significant stories the Justice Media Awards has seen in its 21-year history."



The overall winner of the Justice Media Awards 2013 was Kitty Holland of *The Irish Times* for her series 'The Savita Halappanavar story'



Winners from TV3 included (front, l to r): Colette Fitzpatrick (Merit winner), category winner Conor Tiernan (producer, with Paul Byrne, presenter), Law Society President James McCourt, Merit winners Laura Hogan and Ciara Doherty, and director general Ken Murphy; (back, l to r): Merit winners Diane Connor and Patrick Kinsella

THE YEAR IN REVIEW JMA TURNS 21 – THE RESULTS 2013

Overall winner

Kitty Holland of *The Irish Times* was the overall JMA winner for her series ‘The Savita Halappanavar story’.

Daily newspapers

A Merit certificate was awarded to Paul Drury (*Irish Daily Mail*) for his article ‘We columnists live by the sword and die by the sword’.

Sunday newspapers

Niall Brady (*The Sunday Times*) for his series ‘Fuse lit on loan scandal time bomb’. Merit certificates were awarded to Mark Tighe (*The Sunday Times*) for his article ‘Who’s the mammy?’ (series on surrogacy) and Kieron Wood (*The Sunday Business Post*) for ‘Food for thought’.

Regional newspapers

Mairead Wilmot (*The Nationalist*, Carlow) for her article ‘Victim speaks out on sex abuse that destroyed two lives’. A Merit certificate was awarded to David Looby (*Wexford Echo*) for his article ‘Outrage at rapist’s early jail release’.

Court reporting – print media

Mark Tighe (*The Sunday Times*) for his article ‘Denis O’Brien v *Irish Daily Mail*’. Merit certificates were awarded to Fiona Gartland (*The Irish Times*) for her article ‘State closes argument in surrogacy case’; Conor Gallagher (freelance) for his article ‘Now “garlic judge” faces DPP wrath for striking out cases’; Sandra Murphy (*Irish Daily Mail*) for her article ‘Perrin’; Carol Byrne (*The Clare Champion*) for her article ‘Child cruelty a 21st century problem’.

Court reporting – broadcast media

Vivienne Traynor (RTÉ, *Six One News*) for her report ‘Marie Fleming assisted suicide case’. A Merit certificate was awarded to Louise Byrne (98FM) for her report ‘The patriarch prisoner’.

National radio

Richard Dowling (RTÉ, *This Week*) for his report ‘Missing chapter, missing answers’. Merit certificates were awarded to Peter Ward and Fiona Kelly (RTÉ Radio 1) for their series ‘The Law Makers’; Sarah Carey and Francis Fitzgibbon (Newstalk) for their programme ‘Can we reform a rapist?’.

Local radio

John Cooke (Clare FM, *Morning Focus*) for the programme ‘Free legal advice on Clare FM’. A Merit certificate was awarded to Niall Delaney (Ocean FM’s *North West Today*) for his series of reports entitled ‘Incitement to hatred – the McEniff controversy’.

Television news

Tara Peterman (executive producer), Miriam O’Callaghan (presenter) and Máire Kearney (producer) of RTÉ’s *Prime Time* for their ‘Praveen Halappanavar interview’. A Merit certificate was awarded to Dyane Connor (TV3) for her report ‘A plea for justice’.

Television features and documentaries

Conor Tiernan (producer) and Paul Byrne (presenter) of TV3 for their programme ‘The search for Sophie’s killer’. Merit certificates were awarded to Mark Coughlan and Tanya Sillem (producers) and Barry Cummins (reporter) of RTÉ’s *Prime Time* for their programme ‘Section 29 warrants – illegal entry’; Patrick Kinsella (producer), Colette Fitzpatrick (presenter) and Ciara Doherty (reporter) of TV3’s *Midweek* for ‘Cameras in the courtroom: trial by media’; Mary Fanning (producer) and Mary Kennedy (presenter) of RTÉ’s *Nationwide* for their ‘Law programme’; Laura Hogan (TV3’s *The Morning Show*) for the programme ‘Rape and sexual assault sentencing’.



RTÉ winners at the annual Justice Media Awards were (front, l to r): Justice Media Award winners (Television News category) – Tara Peterman (executive producer), Miriam O’Callaghan (presenter) and Máire Kearney (producer); Justice Media Award winner, Vivienne Traynor (Court Reporting for Broadcast Media), with Merit winners Mary Fanning (producer) and Mary Kennedy (presenter); (back, l to r): Richard Dowling (Justice Media Award winner, National Radio category), Law Society President James McCourt and Barry Cummins (Merit winner)

THE YEAR IN REVIEW CALCUTTA RUN RAISES €120K

In glorious May weather, the Calcutta Run once again put participants through their paces. Over 750 runners and walkers were welcomed to the annual event by the sizzling sounds of the Guinness Jazz Band. A whopping €120,000 in sponsorship was raised for the Peter McVerry Trust and GOAL.

(All photos: Cian Redmond Photography www.cianredmond.com)





Call for public inquiry into Pat Finucane murder

In December 2012, the Law Society wrote to the British Prime Minister to demand a public inquiry into the murder of Belfast solicitor Pat Finucane, adding the Society's voice to those of the Finucane family, the Irish Government and many others.

The letter was copied to Taoiseach Enda Kenny, Justice Minister Alan Shatter and to the chairman of the Society's Human Rights Committee, Michael Finucane, who is the son of Pat Finucane.

In the letter, President James McCourt said: "In the view of the Law Society of Ireland, the investigation to date simply is not enough. A public inquiry is still required, as was recommended by the *Weston Park Agreement* in 2001 and recommended also by Judge Cory."

The Council decided to reiterate its call for a public inquiry into the murder of Pat Finucane, regardless of the detailed report that was issued in mid December, which was undertaken for the British government by Sir Desmond de Silva QC.

The de Silva report says: "A series of positive actions by employees of the state actively furthered and facilitated this murder and in the aftermath ... there was a relentless attempt to defeat the ends of justice."

The Society received a negative response in a letter from the Secretary of State for Northern Ireland, Theresa Villiers, in January 2013. In reply to the Society's request for a public inquiry, she stated: "The government considered very carefully whether or not to hold a public inquiry. Given that we had already accepted that there was collusion in this case, our priority was to establish a full public account about what happened as quickly and effectively as possible.

"I strongly believe that Sir Desmond de Silva's review provided the best way of getting to the truth in this case and, in doing so, put into the public domain all that is known about the circumstances of Patrick Finucane's death."



Witness to Turkish repression

In May, an Irish solicitor in Istanbul witnessed the brutal Turkish state repression of peaceful protestors.

"In my time in Istanbul, which lasted the first five days of the protests, I worked with lawyers from both Turkey and other countries who live in Istanbul. I saw the footage they had recorded on their phones, showing nightly teargassing of their areas and, in one case, the unlawful entry to one of my colleague's homes, where she was gassed for no reason."

"I also read of the killing of four protesters by police, and I have seen the video footage of one of the murders, which showed the shooting in the head of an innocent protester by a member of the Turkish police."

"Since I have returned, lawyers have been dragged from the courthouse in Ankara for protesting and have been forcibly and unlawfully detained without formal arrest or charge, though all have since been released. Medical professionals who set up makeshift clinics in hotels to treat protesters have been unlawfully detained – and some beaten – by the police, and have been consequently released without charge."

"The brutal retaliation by the police and the subsequent authoritarian reaction of Prime Minister Erdogan has resulted in the current protest being a desperate fight for the democratic right to freedom of expression, freedom of assembly, freedom of the media, the restoration of the rule of law, the impartiality of the legal profession and the judiciary."

Read the full [Gazette article](#).

Also in May, Law Society President James McCourt wrote to the [Turkish Ambassador](#) to Ireland to express the "deep concern of the solicitors' profession in Ireland in relation to the protection of lawyers in the exercise of their professional duties in Turkey". Further letters were sent to Turkish Prime Minister Erdogan and the Turkish Ambassador as a result of the ongoing, grave situation in that country.

President McCourt commented: "It is important to express concern and show solidarity with colleagues in time of need."



Society garners gongs at IITD Awards 2013

Celebrating the Law Society Professional Training Network's award for the 'Most innovative use of technology' and 'Outstanding achievement in the networks and groups' categories at the 2013 IITD Awards were (l to r) Alan Nuzum (CEO Skillnets Ltd), Tracey Donnery (Finuas programme manager), Michelle Nolan (programme manager, Law Society), Attracta O'Regan (head of Law Society Professional Training), Sinéad Heneghan (CEO IITD), James O'Neill (president IITD), Kevin Hannigan (Law Society Finuas Network Steering Committee), Edward McDermot (Law Society) and Simon Murphy (chairman, Education Committee)



Celebrating women as global ADR leaders

A collaborative conference, entitled 'Conflict resolution: peace, practice, perspectives – celebrating women as alternative dispute resolution leaders', was held in Dublin on International Women's Day (8 March 2013).

Over 100 participants from numerous countries heard passionate presentations from more than 50 speakers across plenary and panel sessions.

Organised by the Chartered Institute of Arbitrators (Irish branch), the Irish Women Lawyers' Association, ArbitralWomen and Law Society Skillnet, the event was sponsored by the Edward M Kennedy Institute for Conflict Intervention.



Report on direct unsolicited approaches approved

In May, the Council approved the report of the group set up to review regulation 13 of the *Solicitors (Advertising) Regulations 2002*.

The report focused primarily on the prohibition of a "direct unsolicited approach to any person who is not an existing client ... in, at, or adjacent to, a garda station, prison, or courthouse".

The group recognised that, while the problem affects ethical solicitors who are losing clients to unscrupulous competitors, the really exposed persons are those vulnerable clients who are losing the services of competent and ethical criminal practitioners and, instead, find themselves being represented by persons whose sole motivation is personal gain.

The report's recommendations included:

- Emphasis should focus on placing barriers in the path of the intending wrongdoer, rather than relying on the prosecution of breaches,
- The Society should facilitate the establishment of an accessible register of specialists in the field of criminal law and should establish and maintain a readily accessible list of legal-aid practitioners,
- If it is the first occasion that a solicitor is identified as engaging in an unsolicited approach, he/she would not necessarily be referred to the Solicitors Disciplinary Tribunal, but would be advised that they had been identified as part of a Society initiative and cautioned as to their future conduct,
- The teaching of ethics in the Law School should be augmented to include specific reference to the restrictions imposed by regulation 13, and
- Information leaflets should be posted on designated notice boards in courthouses, alerting accused persons to their entitlements and pointing out the prohibition on unsolicited approaches by solicitors.

The [report is available](#) on the Society's website. See also the [news piece](#) in the *Gazette*.

THE YEAR IN REVIEW POET THRILLS SOCIETY'S IBA EVENT



Seamus Heaney in conversation with the Chief Justice, Ms Justice Susan Denham



IBA President Akira Kawamura meets Nobel Laureate Seamus Heaney with the then President of the Law Society, Donald Binchy



Yvonne Chapman, Peter D Maynard (PPID chairman, IBA) and Patricia Nolan

On 2 October 2012, poet Seamus Heaney was the guest speaker at an event hosted by the Law Society for 160 presidents and chief executives, from bar associations and law societies across the globe. The occasion was the annual conference of the International Bar Association, held in Dublin.

The last time this particular IBA event visited these shores was in 1968. This time around, legal practitioners were accompanied by 1,500 partners, exhibitors and support staff – representing the largest gathering of bar association members and international lawyers ever.

During the week, more than 200 sessions, lectures and other events took place, in addition to more than 1,500 networking meetings and receptions hosted by Irish and overseas law firms. In all, 5,200 world delegates attended the IBA event in Ireland. The undoubted highlight of the week was the audience with Seamus Heaney, who delivered a specially prepared paper.

Afterwards, the Nobel laureate sent the Society what may be a previously unpublished poem. Entitled *On the Gift of a Fountain Pen*, it was sent in the poet's own handwriting with a covering note expressing thanks for the gift of a Mont Blanc fountain pen that was presented to him by the Society as a token of gratitude for his address at Blackhall Place.

THE YEAR IN REVIEW POET THRILLS SOCIETY'S IBA EVENT



John F Buckley (past-president, Law Society of Ireland) and Ambrose Lam (vice-president, Law Society of Hong Kong)



Nobel Laureate Seamus Heaney



Raffi van den Berg (Netherlands' Bar Association) and Iain Armstrong QC



Frode Elgesem, Merete Smith (secretary general, Norwegian Bar Association), Anne Ramberg (secretary general, Swedish Bar Association) and Ken Murphy (director general, Law Society of Ireland)

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Colm Dunne, Investigating Accountant
Kara Groarke, Executive Officer
Noreen MacCarthy, Investigating Accountant
Andrew O'Brien, Claims Administrator
Niamh O'Connell, Investigating Accountant
Jim O'Dowd, Investigating Accountant
Rory O'Neill, Investigating Accountant
Jim Ryan, Investigating Accountant
Edward Sheehan, Investigating Accountant
Tracy Bennett, Secretary
Christina D'Arcy, Secretary
Linda Dolan, Administration Assistant
Yvonne McMahan, Secretary
Darren Magnier, Secretary

Complaints and Client Relations

Linda Kirwan, Head of Complaints and Client Relations
Tony Watson, Deputy Head of Complaints and Client Relations
Helene Blayney, Solicitor (part-time)
Daragh Buckley, Solicitor (part-time)
Martin Clohessy, Complaints Executive
Cathy O'Brien, Solicitor (part-time)
Eleanor Hannon, Solicitor
Kay Lynch, Solicitor
Catriona O'Mara, Solicitor (part-time)
Orlaith Gallagher/Helen Mountaine, (J/S) Office Manager
Pamela Connolly, Secretary
Deborah Finn, Secretary
Doreen Fitzsimons/Ursula Lynch, (J/S) Secretary
Rita Hogan/Carmel Molloy, (J/S) Secretary
Yvonne McGarvey/Colette O'Leary, (J/S) Secretary
Eamonn Maguire, Secretary
Pamela Connolly, Secretary (part-time)
Maura O'Connell, Secretary

Regulatory Litigation

Joan O'Neill, Senior Solicitor
Mary Fenelon, Solicitor (part-time)
David Irwin, Solicitor
Simon Treanor, Secretary
Anne Molloy, Secretary (part-time)
Susan Murray, Administrator and Secretary (part-time)
Jean Ó Cuilinn, Secretary (part-time)

Practice Closures

Therese Clarke, Senior Solicitor
Catherine O'Flaherty, Solicitor
Sheila O'Sullivan, Solicitor (part-time)
David Mulvihill, Locum Solicitor
Clare O'Sullivan, Locum Solicitor (part-time)
Tracey Butler, Secretary
Suzanne Chesney, Secretary
Geraldine Molloy, Secretary (part-time)
Cathriona McCabe, Secretary
Gerald Harty, Clerical Assistant
Shane Farrell, Clerical Assistant
Declan Costello, Clerical Assistant
Niamh Kirk, Secretary (part-time)

STAFF LIST

EDUCATION DEPARTMENT

TP Kennedy, Director of Education
Lynda Sheane, Personal Secretary
Geoffrey Shannon, Deputy Director of Education
Tara Caffrey, Personal Secretary (Deputy Director of Education),
Paula Sheedy, Education Officer
Carmel Kearney, Secretary
Fiona O'Flaherty, Secretary (part-time)
Joan Dunne, Receptionist
Donna O'Reilly, Receptionist
Philomena Whyte, Secretary/Admissions Administrator
Catherine Byrne, Secretary/Administrator (part-time)
Maritta Moran, Secretary
Katherine Kane, Education Executive

Traineeship

Fionna Fox, Training Executive
Mary Walker, Secretary
Jacqueline Robb, Secretary (part-time)

Professional Training

Attracta O'Regan, Head of Professional Training
Denise Hope, Secretary
Pauline Smyth, Secretary
Michelle Nolan, Programme Manager

CPD

Anthea Coll, CPD Executive
Sharon Boggans, Secretary

Diploma Centre

Freda Grealy, Diplomas Manager
Deirdre Flynn, Diplomas Executive
Tina Dwyer, Secretary
Jane Callaghan, Secretary
Olga Gaffney, Diplomas Executive
Julie Shackleton, Diplomas Executive
Caroline Foley, Secretary
Hazel Bradley, Diploma Course Administrator
John Lunney, Diploma Executive (part-time)
Rebecca Keogh, Diploma Course Administrator

PPC I and II

Anne Walsh, Administration Manager
Julianne Ward, Secretary
Maura Butler, Course Manager
Gabriel Brennan, Course Manager
Robert Lowney, Secretary
Padraic Courtney, Course Manager
Rachel Hession, Course Manager (part-time)
Colette Reid, Course Manager
Eva Massa, Course Manager
Joanne Cox, Course Manager
Zoe Donnelly, Secretary
Annette Adair, Secretary
Irene O'Reilly, Secretary
Antoinette Moriarty, Student Development Advisor (part-time)
Emma Cooper, Student Development Advisor (part-time)
Jane Moffatt, Course Manager

FINANCE DEPARTMENT

Cillian MacDomhnaill, Director of Finance and Administration
Yvonne Burke, Personal Secretary
Belinda O'Keeffe, Executive Assistant

Accounts

Paul Baily, Finance Manager
Christopher Rogers, Accountant
Patrick McCormick, Accountant (part-time)
Brigid Pender, Accounts Assistant
Grace Tambala, Accounts Assistant
Vacant, Accounts Assistant
Peggy Ryan, Payroll Clerk (part-time)

Information Technology

Tom Blennerhassett, IT Manager
Veronica Donnelly, Computer Services Manager
Damien Carr, IT Support
Linda Cash, IT Support (part-time)
Patricia Faulkner, IT Support (part-time)
Caroline Kennedy, IT Systems Administrator – Education Centre
Paul Mooney, Technical Support – Education Centre
Aaron Duggan, IT Support – Education Centre
Peter Maxwell, IT Web Support

Four Courts Office

Paddy Caulfield, Manager
Mary McLoughlin
Dolores Maguire (part-time)

Facilities/Internal Services

Tony Morgan, Facilities Manager
Catherine Monaghan, Secretary
Carol O'Riordan, Head Receptionist (part-time)
Deirdre Gilhooly, Receptionist
Kay Byrne, Receptionist (part-time)
Thelma Gorman, Receptionist (George's Court)
Sadie Adams, Printing/Post
Esther McCormack, Printing/Post
Desmond White, Printing/Post
Paul Kiberd, Head of Security
Eamonn Clinch, Facilities Supervisor
Christy Caulfield, Security/Porter/Maintenance
Charles Mulvey, Security/Porter/Maintenance
Anthony Casey, Security/Porter/Maintenance
Ann Murphy, Cleaning
Paul Connolly, Cleaning (part-time)
Eileen Brennan, Cleaning (part-time)
Joan McKeever, Cleaning
John Leonard, Security (part-time)
Michael Troy, Security (part-time)
Patrick Leahy, Security (part-time)
John Smyth, Security (part-time)
Jim Byrne, Security (part-time)
Henry Peyton, Security (part-time)
Tom Flanagan, Security (part-time)

Law Club of Ireland

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

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

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

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAW SOCIETY OF IRELAND

We have audited the financial statements of the Law Society of Ireland for the year ended 31 December 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated Balance Sheet, the Society Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

Respective responsibilities of Finance Committee and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Finance Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements for the year ended 31 December 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the group and the Society as at 31 December 2012 and of the surplus of the group for the year then ended.

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

16 May 2013

BASIS OF PREPARATION

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

ACCOUNTING CONVENTION

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

BASIS OF CONSOLIDATION

The Society consolidates its interests in subsidiary undertakings as detailed in note 21 and its interest in a related undertaking, the Law Club of Ireland, which it controls, all of which make up financial statements to 31 December 2012.

INCOME

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

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

FINANCING TRANSACTIONS

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

CURRENT ASSET INVESTMENTS

Current asset investments are stated at cost less any provision for permanent diminution in value.

PUBLICATIONS

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

PENSION COSTS

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

TAXATION

Taxation is provided on taxable profits at current rates.

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

STOCKS

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

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

GRANTS

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

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Notes</i>	2012 €	2011 €
INCOME			
Fees and subscriptions	4	12,179,810	11,963,614
Education activities	5	8,517,758	8,903,419
Publications	4	267,932	331,378
Four Courts rooms	4	740,581	768,664
Interest and investment income	6	529,298	365,127
Gain on investments	6	205,330	-
Other income	7	178,949	164,723
Sundry income		63,128	6,478
		22,682,786	22,503,403
EXPENDITURE			
Operating charges:			
- General activities	4	(11,086,196)	(10,984,641)
- Education activities	5	(7,408,522)	(7,573,152)
Loss on investments	6	-	(171,925)
Financing costs	5	(287,528)	(287,528)
Other expenditure	7	(797,212)	(938,933)
Redundancy costs	3	(114,906)	(94,605)
		(19,694,364)	(20,050,784)
SURPLUS FOR YEAR BEFORE EXCEPTIONAL ITEMS AND TAXATION		2,988,422	2,452,619
Exceptional items	8	(750,000)	(2,000,000)
SURPLUS BEFORE TAXATION		2,238,422	452,619
Taxation credit/(charge)	9	597	(74,587)
SURPLUS AFTER TAXATION		2,239,019	378,032
Allocated as follows:			
General activities		340,047	(2,062,600)
Education activities		(645,899)	351,765
Education centre fund		300,580	(91,925)
Litigation fund		283,911	274,724
Capital reserve fund		1,960,380	1,906,068
Total		2,239,019	378,032

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

The financial statements were approved by the Finance Committee on 16 May 2013 and signed on its behalf by:

Michelle Ní Longáin
Chairman of the Finance Committee

James McCourt
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
FIXED ASSETS			
Tangible fixed assets	10	17,356,418	17,093,529
CURRENT ASSETS			
Investments	12	5,471,438	6,192,337
Stocks	13	25,447	17,333
Debtors	14	2,743,835	1,629,208
Cash at bank and in hand		13,594,429	9,649,949
		<u>21,835,149</u>	<u>17,488,827</u>
CREDITORS: (Amounts falling due within one year)	15	(7,292,273)	(4,851,341)
NET CURRENT ASSETS		<u>14,542,876</u>	<u>12,637,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,899,294</u>	<u>29,731,015</u>
CREDITORS: (Amounts falling due after more than one year)	15	(7,329,852)	(7,400,592)
NET ASSETS		<u>24,569,442</u>	<u>22,330,423</u>
RESERVES			
Accumulated reserves	16	24,569,442	22,330,423

The financial statements were approved by the Finance Committee on 16 May 2013 and signed on its behalf by:

Michelle Ní Longáin
Chairman of the Finance Committee

James McCourt
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

SOCIETY BALANCE SHEET
AS AT 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
FIXED ASSETS			
Tangible fixed assets	<i>10</i>	12,332,198	12,068,124
CURRENT ASSETS			
Investments	<i>12</i>	5,471,438	6,192,337
Stocks	<i>13</i>	14,892	10,559
Debtors	<i>14</i>	7,843,246	6,760,645
Cash at bank and in hand		13,464,413	9,442,731
		26,793,989	22,406,272
CREDITORS: (Amounts falling due within one year)	<i>15</i>	(7,314,470)	(4,827,984)
NET CURRENT ASSETS		19,479,519	17,578,288
TOTAL ASSETS LESS CURRENT LIABILITIES		31,811,717	29,646,412
CREDITORS: (Amounts falling due after more than one year)	<i>15</i>	(7,329,852)	(7,400,592)
NET ASSETS		24,481,865	22,245,820
RESERVES			
Accumulated reserves	<i>16</i>	24,481,865	22,245,820

The financial statements were approved by the Finance Committee on 16 May 2013 and signed on its behalf by:

Michelle Ní Longáin
Chairman of the Finance Committee

James McCourt
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	<i>17</i>	3,788,583	3,984,948
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		549,447	365,127
TAXATION			
Corporation tax refund/(paid)		19,234	(116,456)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1,330,702)	(185,068)
MANAGEMENT OF LIQUID RESOURCES			
Purchase of investments		-	(2,919,166)
Disposal of investments		914,080	1,189,166
		914,080	(1,730,000)
INCREASE IN NET CASH	<i>18</i>	3,940,642	2,318,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. PRESENTATION OF FINANCIAL STATEMENTS

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

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

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

2. SURPLUS BEFORE TAXATION	2012 €	2011 €
The surplus before taxation is stated after charging:		
- Depreciation	1,064,004	1,221,838
- Auditor's remuneration	26,371	29,000
- Finance costs	287,528	287,528
- Finance lease interest	12,884	18,127
	<u> </u>	<u> </u>
and after crediting:		
- Deposit interest	529,298	365,127
	<u> </u>	<u> </u>

3. STAFF COSTS	2012 General activities €	2012 Education activities €	2012 Other €	2012 Total €	2011 Total €
Salaries and wages	4,664,780	2,900,698	84,522	7,650,000	7,663,361
PRSI	491,163	307,911	8,716	807,790	770,809
Pension costs	712,965	421,297	7,724	1,141,986	1,153,344
Redundancy costs	-	112,715	2,191	114,906	94,605
Total	<u>5,868,908</u>	<u>3,742,621</u>	<u>103,153</u>	<u>9,714,682</u>	<u>9,682,119</u>

The average aggregate number of employees during 2012 was 121 (2011: 122).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4. GENERAL ACTIVITIES (including funds)	2012	2011
	€	€
INCOME		
Fees and subscriptions		
Practising certificates	9,040,223	8,856,615
Members' subscriptions	736,603	707,711
Admission fees	158,693	218,496
Fund Contributions:		
- Capital reserve fund	1,960,380	1,906,068
- Litigation fund	283,911	274,724
	<u>12,179,810</u>	<u>11,963,614</u>
Services and interest		
Publications	267,932	331,378
Four Courts rooms	740,581	768,664
Interest (note 6)	529,298	365,127
Total income	<u>13,717,621</u>	<u>13,428,783</u>
OPERATING CHARGES		
General activities		
Pay and related expenditure	3,280,964	3,206,994
Administration expenditure	661,140	760,735
Premises expenditure	531,891	591,710
Members' services expenditure	1,648,715	1,814,371
Regulation expenditure	4,007,507	3,685,720
Admission expenditure	16,019	26,280
Services		
Publications	654,717	699,022
Four Courts rooms	285,243	199,809
Total operating charges	<u>11,086,196</u>	<u>10,984,641</u>
Gain/(loss) on investments (note 6)	<u>205,330</u>	<u>(171,925)</u>
Surplus	<u><u>2,836,755</u></u>	<u><u>2,272,217</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

5. EDUCATION ACTIVITIES	2012 €	2011 €
INCOME		
Professional Practice Course 1 fees	3,369,280	3,526,086
Professional Practice Course 2 fees	1,911,728	2,206,517
Indentures and registration	326,630	382,680
Examination fees	668,256	688,084
Diploma courses	1,228,608	1,068,455
Continuing professional development	459,601	413,154
Miscellaneous income	553,655	618,443
Total income	8,517,758	8,903,419
OPERATING CHARGES		
Pay and related expenditure	3,742,734	3,807,460
Administration expenditure	1,380,142	1,366,649
Direct expenditure	1,658,583	1,700,332
Premises expenditure	627,063	698,711
Total operating charges	7,408,522	7,573,152
Financing costs	287,528	287,528
Surplus	821,708	1,042,739
6. INTEREST AND INVESTMENT GAINS/(LOSSES)		
	2012 €	2011 €
Interest – Society	434,048	285,127
Interest – Education Centre Fund	95,250	80,000
Interest	529,298	365,127
Gain/(loss) on disposal of investments	174,981	(205,834)
Release of provision for impairment of investments	30,349	33,909
Gain/(loss) on investments	205,330	(171,925)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7. OTHER INCOME/EXPENDITURE	2012	2011
	€	€
Income		
Bar and catering income	138,144	92,825
Bed and breakfast income	25,840	25,744
Functions and consultation room income	13,123	33,400
Rental income	1,604	12,174
Sundry income	238	580
	<u>178,949</u>	<u>164,723</u>
Expenditure		
Bar and catering cost of sales	337,933	454,289
Bed and breakfast cost of sales	9,182	5,053
Rental expenditure	283,886	351,415
Premises expenditure	4,494	4,494
Professional fees	10,480	10,480
Other administration expenditure	145,387	113,202
Sundry expenses	5,850	-
	<u>797,212</u>	<u>938,933</u>
Deficit	<u>618,263</u>	<u>774,210</u>
	<u><u>618,263</u></u>	<u><u>774,210</u></u>
8. EXCEPTIONAL ITEM	2012	2011
	€	€
Impairment of development land	-	2,000,000
Onerous lease provision	750,000	-
	<u>750,000</u>	<u>2,000,000</u>
	<u><u>750,000</u></u>	<u><u>2,000,000</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

9. TAXATION CHARGE	2012	2011
	€	€
Based on the surplus for the year:		
Taxation (credit)/charge	(597)	74,587
	<u> </u>	<u> </u>

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

	2012	2011
	€	€
Surplus for year before taxation	2,238,422	452,619
	<u> </u>	<u> </u>
Surplus for year multiplied by standard rate of corporation tax of 12.5% (2011: 12.5%)	279,803	56,577
Effects of:		
Income not subject to taxation	(145,488)	(179,980)
(Expenses deductible)/not deductible for tax purposes	(14,426)	248,252
Capital allowances/depreciation for year in excess	(2,385)	4,193
Higher tax rates on interest and rental income	86,777	50,149
Retention tax paid	(204,878)	(104,604)
	<u> </u>	<u> </u>
	(597)	74,587
	<u> </u>	<u> </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.

There were no material deferred tax timing differences that required to be recognised at 31 December 2012 or 31 December 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

10. TANGIBLE FIXED ASSETS

Group	Premises €	Development Land €	Leasehold Improvements €	Furniture Fittings & Equipment €	Computer Equipment €	Motor Vehicles €	Total €
Cost:							
At 1/1/2012	14,957,551	5,000,000	1,383,575	8,727,417	5,424,149	59,875	35,552,567
Additions	-	-	1,038,623	201,043	91,036	-	1,330,702
Disposals	-	-	(184,757)	(35,333)	-	-	(220,090)
At 31/12/2012	14,957,551	5,000,000	2,237,441	8,893,127	5,515,185	59,875	36,663,179
Depreciation:							
At 1/1/2012	4,375,964	-	905,810	8,268,500	4,850,385	58,379	18,459,038
Charge for year	262,049	-	295,290	234,000	271,169	1,496	1,064,004
Disposals	-	-	(184,757)	(31,524)	-	-	(216,281)
At 31/12/2012	4,638,013	-	1,016,343	8,470,976	5,121,554	59,875	19,306,761
Net book value:							
At 31/12/2012	10,319,538	5,000,000	1,221,098	422,151	393,631	-	17,356,418
At 31/12/2011	10,581,587	5,000,000	477,765	458,917	573,764	1,496	17,093,529

The development land was valued at net realisable value based on a directors' valuation at 31 December 2012. No valuation has been prepared since 31 December 2012.

Society	Premises €	Leasehold Improvements €	Furniture, Fittings & Equipment €	Computer Equipment €	Motor Vehicles €	Total €
Cost:						
At 1/1/2012	14,813,265	1,184,320	8,410,094	5,424,148	59,875	29,891,702
Additions	-	1,038,623	195,904	91,036	-	1,325,563
Disposal	-	-	(3,809)	-	-	(3,809)
At 31/12/2012	14,813,265	2,222,943	8,602,189	5,515,184	59,875	31,213,456
Depreciation:						
At 1/1/2012	4,248,951	706,255	7,964,313	4,845,680	58,379	17,823,578
Charge for year	262,049	295,290	227,676	271,169	1,496	1,057,680
At 31/12/2012	4,511,000	1,001,545	8,191,989	5,116,849	59,875	18,881,258
Net book value:						
At 31/12/2012	10,302,265	1,221,398	410,200	398,335	-	12,332,198
At 31/12/2011	10,564,314	478,065	445,781	578,468	1,496	12,068,124

Group and Society

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

Leasehold improvements: €68,327 (2011: €159,430).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**
10. TANGIBLE FIXED ASSETS (CONTINUED)**Group and Society**

Included in the above are assets relating to education activities:

	Cost €	Accumulated Depreciation €	Net Book Value €
Premises	5,876,183	1,449,877	4,426,306
Furniture, fittings and equipment	3,282,436	3,107,360	175,076
Computer equipment	2,386,098	2,289,915	96,183
	<u>11,544,717</u>	<u>6,847,152</u>	<u>4,697,565</u>

11. ASSETS FINANCED BY FINANCING ARRANGEMENT**Group and Society**

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

	Cost €	Accumulated Depreciation €	Net Book Value €
Education Centre premises	5,858,702	1,432,396	4,426,306
Education furniture, fittings and equipment	53,767	53,767	-
	<u>5,912,469</u>	<u>1,486,163</u>	<u>4,426,306</u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

12. INVESTMENTS	€
Group and Society	
Balance at 1 January 2012	6,192,337
Disposals at cost	(739,099)
Release of provision for impairment	30,349
Other movement - interest	(12,149)
	5,471,438
	5,471,438

The investments are comprised of the following:

- (a) With-Profit Bond ("Policy");
- (b) TAM Equity and Bond Investments ("TAM");
- (c) Global Absolute Return Strategy Fund ("GARS");
- (d) Deposit Fund ("Deposit Fund") and
- (e) Deposit Bond ("Deposit Bond")

The Policy and Deposit Bond carry 100% capital protection on maturity. TAM, GARS and Deposit Fund do not carry capital protection. The Policy and GARS have a low risk profile while TAM is fully exposed to volatility in equity markets. The Society has provided for a permanent diminution in the value of its investments of €106,831 (31 December 2011: €137,180).

The equity investment by the Society in subsidiary undertakings is carried at €Nil (2011: €Nil).

13. STOCKS	2012	2011
	€	€
Group		
Stocks in trade	25,447	17,333
	25,447	17,333
Society		
Stocks in trade	14,892	10,559
	14,892	10,559

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

14. DEBTORS	2012	2011
	€	€
Group		
Amounts falling due within one year:		
Debtors and prepayments	1,364,746	1,242,073
Amounts due from Law Society Compensation Fund	1,162,916	136,445
Amounts due from Law Society of Ireland Scholarship Fund	92,655	78,155
Amounts due from Irish Rule of Law International	-	7,449
Deferred finance costs	-	49,186
Corporation tax	27,985	46,622
VAT	95,533	69,278
	<u>2,743,835</u>	<u>1,629,208</u>
Society		
Amounts falling due within one year:		
Debtors and prepayments	1,299,007	1,162,385
Amounts due from Law Society Compensation Fund	1,162,916	136,445
Amounts due from Law Society of Ireland Scholarship Fund	92,655	78,155
Amounts due to Irish Rule of Law International	-	7,449
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	87,465	116,377
- Friary Property Services Limited	-	77,399
- Benburb Street Property Company Limited	5,010,000	5,010,000
- Ellis Quay Property Services Limited	77,309	77,309
Deferred finance costs	-	49,186
Corporation taxation	27,985	45,940
VAT	85,909	-
	<u>7,843,246</u>	<u>6,760,645</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

15. CREDITORS	2012	2011
	€	€
Group		
Amounts falling due within one year		
Bank overdrafts	3,838	-
Creditors and accruals	2,416,249	2,469,198
Amounts due to Solicitors' Mutual Defence Fund	1,716,607	-
Deferred income*	1,890,981	1,751,821
PAYE / PRSI	446,271	498,804
VAT	-	40,415
Finance lease	68,327	91,103
Onerous lease provision	750,000	-
	<u>7,292,273</u>	<u>4,851,341</u>
	<u><u>7,292,273</u></u>	<u><u>4,851,341</u></u>
Society		
Amounts falling due within one year		
Creditors and accruals	2,355,230	2,357,737
Solicitors' Mutual Defence Fund	1,716,607	-
Deferred income*	1,890,981	1,751,821
Amounts due to subsidiary undertakings:		
- The Law Club of Ireland	87,054	88,104
PAYE / PRSI	446,271	498,804
VAT	-	40,415
Finance lease	68,327	91,103
Onerous lease provision	750,000	-
	<u>7,314,470</u>	<u>4,827,984</u>
	<u><u>7,314,470</u></u>	<u><u>4,827,984</u></u>

*Deferred income represents fees for the 2013 financial year received in the year to 31 December 2012.

Group and Society	2012	2011
	€	€
Amounts falling due after more than one year:		
- Due within 2 to 5 years – Finance Lease	-	68,327
- Due within 2 to 5 years – Bond Funding Scheme	113,765	116,178
- Due within 2 to 5 years – Education Centre	7,216,087	7,216,087
	<u>7,329,852</u>	<u>7,400,592</u>
	<u><u>7,329,852</u></u>	<u><u>7,400,592</u></u>

The Bonds of €113,765, which are interest free, are redeemable at the request of the bond holders and are subject to a prize fund draw.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

16. ACCUMULATED RESERVES

Group	Society		Law School	Education	Litigation	Capital	Capital
	Total	Accumulated	Accumulated	Centre		Expenditure	Reserve
	€	Reserves	Reserves	Fund	Fund	Fund	Fund
	€	€	€	€	€	€	€
Balance at 1/1/2012	22,330,423	(4,177,264)	3,890,760	7,109,534	1,796,491	2,196,883	11,514,019
Surplus/(deficit) for year	2,239,019	340,047	(645,899)	300,580	283,911	-	1,960,380
Transfers	-	288,843	-	-	(288,843)	-	-
Balance at 31/12/2012	24,569,442	(3,548,374)	3,244,861	7,410,114	1,791,559	2,196,883	13,474,399

Society	Society		Law School	Education	Litigation	Capital	Capital
	Total	Accumulated	Accumulated	Centre		Expenditure	Reserve
	€	Reserves	Reserves	Fund	Fund	Fund	Fund
	€	€	€	€	€	€	€
Balance at 1/1/2012	22,245,820	(4,276,980)	3,905,873	7,109,534	1,796,491	2,196,883	11,514,019
Surplus/(deficit) for year	2,236,045	337,073	(645,899)	300,580	283,911	-	1,960,380
Transfers	-	288,843	-	-	(288,843)	-	-
Balance at 31/12/2012	24,481,865	(3,651,064)	3,259,974	7,410,114	1,791,559	2,196,883	13,474,399

Group and Society

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

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

	Total	General	Education	Education	Litigation	Capital	Other
	€	Activities	Activities	Centre	Fund	Reserve	
	€	€	€	Fund	€	Fund	€
	€	€	€	€	€	€	€
Surplus before tax (note 4 & 5)	3,658,463	2,836,755	821,708	-	-	-	-
Deficit before tax (note 7)	(618,263)	-	-	-	-	-	(618,263)
Sundry income	63,128	63,128	-	-	-	-	-
Exceptional item (Note 8)	(750,000)	-	(750,000)	-	-	-	-
Restructuring (Note 3)	(114,906)	-	(112,715)	-	-	-	(2,191)
Taxation (note 9)	597	29,932	(29,335)	-	-	-	-
Surplus/(deficit) after tax	2,239,019	2,929,815	(70,342)	-	-	-	(620,454)
Income allocated to specific fund	-	(2,544,871)	-	300,580	283,911	1,960,380	-
Inter group trading	-	(44,897)	(575,557)	-	-	-	620,454
Surplus per group accumulated reserves	2,239,019	340,047	(645,899)	300,580	283,911	1,960,380	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)17. RECONCILIATION OF SURPLUS BEFORE TAXATION
TO NET CASH INFLOW FROM
OPERATING ACTIVITIES

	2012 €	2011 €
Surplus before taxation	2,238,422	452,619
Depreciation charge	1,064,004	1,221,838
Interest received	(529,298)	(365,127)
Exceptional item	-	2,000,000
(Gain)/loss on investments	(205,330)	171,925
Loss on disposal of fixed assets	3,809	-
Increase in stock	(8,114)	(6,957)
(Increase)/decrease in debtors	(1,141,264)	488,221
Increase in creditors including finance leases	2,366,354	22,429
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,788,583	3,984,948

18. (a) ANALYSIS OF NET DEBT

	At 1/1/2012 €	Cash flow €	At 31/12/2012 €
Cash and bank balances	9,649,949	3,944,480	13,594,429
Bank overdrafts	-	(3,838)	(3,838)
	<u>9,649,949</u>	<u>3,940,642</u>	<u>13,590,591</u>
Debt due after one year	(7,332,265)	2,413	(7,329,852)
	<u>2,317,684</u>	<u>3,943,055</u>	<u>6,260,739</u>

(b) ANALYSIS OF CHANGES IN NET DEBT

	2012 €	2011 €
Net debt at 1 January	2,317,684	(867)
Increase in cash during the year	3,944,480	2,315,733
(Increase)/decrease in bank overdrafts during the year	(3,838)	2,818
Decrease in debt after more than one year	2,413	-
NET DEBT AT 31 DECEMBER	6,260,739	2,317,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**19. RELATED PARTY TRANSACTIONS****Law Society Compensation Fund**

	€
Opening balance	136,445
Charges	4,181,342
Receipts	(3,154,871)
Closing balance	1,162,916

Law Society of Ireland Scholarship Fund

	€
Opening balance	78,155
Charges	14,500
Closing balance	92,655

Irish Rule of Law International

	€
Opening balance	7,449
Receipts	(7,449)
Closing balance	-

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

20. PENSIONS

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

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2009. 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 6% per annum pre retirement and 5% per annum post retirement, that future salary increases would average 4.5% per annum, and that pensions in payment will increase at 2.5% per annum on average. In effect, this means that the investment return pre retirement would be 1.5% higher per annum than future salary increases and the investment return post retirement would be 2.5% higher per annum than pension increases.

The Trustees 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 2012. Members of the Scheme who wish to be considered for this indexation pay a higher contribution rate of 8% of pensionable salary.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

20. PENSIONS (CONTINUED)

The last actuarial valuation was at 31 December 2009 and it indicated that the market value of the assets of the scheme was €12,700,000 and that the assets were sufficient to cover 73% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be increased to 25% of pensionable salaries and the recommendation was implemented in 2010. 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.

The actuary carries out an annual update of the Minimum Funding Standard position of the Scheme. The Scheme met the Minimum Funding Standard at 31 December 2012.

An actuarial valuation of the Scheme as at 31 December 2012 is currently in progress.

The preliminary results indicate that the funding level has improved to approximately 95% at 31 December 2012 (from 73% at 31 December 2009) with an emerging society contribution rate of approximately 20% of pensionable salaries. The Society and Trustees will be reviewing the preliminary results with the actuary before they will be finalised in a valuation report.

The pension charge for the year was €1,141,986 (2011: €1,153,344).

21. SUBSIDIARY AND RELATED UNDERTAKINGS

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

Subsidiary undertakings:

- Benburb Street Property Company Limited
- Ellis Quay Property Services Limited
- Law Club of Ireland*

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

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

Related undertakings:

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

22. CAPITAL COMMITMENTS

2012
€

2011
€

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

Contracted for	-	-
Not contracted for	754,725	69,300
	<u>754,725</u>	<u>69,300</u>

23. CONTINGENT LIABILITIES

The Society is from time to time, a party to legal proceedings and claims, which arise in the ordinary course of its activities. The Finance Committee is satisfied that there are no additional claims that require provision by the Society at 31 December 2012. Legal costs incurred by the Society to 31 December 2012, in connection with these matters, have been charged in the Income and Expenditure Account.

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

for the year ended 31 December 2012

LAW SOCIETY OF IRELAND COMPENSATION FUND

RESPONSIBILITIES OF THE REGULATION OF PRACTICE COMMITTEE

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

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

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

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

We have audited the financial statements of the Law Society of Ireland Compensation Fund for the year ended 31 December 2012 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

Respective responsibilities of the Regulation of Practice Committee and auditors

As explained more fully in the Statement of Responsibilities, the Regulation of Practice Committee is responsible for the preparation of the financial statements that give a true and fair view of the results and state of affairs of the Compensation Fund. Our responsibility, is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements give a true and fair view of the state of affairs of the Compensation Fund as at 31 December 2012 and of its result for the year then ended.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Regulation of Practice Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements for the year ended 31 December 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Compensation Fund as at 31 December 2012 and of its surplus for the year then ended.

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

16 May 2013

LAW SOCIETY OF IRELAND COMPENSATION FUND

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

ACCOUNTING CONVENTION

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

REVENUE RECOGNITION

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

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

INVESTMENTS

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

CLAIMS

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

TAXATION

Taxation is provided on taxable results at current rates.

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

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

PENSION COSTS

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
INCOME			
Contributions receivable		5,951,115	5,830,102
Income and returns on investments	4	375,576	165,718
Recoveries from defaulting solicitors	5	1,962,679	214,271
Disciplinary fines and investigation levies		98,625	110,750
Insurance recovery	5	1,244,515	208,580
		<u>9,632,510</u>	<u>6,529,421</u>
EXPENDITURE			
Provision for claims	5	3,583,297	1,931,016
Loss on sale of investments	4	-	289,209
Insurance		932,587	996,078
Costs allocated from the Law Society of Ireland		1,321,492	1,291,712
Investigation and support staff salaries and expenses		2,216,455	2,222,012
Practice closure expenses		635,860	587,512
Legal and professional fees		210,002	138,085
Miscellaneous expenses		18,555	14,928
		<u>8,918,248</u>	<u>7,470,552</u>
SURPLUS/(DEFICIT) BEFORE TAXATION	6	<u>714,262</u>	<u>(941,131)</u>
Taxation	7	(33,324)	(56,921)
SURPLUS/(DEFICIT) AFTER TAXATION	12	<u><u>680,938</u></u>	<u><u>(998,052)</u></u>

All recognised gains and losses arose from continuing activities.

The financial statements were approved by the Regulation of Practice Committee on 16 May 2013 and signed on its behalf by:

Martin Lawlor
Chairman of the
Regulation of Practice Committee

James McCourt
President of
Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	2012 €	2011 €
Retained surplus/(deficit) for the financial year		680,938	(998,052)
Movement in unrealised surplus arising on revaluation of investments	<i>13</i>	2,551,259	366,918
		<hr/>	<hr/>
Total recognised gains/(losses) for the year		3,232,197	(631,134)
		<hr/> <hr/>	<hr/> <hr/>

LAW SOCIETY OF IRELAND COMPENSATION FUND

BALANCE SHEET AS AT 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
FIXED ASSETS			
Financial assets	8	21,067,714	18,100,323
CURRENT ASSETS			
Debtors	9	1,341,915	91,512
Cash at bank and in hand		75,195	332,884
		1,417,110	424,396
CREDITORS: (Amounts falling due within one year)	10	(2,874,227)	(1,411,756)
NET CURRENT LIABILITIES		(1,457,117)	(987,360)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,610,597	17,112,963
PROVISIONS FOR LIABILITIES AND CHARGES	11	(3,417,489)	(4,152,052)
NET ASSETS		16,193,108	12,960,911
REVENUE RESERVES			
	12	11,402,889	10,721,951
REVALUATION RESERVE	13	4,790,219	2,238,960
		16,193,108	12,960,911

The financial statements were approved by the Regulation of Practice Committee on 16 May 2013 and signed on its behalf by:

Martin Lawlor
Chairman of the
Regulation of Practice Committee

James McCourt
President of
Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	<i>Notes</i>	2012 €	2011 €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<i>14</i>	(180,980)	(2,099,311)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends and interest received		176,976	165,718
TAXATION			
Taxation paid		(36,153)	(42,446)
MANAGEMENT OF LIQUID RESOURCES			
Purchase of investments		(1,307,234)	(4,848,525)
Disposal of investments		1,089,702	6,814,076
		(217,532)	1,965,551
DECREASE IN CASH	<i>15</i>	(257,689)	(10,488)

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. GOING CONCERN

The Compensation Fund had a surplus before taxation for the year of €714,262 and had net current liabilities of €1,457,117 at the balance sheet date.

The Compensation Fund has however €21,067,714 of financial assets at its disposal that are readily convertible to cash. Therefore, the Regulation of Practice Committee considers it appropriate to prepare the financial statements on a going concern basis.

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

2. PRESENTATION OF FINANCIAL STATEMENTS

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

3. STAFF COSTS

	2012 €	2011 €
Salaries and wages	2,005,288	2,035,687
PRSI	220,481	207,560
Pension	304,557	301,523
Total	<u>2,530,326</u>	<u>2,544,770</u>

4. SURPLUS/(LOSS) ON SALE OF INVESTMENTS AND RETURNS ON INVESTMENTS

	2012 €	2011 €
Surplus/(loss) on sale of investments	198,600	(289,209)
Dividends and interest receivable	176,976	165,718
	<u>375,576</u>	<u>(123,491)</u>

5. NET COST OF CLAIMS AFTER RECOVERIES

	2012 €	2011 €
Provision for claims (note 11)	3,583,297	1,931,016
Recoveries from defaulting solicitors	(1,962,679)	(214,271)
Net cost of claims	<u>1,620,618</u>	<u>1,716,745</u>

The Compensation Fund has stop loss insurance policies in place which are subject to an excess of €5,000,000 in any year. No insurance recoveries apply in respect of the 2012 or 2011 claim years.

In 2008, the net cost of claims exceeded €5,000,000 and the excess was claimable under the stop loss policies. Claims have been made in accordance with the policies and in 2012 €1,244,515 (2011: €208,580) was recovered. The Regulation of Practice Committee has estimated the maximum recoveries remaining at €50,000. The precise amount and timing of such recoveries are uncertain, however, it is estimated that there will be a claim recoverable from the insurers in 2013 for this amount.

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

6. SURPLUS/(DEFICIT) BEFORE TAXATION	2012	2011
	€	€
The surplus/(deficit) before taxation is stated after charging:		
Auditor's remuneration	4,800	4,800
	<u><u> </u></u>	<u><u> </u></u>

7. TAXATION

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

	2012	2011
	€	€
Income tax	33,324	50,340
Adjustment in respect of prior years	-	6,781
	<u><u>33,324</u></u>	<u><u>57,121</u></u>
Deferred tax credit	-	(200)
	<u><u>33,324</u></u>	<u><u>56,921</u></u>

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

	2012	2011
	€	€
Surplus/(deficit) before taxation	714,262	(941,131)
	<u> </u>	<u> </u>
Surplus/(deficit) multiplied by standard rate of income tax of 20%	142,852	(188,226)
Effects of:		
Income not subject to taxation	(1,959,826)	(1,369,786)
Expenses not deductible for tax purposes	1,783,650	1,494,110
Adjustment in respect of prior years	-	6,781
	<u><u>33,324</u></u>	<u><u>57,121</u></u>

8. FINANCIAL ASSETS

	2012	2011
	€	€
Listed investments – at market value		
Market value at end of year	21,067,714	18,100,323
	<u><u> </u></u>	<u><u> </u></u>

At 31 December 2012, the market value of investments exceeded cost by €4,790,219 (2011: €2,238,960)

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

9. DEBTORS: (Amounts falling due within one year)	2012	2011
	€	€
Other debtors	94,490	91,431
Corporation tax recoverable	2,910	81
Insurance recovery receivable	1,244,515	-
	<u>1,341,915</u>	<u>91,512</u>
	<u><u>1,341,915</u></u>	<u><u>91,512</u></u>
10. CREDITORS: (Amounts falling due within one year)	2012	2011
	€	€
Accruals and other creditors	277,969	223,722
Solicitors funds held	1,437,469	1,056,824
Amounts due to the Law Society of Ireland	1,158,789	131,210
	<u>2,874,227</u>	<u>1,411,756</u>
	<u><u>2,874,227</u></u>	<u><u>1,411,756</u></u>
11. PROVISIONS FOR LIABILITIES AND CHARGES	2012	2011
	€	€
Provision for claims:		
At beginning of year	4,134,958	5,902,826
Provision made	3,583,297	1,931,016
Claims paid	(4,317,860)	(3,698,884)
At end of year	<u>3,400,395</u>	<u>4,134,958</u>
	<u><u>3,400,395</u></u>	<u><u>4,134,958</u></u>
Deferred tax:		
At beginning of year	17,094	17,294
Credit for the year	-	(200)
At end of year	<u>17,094</u>	<u>17,094</u>
	<u><u>17,094</u></u>	<u><u>17,094</u></u>
At end of year	<u>3,417,489</u>	<u>4,152,052</u>
	<u><u>3,417,489</u></u>	<u><u>4,152,052</u></u>
The entire deferred tax provision at 31 December 2012 and 2011 related to investment income, which is not taxed until received.		
12. RECONCILIATION OF REVENUE RESERVES	2012	2011
	€	€
Accumulated surplus at beginning of year	10,721,951	11,720,003
Surplus/(deficit) for year	680,938	(998,052)
Accumulated surplus at end of year	<u>11,402,889</u>	<u>10,721,951</u>
	<u><u>11,402,889</u></u>	<u><u>10,721,951</u></u>

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

13. REVALUATION RESERVE		2012	2011
		€	€
Unrealised surplus on investments:			
At beginning of year		2,238,960	1,872,042
Movement during year		2,551,259	366,918
At end of year		<u>4,790,219</u>	<u>2,238,960</u>
14. RECONCILIATION OF SURPLUS/(DEFICIT) BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		2012	2011
		€	€
Surplus/(deficit) before taxation		714,262	(941,131)
Dividends/interest received		(176,976)	(165,718)
(Surplus)/loss on disposal of investments		(198,600)	289,209
(Increase)/decrease in debtors		(1,247,574)	22,282
Increase/(decrease) in creditors		727,908	(1,303,953)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(180,980)</u>	<u>(2,099,311)</u>
15. (a) ANALYSIS OF CHANGES IN NET FUNDS		2012	2011
		€	€
Decrease in cash during the year		(257,689)	(10,488)
Net funds at 1 January		332,884	343,372
Net funds at 31 December		<u>75,195</u>	<u>332,884</u>
(b) ANALYSIS OF NET FUNDS			
	At	Cash flow	At
	1/1/2012	€	31/12/2012
	€	€	€
Cash and bank balances	332,884	(257,689)	75,195
	<u>332,884</u>	<u>(257,689)</u>	<u>75,195</u>

16. RELATED PARTY TRANSACTIONS

During the year the expenditure of the Compensation Fund included expenses and payroll costs totalling €4,118,838 (2011: €4,032,331), which were recharged to it by the Law Society of Ireland. The amount due to the Law Society of Ireland at the year end is shown at note 10.

17. CONTINGENT ASSET

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

18. PENSIONS

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

The scheme provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2009. 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 6% per annum pre retirement and 5% per annum post retirement, that future salary increases would average 4.5% per annum, and that pensions in payment will increase at 2.5% per annum on average. In effect, this means that the investment return pre retirement would be 1.5% higher per annum than future salary increases and the investment return post retirement would be 2.5% higher per annum than pension increases.

The Trustees 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 2012. Members of the Scheme who wish to be considered for this indexation pay a higher contribution rate of 8% of pensionable salary.

The last actuarial valuation was at 31 December 2009 and it indicated that the market value of the assets of the scheme was €12,700,000 and that the assets were sufficient to cover 73% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be increased to 25% of pensionable salaries and the recommendation was implemented in 2010. 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.

The actuary carries out an annual update of the Minimum Funding Standard position of the Scheme. The Scheme met the Minimum Funding Standard at 31 December 2012.

An actuarial valuation of the Scheme as at 31 December 2012 is currently in progress.

The preliminary results indicate that the funding level has improved to approximately 95% at 31 December 2012 (from 73% at 31 December 2009) with an emerging society contribution rate of approximately 20% of pensionable salaries. The Society and Trustees will be reviewing the preliminary results with the actuary before they will be finalised in a valuation report.

The pension charge for the Compensation Fund for the year was €304,557 (2011: €301,523).