



LAW SOCIETY
OF IRELAND

ANNUAL REPORT AND ACCOUNTS

2015/2016

www.lawsociety.ie

1873

John H. Hancock

1874

William Henry Brewster
Leicester, Mass. Dec 1st
Boston, Mass. Dec 1st
Boston, Mass. Dec 1st
Boston, Mass. Dec 1st

1875

Trinity Sittler

December
The Court of Examiners
of the Five Presidents of
Newmerton
Huron



ANNUAL REPORT AND ACCOUNTS

2015/2016



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REPORT OF THE PRESIDENT

On 29 December last, we finally saw the *Legal Services Regulation Act 2015* signed into law. Since the introduction of the 2011 bill – flawed, rushed, and unworkable in many respects – we engaged with the Department of Justice to help make the new legislation workable and sensible. The Law Society endorses the new, independent model of regulation that, when fully commenced, the act will introduce.

An important part of the new landscape will be the introduction of limited liability partnerships for solicitors' firms, which was a hard-won step towards the modernisation of business models for firms.

The Minister for Justice has commenced parts 1 and 2 of the act, but we still await the commencement of the remainder. The minister announced 1 October as the establishment date of the new Legal Services Regulatory Authority, although the commencement dates for certain pertinent sections of the act that will impact on the working

“The Law Society endorses the new, independent model of regulation that, when fully commenced, the act will introduce”

of the authority have yet to be announced. How this will work in practice has yet to be determined.

The Society's *Legal Services Regulation Act* Task Force will inform practitioners of the relevant provisions of the new act as each new part is commenced.

Robust defence

The debate surrounding the recent astronomical increases in the costs of motor insurance has been dominating headlines. The Law Society has been to the fore. We have robustly countered the insurance industry's baseless claims in the national media and will continue to do so. It is important that the voice of accident victims, and their right to representation, is heard.

The fallout from the liquidation of Setanta Insurance, and the recent withdrawal of Enterprise Insurance, remains a concern for policyholders, victims of accidents involving policyholders, and the profession. In the case of Enterprise Insurance, we have issued guidance to colleagues on how to deal with a claim involving the withdrawn insurer. In the Setanta case, we await the outcome of the Supreme Court proceedings and will keep members closely informed.

Face-to-face meetings

Meeting colleagues and being made welcome by so many of the bar associations has been a real pleasure during my term in office, and I attended numerous meetings around the country





over the course of the year. I believe that it's important to meet with colleagues face-to-face, as often as possible. It's always enlightening to hear about the issues and topics of interest in local areas and to receive feedback from our valued members. It was equally enlightening, too, to meet with members of large law firms and get their feedback.

The success of the Law Society Skillnet cluster events continues. I was delighted to attend a number of them, including Dublin, Limerick, Donegal and Kerry. They are superb opportunities to earn valuable CPD points with programmes specifically tailored to local needs. The networking aspects and general collegiality are equally as important.

I would like to give particular

“We have robustly countered the insurance industry’s baseless claims in the national media and will continue to do so”

mention to one of the most enjoyable duties of the president – presiding over parchment ceremonies. Once again, I extend a very warm welcome to the newest members of the profession and wish them every success in their careers.

Law in sport

One of the highlights of my term was bringing the annual conference to my home county of Cork. The magnificent Fota

Island Resort provided the backdrop to what was a very successful event, featuring the best line-up of speakers that I can remember at such an event, not to mention the very positive online and printed publicity that it generated.

The theme ‘Law in sport – sport in law’ provided a rich variety of topics for our superb speakers, including Eddie Evans, Judy Khan QC, Valerie Mulcahy, Julie O’Mahony, Sonia O’Sullivan and David Walsh. It was a pleasure to welcome them to the conference and to hear them share their fascinating insights.

Huge credit goes to Attracta O’Regan, Michelle Nolan, and the Law Society Skillnet team, as well as to director of representation and member services Teri Kelly and her team, Kathy McKenna and Sarah



BLACKHALL PLACE WELCOMES THREE AMBASSADORS

The Law Society was honoured by the visit of three ambassadors to Blackhall Place on 25 February 2016. (*Front, l to r*): Mr Kevin Vickers (Canadian Ambassador to Ireland), Mr Kevin O’Malley (US Ambassador to Ireland), Simon Murphy (president of the Law Society), Mr Dominick Chilcott (British Ambassador to Ireland) and Mr Justice Michael Peart; (*back, l to r*): Michele O’Boyle (junior vice-president), Paul Keane (Council member), Teri Kelly (director of representation and member services), Judge Brian O’Callaghan, Kevin O’Higgins (past-president), Stuart Gilhooly (senior vice-president), Mary Keane (deputy director general), James McCourt (past-president), Ken Murphy (director general) and Mr Justice Michael Twomey



BAR ASSOCIATIONS GATHER TO LEARN ABOUT LSRA CHANGES

The presidents and secretaries of bar associations around the country were invited by the Law Society to Blackhall Place on 8 March for a briefing on the *Legal Services Regulation Act 2015*, which was signed into law on 22 January 2016, but had not yet commenced. In addition, an update was provided on the Setanta case. Chaired by Simon Murphy, the session addressed various aspects of the new legislation. The president pointed out that the bar associations would play a key role in explaining the impact of the new legislation to practitioners. The presidents and secretaries are seen here with President Murphy, senior vice-president Stuart Gilhooly, members of the Law Society’s LSRA Task Force who spoke at the event, and director general Ken Murphy

Carroll. It was a great joy to work with such professionals during those marvellous few days – and indeed other successful projects throughout my year.

Finally, the massive support I received from my colleagues in the Southern Law Association, who attended and enjoyed the conference in such large numbers, was indeed humbling.

Distinguished educator
A huge source of pride and honour for the Law Society was the recognition by Apple earlier this year of the Education Centre’s use of technology – specifically iPads – in educating the solicitors of the future. The Apple Distinguished Educator Programme 2015-2017 Award is available to outstanding schools and programmes worldwide that are centres of innovation, leadership and educational excellence. The Law Society is the first professional educator

in Europe to receive the accreditation.

It’s hard to believe that my term in office is coming to a close. I feel very fortunate to have represented the profession and the Society in a variety of ways and places since taking office.

I couldn’t have done it without the tremendous support I

received all year from director general Ken Murphy, deputy director general Mary Keane, senior vice-president Stuart Gilhooly and junior vice-president Michele O’Boyle, the members of Council and the committees, and last, but certainly not least, the wonderful staff at the Law Society. My heartfelt thanks to all.

**SIMON MURPHY,
PRESIDENT**

“A huge source of pride and honour for the Law Society was the recognition by Apple earlier this year of the Education Centre’s use of technology in educating the solicitors of the future”

COUNCIL OF THE LAW SOCIETY





COUNCIL OF THE LAW SOCIETY FOR THE YEAR ENDING 4 NOVEMBER 2016

PRESIDENT: Simon Murphy
SENIOR VICE-PRESIDENT: Stuart Gilhooly
JUNIOR VICE-PRESIDENT: Michele O'Boyle

COUNCIL MEMBERS: William Aylmer, Bernadette Cahill, James Cahill, Christopher Callan, Justine Carty, Maura Derivan, Patrick Dorgan, Paul Egan, Alan Gannon, John Glynn, Eamon Harrington, Paul Keane, Liam A Kennedy, Martin G Lawlor, Barry MacCarthy, Sonia McEntee, Aisling Meehan, Michelle Ní Longáin, Daniel O'Connor, Kevin O'Higgins, Deirdre O'Sullivan, Valerie Peart, Michael Quinlan, Claire Ryan, Adrian Shanley, Catherine Tarrant, Brendan J Twomey, Keith Walsh

PAST-PRESIDENTS: James McCourt, Moya Quinlan, John P Shaw

PROVINCIAL DELEGATES: Martin Crotty (Leinster), Richard Hammond (Munster), Garry Clarke (Ulster), David Higgins (Connaught)

DUBLIN SOLICITORS' BAR ASSOCIATION REPRESENTATIVES: Aaron McKenna, Greg Ryan, Robert Ryan

SOUTHERN LAW ASSOCIATION REPRESENTATIVES: Terence O'Sullivan, Mary C Keane, Don Murphy, Shane McCarthy, Peter Groarke

LAW SOCIETY OF NORTHERN IRELAND REPRESENTATIVES: John Guerin, Arleen Elliott, Ian Huddleston, Richard Palmer, Michael Robinson



REPORT OF THE DIRECTOR GENERAL

It is usual for me to say in my reports each year that the *Annual Report*, substantial though it is, can only represent a fraction of the work carried out each year by the Council, committees and staff of the Law Society. It is simply impossible to distil the past year's activities and key issues into a few short paragraphs. However, I will take this opportunity to highlight some of the most prominent issues and news stories.

In the 2011/12 *Annual Report*, I noted that it had been "the year of the bill". We did not know, at that point, that it would be December 2015 – some four years and two months – before the *Legal Services Regulation Bill* would become an act.

I also wrote that "the Society's powers of patient, reasoned persuasion will deserve (but probably not receive) some credit" for the transformation – for the

"We have not let these claims go unchallenged and will continue to ensure that the voices of the profession and the innocent road-accident victims are heard above these falsehoods"

better – that the bill underwent in the intervening years. How correct this proved to be!

Far from 'caving in' to the Society's lobbying efforts, as some of the headlines would lead one to believe, the ministers listened to the views of those at the heart of the legal profession. What we have now is a workable, sensible piece

of legislation that, in the words of Minister Frances Fitzgerald, "is a working recipe for the coexistence of the old and the new, which can ensure our legal services sector does not end up at a permanent competitive disadvantage, and provide people who use legal services with better and more competitive choice".

New model

As Law Society President Simon Murphy notes in his report, the Society endorses the new model of regulation, having engaged very positively and extensively with the successive Ministers for Justice and their officials, in the interests of the public and the profession. The full text of the act can be found in the *Irish Statute Book* online.

The Society has strongly represented and defended the profession in the face of the relentless propaganda campaign >



KERRY CLUSTER KICKS OFF AUTUMN SERIES

The autumn 2016 programme of Skillnet cluster events got off to an encouraging start on 8 September in Tralee, Co Kerry. Law Society President Simon Murphy chaired the seminar, which was designed and presented in collaboration with the Kerry Law Society.

Over 100 solicitors attended from all over Kerry. They were updated on a diverse range of topics, including a general overview and impact of the *Legal Services Regulation Act*, the pitfalls and practicalities of the *Companies Act 2014*, the *Children and Family Relationships Act*, data protection and ADR updates for practitioners, and an overview of agrifood law.

The seminar was just one of a series of similar national events taking place throughout 2016



PRIME TIME'S MIRIAM SHARES HER SOLICITOR STORIES

RTÉ *Prime Time* presenter and broadcaster Miriam O'Callaghan (who is a qualified solicitor) was the guest speaker at the Law Society's parchment ceremony for newly qualified solicitors on 28 April 2016. Attending the dinner held in her honour were (front, l to r): Miriam O'Callaghan, Simon Murphy (Law Society President) and Mr Justice Kevin Cross. (Back, l to r): Geraldine Clarke (past-president), Judge Gerard F Griffin (past-president), Teri Kelly (director, representation and members services), Stuart Gilhooly (senior vice-president), James MacGuill (past-president), Mary Keane (deputy director general), Kevin O'Higgins (past-president) and Ken Murphy (director general)

from the insurance industry, which has sought to blame legal costs and court awards for the recent massive increases in motor insurance premiums.

These false claims, which survive no serious scrutiny, are an attempt to deflect attention from the fact that insurers engaged in reckless practices over the years – slashing premiums, undercharging, and under-reserving. Having driven competitors from the market, insurance firms are now burdening motorists with astonishing premiums.

We have not let these claims go unchallenged and will continue to ensure that the voices of the profession and the innocent road-accident victims are heard above these falsehoods, as discussed in the *eBulletin* from the president on 15 September. There you will find links to various media reports and our contribution to the Oireachtas committee debate.

Deep reverberations
The unprecedented decision of the British public to leave the European Union has had deep reverberations throughout the EU, and indeed the world. It has also made its presence felt here at the Law Society, with 472 solicitors

from England and Wales being admitted to the Roll of Solicitors to date in 2016 – compared with an average of 50 to 100 in a given year previously. We currently receive around ten queries every day regarding further admissions. This topic has kept our press office very busy since the referendum. The international media's interest in the knock-on effects, and what will happen into the future, has been huge.

We have been told that this is simply contingency planning and that the firms concerned do not intend to establish offices in Ireland. The majority of solicitors that are transferring are from large London-headquartered firms, including a number of the so-called 'Magic Circle' firms. Many of the transferring solicitors

specialise in EU and competition law.

While we now know that the article 50 process will be triggered next year, no one as yet knows whether Brexit, in general terms, will be soft or hard, slow or fast. Nor does anyone know for sure how this shift will affect the British legal market. Uncertainty is likely to reign for a long time yet.

It was an absolute pleasure for me and everyone else to work closely with this year's president, Simon Murphy. His natural warmth, grounded personality, sound judgement and easy manner with everyone, together with his skills as a public speaker, were very valuable assets to the solicitors' profession this year.

Finally, my thanks as always to the hard-working Council and committee members, who give so generously of their time, and to the staff of the Society for their work over the past year.

**KEN MURPHY,
DIRECTOR GENERAL**

“While we now know that the article 50 process will be triggered next year, no one as yet knows whether Brexit, in general terms, will be soft or hard, slow or fast”



PARCHMENT
CEREMONIES
2016





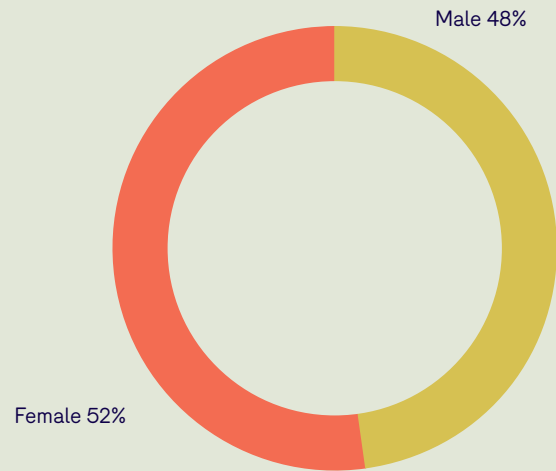
A total of seven parchment ceremonies were held in 2016, with 356 trainees being added to the Roll (up to October 2016)

(All photos: Jason Clarke Photography)

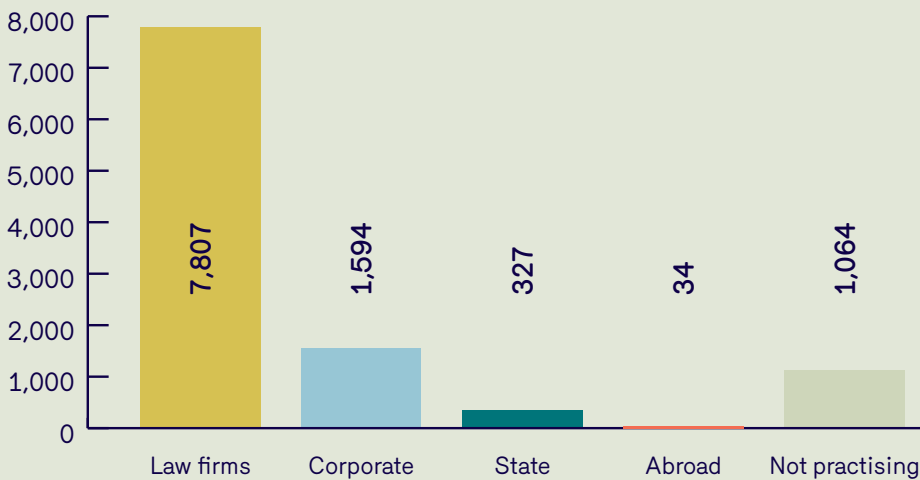
FACTS ABOUT THE PROFESSION

GENDER BALANCE (MEMBERS)

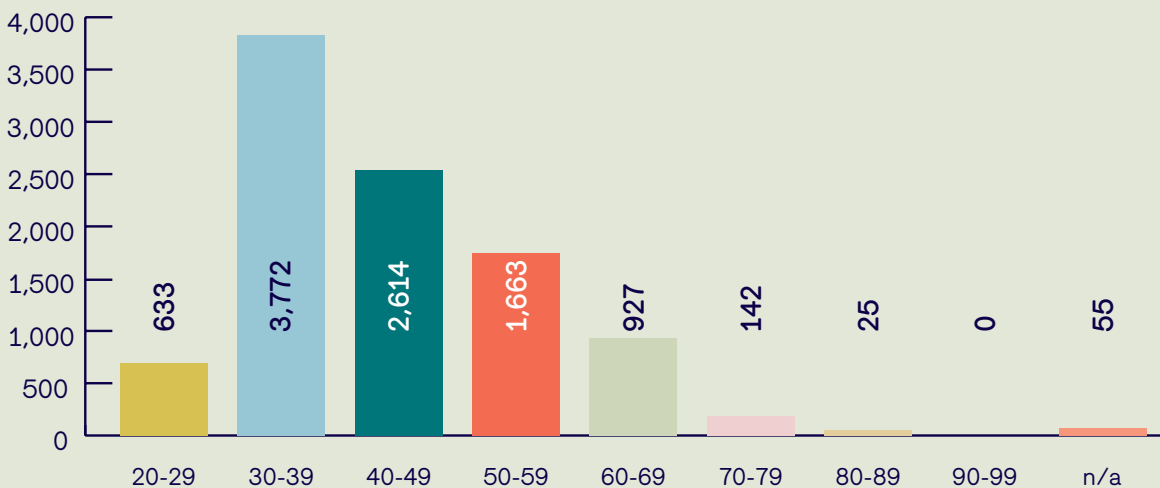
Male	5,244	48%
Female	5,582	52%
Total	10,826	



PRACTISING STATUS



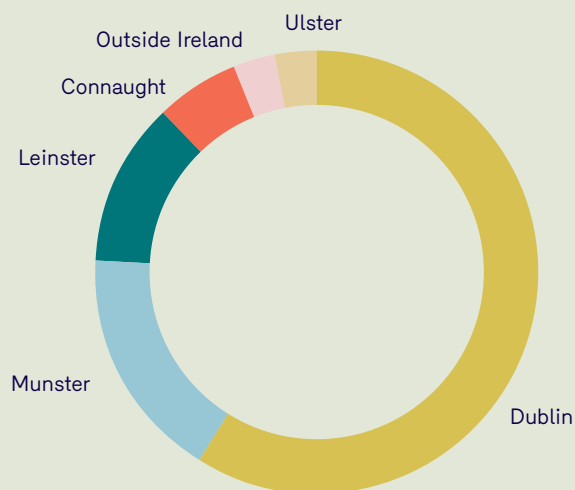
AGE PROFILE OF PRACTISING CERTIFICATE HOLDERS



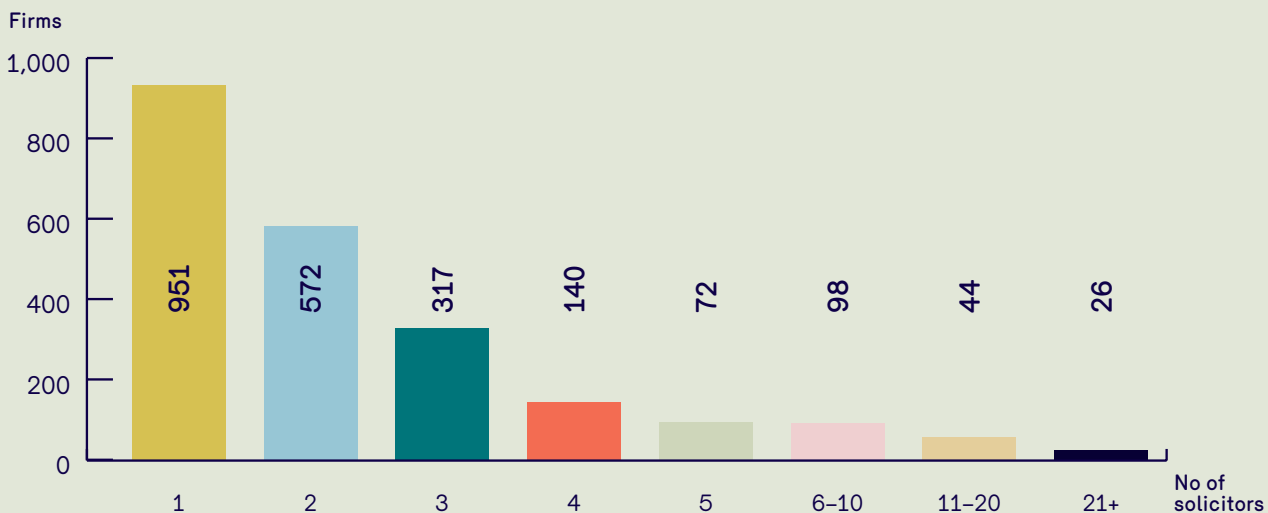
FACTS ABOUT THE PROFESSION

WHERE ARE WE IN PRACTICE?

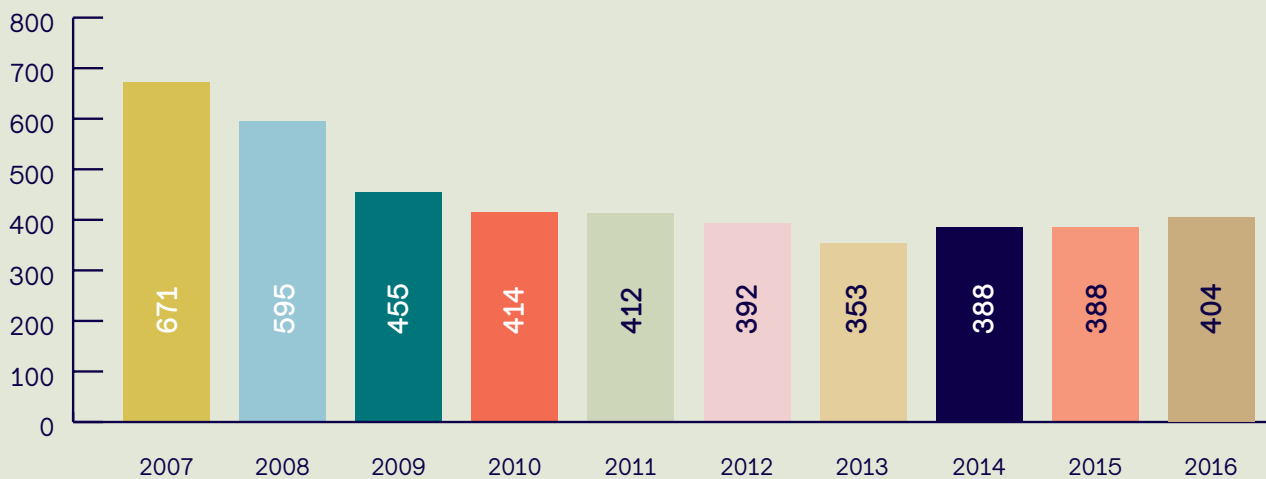
Dublin	6,358
Munster	1,829
Leinster	1,201
Connaught	692
Outside Ireland	395
Ulster	350
Total	10,825



FIRMS BY NUMBER OF SOLICITORS



PPC1 INTAKE



REPORTS OF THE DEPARTMENT DIRECTORS



POLICY AND PUBLIC AFFAIRS DEPARTMENT

MARY KEANE,
DEPUTY DIRECTOR GENERAL



Preparations for the Financial Action Task Force (FATF) evaluation of Ireland in November 2016 were a substantial feature of the agenda for the Policy and Public Affairs Department during the year.

FATF is an intergovernmental body charged with setting standards and promoting measures to combat money-laundering and terrorist financing on a global basis. Ireland is one of the 36 member countries of FATF. As part of its remit, FATF publishes mutual evaluation reports on different countries, focusing on compliance with FATF standards and the effectiveness of national systems. Solicitors, as designated bodies for AML purposes, and the Society, as their regulatory body, will be evaluated by FATF in November 2016 on the effectiveness of the Irish regime in identifying risks and preventing legal services from being used as a vehicle for money laundering or terrorist financing.

The terrorist attacks in Europe and the 'Panama Papers' exposé have resulted in an increased focus on compliance and transparency issues internationally. The AML helpline for practitioners is a key support for our members. It attracted calls from 86 solicitors in respect of 150 issues in the past 12 months, with many more accessing the comprehensive web resource developed by the department to assist practitioners to understand and comply with their obligations.

Effective communications and engagement with stakeholders on issues affecting the profession and the public remains a core department activity. This is executed through the Society's committees and Council, supported by the PPA Department. In the 12 months to September 2016, a total of 23 formal submissions and proposals were made to Government, its departments and agencies. Parallel to these submissions, the Society continued to participate in a range of forums, meetings, and workshops with key partners in the justice environment, as well as attendance at Oireachtas committee hearings.

The department is conscious that statistical data is a key requirement for the delivery of relevant and effective initiatives. The results of the inaugural business and financial structure survey of managing partners were published in the *Gazette* during spring 2016 and provided a useful outline of the performance of firms across a range of categories, as well as examining sentiment for the year ahead. The second survey is planned for November 2016. The department also facilitated the RED C survey of the in-house and public sector, which concluded with a comprehensive report, workshop and recommendations that are now being acted upon.

Compliance with lobbying regulations falls within the department's responsibilities, and we have continued to reinforce

awareness of the reporting obligations through targeted communications, as well as a dedicated public affairs section for members at www.lawsociety.ie/publicaffairs. On a practical level in the public affairs arena, the department has provided research assistance to the Criminal Law Committee in its campaign for the restoration of rates paid to criminal legal aid practitioners, and we look forward to advancing that work in the coming months.

The department will continue to build on its policy, research, and public affairs function in the coming year, in support of the invaluable and voluntary input of Council and committee members.

86

solicitors contacted
the AML helpline

23

formal submissions
and proposals made to
Government



REPRESENTATION AND MEMBER SERVICES DEPARTMENT

TERI KELLY,
DIRECTOR OF
REPRESENTATION AND
MEMBER SERVICES

Building on the reputation of the solicitors' profession as trusted advisors is the key focus of the RMS Department. We continued to proactively promote and, where necessary, defend the solicitors' profession in the media, including educating the public that the solicitors' profession is not responsible for escalating insurance premiums, promoting the lowering of inheritance tax thresholds, and revealing the significant rise in the admission of British lawyers to the Irish Roll of Solicitors due to Brexit.

We took our PR campaign local, with promotion of the solicitors' profession in the regional media as part of the CPD cluster events in Mayo, Kerry, Clare, Monaghan, Limerick, Donegal, and Dublin. We also carried out a national public opinion survey to better understand public perceptions of the solicitors' profession and the Law Society.

Working closely with the PR Committee, we launched a new radio campaign – which, for the first time, is being supported by online advertisements. The campaign is in a testimonial-style and informs clients and future clients that when you need someone “in your corner” you should “talk to your solicitor”. The campaign will run across the year on RTE1, Newstalk, Today FM and regional stations.

For the year ended 31 July 2016, www.lawsociety.ie received 5.5 million views by 513,454

visitors, an increase of 7.5%. A mobile version of the website was launched in 2015, and there was an increase of 11% in visitors accessing the site via mobile last year. Our member *eZine* was also revamped with a new and improved mobile-friendly design.

In February, we launched Legal Vacancies, a new microsite dedicated to helping employers fill vacancies as well as job-seeking solicitors. The upgrade increased revenue for the Law Society, while members benefitted from a 50% discount on job ads. Since the launch, legallvacancies.ie has received over a million page views by 73,000 visitors – 33% of whom were on mobile.

Our social media channels have grown by 75% compared to the previous year, with 4,100 Twitter followers, 8,200 likes on our Law School Facebook page, and 3,700 followers on our LinkedIn company page. We launched Law Society Instagram in May.

The *Gazette* was shortlisted in four categories at the Irish Magazine Awards 2015, including magazine, cover, editor, and journalist of the year. Its digital edition is proving particularly popular with those members who enjoy using the magazine as a research tool, with 21,000 people currently visiting www.gazette.ie annually.

We continue to develop and market core library services. This year, *LawWatch* – our email bulletin with judgments, legislation and

journal articles – was sent weekly to all members, and the feedback has been exceptionally positive. We concluded a two-year project to conserve and digitise the institutional archive of the Law Society from 1841 on, including Roll books, Council minutes, and the *Gazette* 1907-1996. The library was named runner-up in the LexisNexis Library Awards for Best Legal Information Service in the non-commercial sector 2016.

Career Support has continued to assist solicitors facing career challenges, providing over 500 one-to-one consultations and over 100 CV reviews. We have increased communication of the benefits of membership, particularly the Retirement Trust Scheme, and we have refreshed the *Member Services Directory*.

75%

growth in social media channels

1m

page views since the launch of legallvacancies.ie

EDUCATION DEPARTMENT

TP KENNEDY,
DIRECTOR OF EDUCATION



The biggest phenomenon of 2016 has been the very large number of English and Northern Irish solicitors seeking admission in Ireland, both before and after the Brexit referendum. At time of writing, 493 English and Northern Irish solicitors have been added to the Roll – in a normal year, there are between 40 and 100 such applicants. Largely owing to this phenomenon, by the end of September, 875 new solicitors had been added to the Roll.

In September 2016, 405 trainees started the PPC1 – a 6% increase on 2015. This is the first time PPC1 numbers have exceeded 400 since 2011. In tandem, numbers sitting the FE1s have been significantly increasing. The Law School is currently planning to deal with these significant increases.

Trainee solicitors compete with distinction against their peers in other jurisdictions. Our International Environmental Moot Court Competition team reached the semi-finals of that competition, with Ruth Hughes being awarded a prize as second-best advocate. In the Jessup Moot, Christine Simpson received the third-best speaker award. Teams competed in various skills competitions, with a Law Society team reaching the semi-finals of the International Client Consultation Competition and Jacqueline O'Malley placing second as an individual mediator in the European Law Schools Mediation Tournament.

The Law Society has committed itself to upskilling trainees in the use of new technologies. Our work in this area was recognised by Apple, which conferred the status of distinguished programme to our PPC. We are the only professional education provider in Europe to receive this award. We were also delighted to host the EdTech conference in May, bringing together all those involved in higher education and technology in Ireland. Credit for these projects must go to Caroline Kennedy, our IT coordinator, and the wider educational and IT teams.

Over 850 participants attended 22 diploma and certificate courses during the last year. A free MOOC was provided on data protection, with over 2,700 participants from 30 countries. The first graduates from our inaugural Diploma in Law were conferred recently, and there has been an increase in applications for the next course. A pilot transition-year programme for secondary students was offered during the summer. This was so well received that it's now likely to become an annual event.

The LLM degree for solicitors, provided in collaboration with Northumbria University, has proved very popular, and two intakes of solicitors are working on their dissertations. We were delighted that the great work of the Diploma Centre was recognised by the Irish Law Awards, with the award of Best Service Provider to the Legal Profession.

Professional Training has seen a major increase in those attending, with approximately 4,500 participants this year. Regional cluster conferences have been held all over Ireland, in association with local bar associations, and many of these are being repeated. A number of new courses were offered, including an executive leadership masterclass and a range of personal as well as legal development courses.

During the year, we opened a moot court room and two new large teaching rooms in the Green Hall. One of the new teaching rooms was named in honour of Michael V O'Mahony, to recognise his long service in teaching in the Law School, membership of the Education Committee, and his critical involvement in drafting new rules and statutory instruments over many years.

875

new solicitors added
to the Roll

6%

increase in trainees in
2016 compared with 2015



REGULATION DEPARTMENT

JOHN ELLIOT,
REGISTRAR OF SOLICITORS
AND DIRECTOR OF
REGULATION

The Regulation Department looks forward to the opportunities and challenges that the new regulatory regime envisaged in the *Legal Services Regulation Act 2015* will produce. The department is a key participant in the Society's *Legal Services Regulation Act* Task Force, the remit of which includes communication with the profession on the new act. So far, this communication includes two *Gazette* articles providing an overview of the act (March 2016, p35) and about the new complaints and disciplinary system (April 2016, p42).

It is worth noting that, while regulation of the advertising of legal services will be vested in the Legal Services Regulation Authority, the *Legal Services Regulation Act 2015* recognises that restrictions on advertising are legitimate (including restricting advertising encouraging personal injury claims) and does not indicate any intention to change underlying public policy on advertising by solicitors.

Complaints about solicitors' undertakings are increasing again, but this can be attributed to delays on the part of some banks in bringing forward historic cases rather than indicating any new deterioration in standards in the profession.

Disciplinary case volumes remain high, with the Society making 130 applications to the Solicitors Disciplinary Tribunal in 2015. Since 1 August 2015, 11 solicitors

have been struck off the Roll of Solicitors.

There are 9,359 practising certificate holders in this jurisdiction, of which 4,803 are female (51%) and 4,556 are male (49%).

A strong focus has been placed on ensuring on-time practising certificate applications and enforcing the requirement to backdate late practising certificates by application to the High Court.

The Society continues to maintain online search facilities for 'Find a Firm', 'Find a Solicitor', 'Firm Insurance Details', and 'Check a Solicitor's Record'.

The Regulation Department carried out the annual review of the common proposal form and professional indemnity insurance (PII) guidelines. Extensive PII information is on the PII page on the Society's website.

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

There have been special efforts to educate solicitors about anti-money-laundering obligations, with talks at cluster events and bar association seminars. This is in addition to the department's ongoing talks about financial regulation.

The department is intensively involved in the 'System 360' project – a fundamental change in information technology used by the Society, with the aim of achieving a far more user-friendly electronic environment for our members.

The Complaints and Client Relations Section has again successfully retained its ISO certification. We first obtained the internationally recognised management standard in 2003 for the processes we use in handling complaints about solicitors. The certification, requiring annual rigorous inspection, confirms that our quality management system meets IS EN ISO9001:2008 requirements.

9,359

practising cert holders
in this jurisdiction

130

Society applications to the
disciplinary tribunal in 2015

FINANCE AND ADMINISTRATION DEPARTMENT

CILLIAN MAC DOMHNAILL,
DIRECTOR OF FINANCE AND ADMINISTRATION



The department is responsible for providing internal services, infrastructure, and support to the core business functions of representation, education and regulation. Prudent financial management, ensuring value for money spent, process improvements, and protecting the Society's financial assets remained at the heart of what the department did over the last 12 months.

In 2015, the Society's income (excluding the compensation fund) was €22.6m, which was slightly up on the previous year (2%). General operations accounted for 66% of income, with education activities accounting for 34%. All of this income is managed through a detailed budgeting process, close monitoring of finances throughout the year, and the updating of an annual five-year plan, to ensure that members receive value for money.

Process improvements continue apace within the finance function, with the implementation of electronic invoicing, electronic payslips, and movement to a new banking platform. The finance function was closely involved in seeking to sell the SMDF 'book'. It is hoped that the final cost will be significantly below the €16m financial support approved by members.

The department puts in place a highly competitive finance scheme for preliminary tax, pensions, professional indemnity insurance, and practicing certificate costs,

and there was a significant uptake of the scheme in 2015/16. The Group Life Scheme, which provides cover of €47,500 and which has benefited the families of many solicitors over the years, was also renewed.

On the facilities side, maintaining and protecting the historic building of Blackhall Place through implementing a conservation plan that provides a blueprint for the structured maintenance and development of the premises over the next ten years is well progressed. The plans for a number of significant developments in Blackhall Place, including an 'academic street', a sports pavilion, works to the library and to the façade of the Education Centre are well in progress and should be finalised in 2017.

Members, at the 2015 AGM, approved a very significant investment in 'System 360', a member management system, recognising the heavy dependence of the Society's processes on information technology and the internet. This investment, which is being managed by the Society's IT section and a Society-wide project team, will ensure that the Society's systems adequately support its various roles into the future. The new system will replace the current system (which is over 20 years old), and the new one, which will integrate the membership and education systems, will include member-friendly interfaces to ensure efficient online interaction between members and the Society. The project has been phased over

two years and should be completed by the end of 2017.

Once again, the department spearheaded the Society's involvement in the Calcutta Run, which increases in strength from year to year. Around 1,200 participants helped raise over €190k for the Peter McVerry Trust and for GOAL. The facilities section also opened Blackhall Place to the public on Culture Night, Heritage Week and Open House. The premises and grounds are made available to numerous local charities and schools throughout the year. The department also organised a number of 1916 events for the local community and schools, and for staff and students.

2%

increase in the Society's income

190k

euros raised by the profession in the Calcutta Run this year

TOP TEN ACHIEVEMENTS OF 2015/2016

1

SOCIETY SLAMS SECTORAL SMOKESCREEN

The Law Society weighed in heavily on the controversy surrounding the high cost of motor insurance – firmly rebutting claims by the insurance industry that legal costs and an increase in claims costs were to blame. Law Society director general Ken Murphy was quoted as follows in the *Sunday Independent* (8 May 2016): “It is outrageous that the insurance industry is unjustifiably seeking to blame lawyers and claims costs. This is a complete red herring. In no way do any changes in costs justify insurance premium hikes of 20%, 30%, or more in annual premiums. The insurance companies are constantly blaming everybody but themselves. They have no explanation but to blame someone else.”

2

BAR ASSOCIATIONS GET UP TO SPEED ON LSRA CHANGES

The presidents and secretaries of bar associations around the country attended a briefing on the *Legal Services Regulation Act 2015* at Blackhall Place on 8 March 2016. The act was signed into law on 22 January 2016. The Minister for Justice designated 1 October 2016 as the establishment date for the Legal Services Regulatory Authority. She has commenced parts 1 and 2 of the act, but the remaining parts have yet to be commenced.

3

LIMITED LIABILITY PARTNERSHIPS APPROVED

The Minister for Justice won approval in October 2015 for the introduction of Limited Liability Partnerships (LLPs) as a modernising business model option for solicitors’ firms in this jurisdiction. The Law Society has openly campaigned and lobbied successive governments since 2001 for the introduction of LLPs. Partnerships that wish to become LLPs will be authorised and registered by the Legal Services Regulation Authority – subject to appropriate fees.

4

LAW SOCIETY COMMISSIONS INSIGHTFUL SURVEYS

A range of Society-commissioned surveys in 2015/2016 included the first managing partner evaluation of the legal sector. This has assisted in uncovering emerging trends across a range of market segments. The survey of the attitudes of the Irish adult population towards solicitors and the Law Society has provided new perspectives on a range of important issues, with lessons for practitioners and the Society. The In-house and Public Sector Committee has utilised the survey results of that sector to compile an action plan for the future. The Younger Members Committee’s online survey has helped provide it with a clear direction to better serve the needs of younger members, 40% of whom are aged 39 or under.

5

SOCIETY PUBLISHES GUIDANCE FOR LAWYERS ATTENDING CLIENT INTERVIEWS AT GARDA STATIONS

Since 7 May 2014, solicitors have been able to attend garda station interviews. In order to help its members meet the unique challenges of such interactions, the Society published its *Guidance for Solicitors Providing Legal Services in Garda Stations* during the year. It provides essential information and best practice, and is an invaluable resource for criminal law practitioners. The guidance has been designed to assist solicitors by identifying best practice throughout the pre-interview, interview and post-interview phase.

TOP TEN ACHIEVEMENTS OF 2015/2016

€1.5M IN ONLINE SALES – AND GROWING

Online sales on the Law Society's website surpassed the €1.5 million mark for the first time in a single year. Practising certificate and membership fees, along with course bookings for the Diploma Centre and Law Society Professional Training, accounted for almost 60% of total online orders in 2015. Other transactions included orders for publications, payments for online legal job advertisements, exam fees and firm payments for practising certificates. Separately, the Society launched a mobile version of its website, allowing members to enjoy all of the features of the traditional website on mobile devices and tablets.

6

JUICY APPLE AWARD FOR SOCIETY'S PROFESSIONAL PRACTICE COURSE

Apple awarded the Law School's Professional Practice Course the designation of 'Apple Distinguished Program 2015-2017' for its one-to-one iPad programme for trainee solicitors. The designation is reserved for educational programmes that meet criteria for innovation, leadership, and educational excellence, and it recognises the Law School as an exemplary learning environment. This is the first award of its kind for a European educational establishment. Separately, the Society's Diploma Centre received the Service Provider to the Legal Profession Award at the Irish Law Awards.

7

MOOC ATTRACTS 2,700 GLOBAL STUDENTS

Almost 2,700 participants from 30 countries signed up for the Law Society's third 'massive open online course' (MOOC) on 'Privacy – a human right for the digital age'. During the five-week course, experts made presentations on data protection and digital privacy, moderated live online discussions and assessments, and discussed the balance between the individual's right to privacy and the efficient use of data by companies and other organisations. With less than half of course participants coming from a background in law, the Society's commitment to MOOCs is key in broadening access to legal education. See: www.mooc.lawsociety.ie.

8

SOCIETY'S RADIO ADS DO THEMSELVES JUSTICE

The Law Society's Representation and Member Services department, along with the Public Relations Committee, worked with marketing firm Chemistry to redevelop the Law Society's radio advertisements in the year under review. The testimonial-style ads began airing at the end of June. The tagline for the adverts has been updated to: 'Do yourself justice – talk to your solicitor.' Of the three versions, two feature clients and one a solicitor – all extolling the benefits of having a solicitor 'in your corner'. The ads can be heard on prime-time radio programmes across RTÉ, Newstalk, Today FM, and many regional stations, and they are complemented by an online digital advertising campaign.

9

SADSI SOARS AT THE IRISH TIMES STUDENT DEBATE

The Solicitors' Apprentice Debating Society of Ireland won the Grand Final of *The Irish Times*' Annual Student Debate, which took place at the Royal College of Surgeons, Dublin, on 19 February 2016. The team winners were Ross O'Mahony and Aaron Vickery (SADSI), while the individual debating prize-winner was Cliodhna Ni Cheileachair (UCD L&H). They received their awards from Maurice Manning (chair of the Expert Advisory Group on Commemorations), Prof Diarmuid Ferriter and Kevin O'Sullivan (editor, *The Irish Times*).

10

LAW SOCIETY COMMITTEES



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



STANDING COMMITTEES

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



COMPLAINTS AND CLIENT RELATIONS COMMITTEE

BARRY MAC CARTHY, CHAIR

Although the number of complaints received this year – 1,829 – is up from the previous year, it is still a significant drop from the high of 2,982 in 2010/2011. As set out in previous reports, most of this decline is attributable to the decline in the number of complaints received from financial institutions about undertakings.

As well as adjudicating on individual complaints, the committee can instruct the Registrar of Solicitors not to issue a practising certificate, or to issue a practising certificate subject to conditions, if the committee considers it necessary in order to protect and secure the interests of the solicitor's clients and members of the public. This year, the committee directed the refusal of one practising certificate and the imposition of conditions on the practising certificates of two solicitors, restricting them to practising as assistant solicitors.

Compliance with the provisions of section 68 continues to feature regularly on the committee's agenda. In their last report, the lay members of the committee had this to say: "The lay members regard the requirement to provide a (meaningful) section 68 letter – especially one which clarifies the cost implications of court proceedings etc – as a very serious matter, which is designed to protect clients' interests, and will seek to take appropriate action in the case of any solicitor coming before the committee who has not issued such a letter."

It is the experience of the committee that a meaningful and comprehensive section 68 letter may, in many cases, provide a complete answer to complaints about fees.

In December 2015, the *Legal Services Regulation Act* was passed. The board was appointed in July 2016, and a commencement order has been signed to allow for the start-up of the new authority. An independent complaints system dealing with legal professional misconduct will take over

the Society's complaints handling function. The Law Society will continue to deal with complaints for now, and the act provides that the Society will finish off any complaints made up to the date that the new complaints procedure begins.

I have now completed my third year as chairman of the committee and, as usual, wish to express my appreciation to the vice-chairmen and members of the committee, together with the staff in the complaints section for their advice and support over the years.



COORDINATION COMMITTEE

SIMON MURPHY, CHAIR

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

At the start of the new Council year in November 2015, the committee implemented a key recommendation of the Symbio report on the work of the Society's committees by the delivery of two bespoke workshops. In November 2015, a workshop was organised for committee chairs and vice-chairs to provide a thorough outline of the Society's strategic plan, the pivotal role that committees play in that plan, and guidance in optimising the committees' work.

In January 2016, a workshop was organised for all committee members. The focus was on the role of the committee member, the importance of active participation, and how the committee's policy output is received by other stakeholders. Members of the Oireachtas underlined the value of the Society's advocacy role and its input into the legislative and consultative processes.

Work is ongoing in ensuring that the necessary supports and guidance are available to the committees, as they fulfil a key Society function for our members and other stakeholders.

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

- Continued implementation of the recommendations of the Future of the Law Society Task Force,
- The establishment of two working groups following the decision at the AGM to investigate the provision of insurance cover for defence costs and the creation of a graphic for use by solicitors,
- The eligibility of District Court judges for appointment to the superior courts,
- The Society's nomination to the Cultural and Educational Panel for the Seanad election,
- The Society's policy on copyright licensing, and
- The nomination of representatives to a number of external bodies.



EDUCATION COMMITTEE

VALERIE PEART, CHAIR

As we began the new committee year in November 2015, work was well underway with projects recommended by the Future of the Law Society Task Force.

We completed our work on the specialist accreditation project with the conclusion – after much examination – that, while the idea merits consideration in principle, it is not a service that should be offered at this point in time.

We have started work on the design and implementation of a practice management standard. This work is ongoing, and a special working group has been convened to manage the project.

In 2015, we examined the CPD regulations and introduced revised regulations for the 2016 practice year, which are now in force. The committee continues to monitor the workings of the CPD Scheme. We are also undertaking an examination of the education regulations, in particular, issues around trainee contracts and training/trainee solicitors generally.

Under the stewardship of Freda Grealy and her team, the Diploma Centre continues to excel in the provision of training courses to legal practitioners. This service was deservedly recognised with an award at the 2016 AIB Law Awards in May.

The Law Society Professional Training cluster events continue to prove a success, with huge credit due to Attracta O'Regan and all in the LSPT office.

Following the buy-back of the Education Centre, our thoughts have moved to further developments to improve the facilities on offer to students. This work is ongoing and will be an exciting enhancement of the Law School when complete.

It has been a busy year, with sincere thanks due to TP Kennedy and the staff in the Education Department, to committee secretary Paula Sheedy, the CPD Unit, and to Fionna Fox, the training executive.

Finally, most grateful thanks go to my committee colleagues and, in particular, to my vice-chair Brendan Twomey.



FINANCE COMMITTEE

STUART GILHOOLY, CHAIR

In 2015, the Finance Committee again approved budgeting for losses in both general and education activities in order to ensure that the practising certificate fee and Law School fees were kept at their 2014 level. In terms of the practising certificate fee, this means that – excluding the increase for the SMDF levy – the fee is still below the 2009 level. The committee was anxious to do this on the basis that, like the economy in general, all areas and practices are not experiencing the same rate of recovery.

The after-tax loss from operations was €1.2m (2014: €607k). This equates to 5% of operational income. The general activities loss was €702k, which was €365k worse than budgeted (see below). Education activities incurred a loss of €433k against a budgeted loss of €180k (see below). Reserves, including amounts allocated to the capital expenditure, litigation and capital reserve funds increased, before adjustments, by €807k (2014: €853k).

For 2015, the financial statements have to be presented in accordance with the new accounting standard FRS 102. The major change from an accounting point of view for the Law Society is that the financial performance of the staff pension scheme must be shown in both the income statement and the balance sheet. The overall adjustment is a positive €2.5m. Unrealised investment gains and untaken leave must also be provided for. Ultimately, these adjustments resulted in showing the Society with an operational surplus of €31k, but an overall surplus of €3.2m.

To further complicate matters, the operational surpluses for the Law Society are incorporated in 'group' accounts, which include all Law Society subsidiaries. Overall, the Law Society's group made a surplus of €3.2m (2014: €32k) after tax and exceptional items. The group accounts give a full picture of the financial performance and financial position of all Law Society operations but, as they can distort the view of the performance of the various elements of the operation, the 'overall results' table shows the management accounts results, which are the actual operating outcome of the various elements of the Law Society's operation.

Overall results

ENTITY	MANAGEMENT ACCOUNTS	GROUP STATEMENTS
General activities	-702,216	-929,125
Unrealised investment gains		61,541
Funds	1,908,156	1,908,156
Education activities	-432,792	-598,110
Law Club of Ireland	9,159	} -303,030
Benburb St Property Co Ltd	-7,088	
Ellis Quay Property Services Ltd	-1,195	
Sundry income		9,349
Restructuring costs		-73,829
FRS 102 accounting adjusts	-776,262	
Group taxation	33,389	6,105
Total operations surplus	31,151	31,151

OUR INCOME

Total income, at €22.7m, was slightly ahead of 2014 (€22.2m). Fees and subscription income, which are mainly practising certificate, membership, and admission fees, were €12.9m (2014: €12.4m), an increase of 4%. This was almost entirely due to a 5% increase in practising certificate numbers. Education income (at €8.2m) was down by 1%, and income from other sources (at €1.6m) was on par with 2014.

In 2015, there were 9,688 (2014: 9,224) practising certificate holders – an increase of 464 (5%) on 2014. This increase was far greater than the number of admissions, thus indicating a significant number of solicitors returning to the workforce in 2015. This increase in numbers accounted for an income increase of €485k. Membership numbers, at 10,479 (2014: 10,397), increased by 82. Membership numbers include 300 solicitors who availed of free membership on the basis of being over 50 years admitted or being unemployed. This is down from a high of 555 in 2010. There were 359 admissions to the Roll in 2015 (2014: 558), being the lowest number of admissions in many years. Admissions are expected to stabilise at approximately 500 per annum. Practising certificate fee income totalling €1.9m (2014: €1.8m) was allocated to the capital expenditure fund (€181k), the litigation fund (€362k), and the capital reserve fund (€1.4m).

Education activities income was €8.2m (2014: €8.2m). Of this, income from professional practice courses, exams, and so on, accounted for €5.8m, and professional training (LSPT) seminars, diploma courses, and grants account for €2.4m. There were 384 PPC1 students in September 2015 (2014: 386). This was lower than anticipated, as there was an expectation that a 9% increase in 2014 would be repeated in 2015. FE1 sittings, at 2,151 (2014: 2,003), continue to grow but are still very far off their high of 3,328 in 2007. Diploma course income at €1.5m was almost on par with 2014. LSPT, with its Skillnet and Finuas programmes, had overall income, including grants, of €1.1m (2014: €646k).

OUR EXPENDITURE

Overall expenditure was €22.7m, which was an increase of 8% on 2014 (€21.0m). One of the main items contributing to this increase was an FRS 102 requirement to provide an additional pension charge of €638k (ultimately offset by a €3.2m actuarial adjustment). Expenditure also included, for the first time, an accrual for untaken leave, which totalled €138k. On the general activities side, apart from these, all of the increase was on representation services, including the Setanta case and investment in the eConveyancing Project. These were offset by some significant cost savings in administration and regulation services. Education activities operating charges increased by €677k, or 8%, mainly due to a small increase in pay and related costs and a significant investment in course design. These were offset to an extent by savings on direct costs.

Other expenditure is the cost associated with our subsidiaries and was €527k (2014: €523k).

OUR BALANCE SHEET

The position shown by our balance sheet has been significantly distorted by the FRS 102 requirements and particularly the comparison of 2014 with 2015. The main adjustment is to show, for the first time, the deficit on a staff pension scheme (closed to new entrants since 2009), which stands at €1.4m. However, this is only 4% of the value of the scheme, and our actuaries have determined that the current contribution rate will eliminate this over the long term. The other adjustment was showing our investments at 'fair value' rather than the previous historical cost. Therefore, unrealised investment gains of €1.25m for prior years were included in our balance sheet. On this basis, the net asset position now stands at €30.2m (2014: €26.9m).

Of our reserves, €21.6m are accounted for by fixed assets. The reserves also include two contingency funds for capital expenditure (€2.2m) and litigation (€2m). These reserves are maintained to meet costs in these areas as they arise. Two 'sinking funds' – the capital reserve fund and the Education Centre fund – have come to the end of their life, and their balances have been absorbed into Law Society reserves and Law School reserves respectively. €7.1m has been raised to the end of 2015 for the SMDF levy. Capital contributions of €2m have been made to the end of 2015, leaving a balance of €5.1m in the fund. This is reflected in the balance sheet as an asset with a matching liability.

SUBSIDIARIES

The group structure includes a number of subsidiary entities that are effectively run on a break-even basis. The Law Club of Ireland operates the commercial elements of the Blackhall Place premises and, after subsidies of €55k, made an operational surplus of €9k (2014: €9k). Benburb Street Property Company Limited, which owns and manages the Benburb Street site, made an operational loss of €7k (2014: €8k). Ellis Quay Property Services Limited, which managed the Law School facilities in Cork, was voluntarily struck off in September 2015 on the successful termination of that lease in 2015.

2016

There has been a lot of activity on many fronts in 2016 to date. We expected the practising certificate number increase of 2015 to continue into 2016. This has not materialised at the same rate (2% versus 5%), and it looks like a couple of hundred solicitors have used economic recovery to take time out of/leave practice. Brexit has had a positive impact on the numbers, with around 500 British solicitors being admitted and, to date, over 100 of these taking out practicing certificates. PPC1 student intake (404) has increased by about 5% on 2015. To date, all other Law Society operations are performing according to budget.

It is hoped that a sale of the SMDF 'book' will be complete in 2016 for an amount significantly less than the financial support of €16m approved by members.

The 2015 AGM approved a major investment in a new member management system to better service members and support the Society in its various roles into the future and, in particular, to support our new representative approach. To date, this project, which is a two-year project, is on time and on budget.

While the Legal Services Regulatory Authority is now established, it is likely that it will not become operational until early 2017. The Society, insofar as is possible, will absorb any set-up costs but, if there are additional operational costs, these will have to be levied through the practising certificate fee.

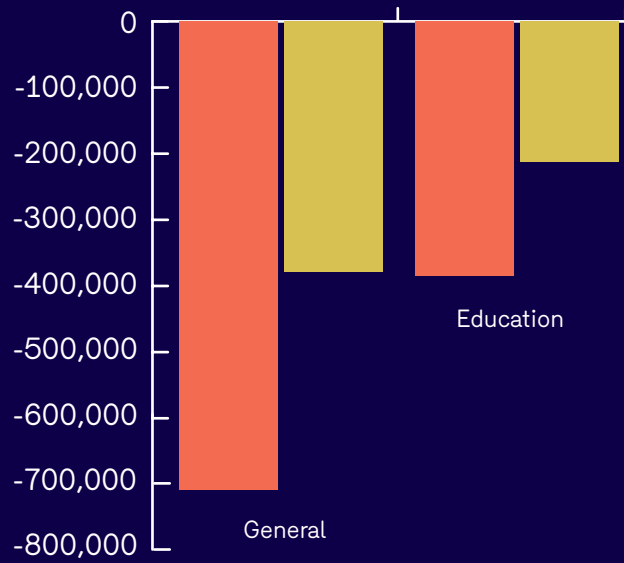
The Finance Committee continues its objective of keeping the practising certificate fee and education costs to a minimum. The committee works to ensure that members get value for money for all operational and capital spending, while at the same time ensuring that the Society is sufficiently resourced to serve members in an effective manner into the future and that the Law Society remains an effective professional body.

Full audited financial statements for 2015 of the Law Society are included in this report.

**FINANCE COMMITTEE
(GRAPHS)**

OPERATING DEFICIT 2015

Surplus/ deficit	After tax 2015	After tax 2014
General	-704,005	-395,248
Education	-397,614	-212,023



INCOME SOURCES 2015

	2015	2014
Fees and subs	11,002,072	10,555,556
Funds	1,908,156	1,823,875
Services and interest	1,573,704	1,605,781
Education	8,195,044	8,244,473



FINANCE COMMITTEE (GRAPHS)

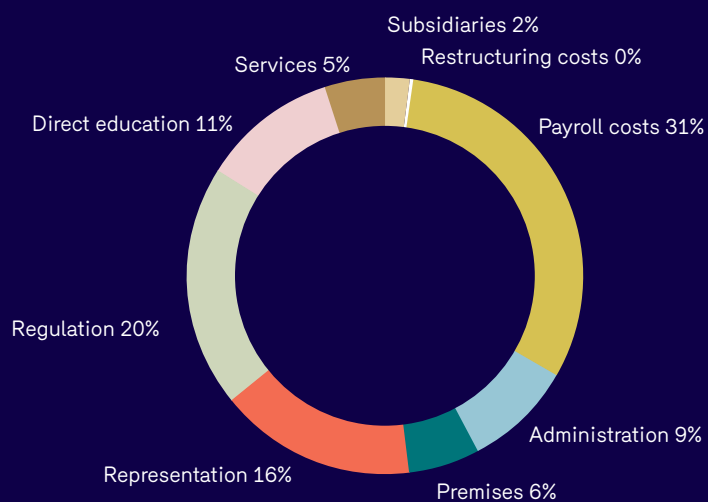
PRACTISING CERTIFICATE HOLDERS AND MEMBERS 2010-2015

	PC holders	Members
2015	9,688	10,479
2014	9,224	10,397
2013	8,895	10,157
2012	8,768	9,962
2011	8,571	9,171
2010	8,335	9,774



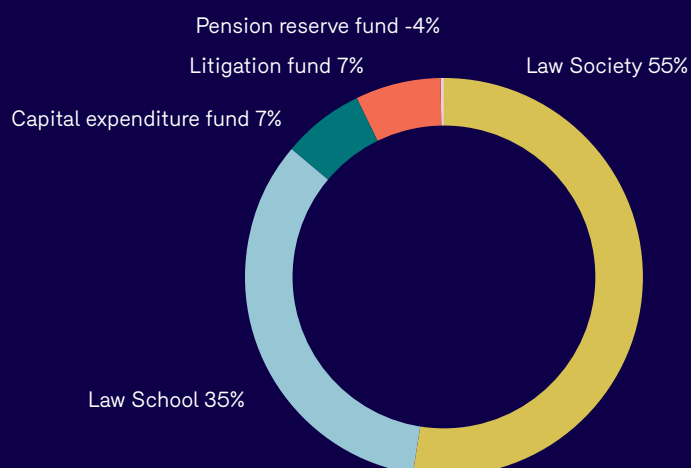
AREAS OF EXPENDITURE 2015

Payroll costs	€7.0m	31%
Administration	€2.0m	9%
Premises	€1.3m	6%
Representation	€3.5m	16%
Regulation	€4.5m	20%
Direct education	€2.5m	11%
Services	€1.2m	5%
Subsidiaries	€0.5m	2%
Restructuring costs	€0.1m	0%



RESERVES 2015

Law Society	€16.7m	55%
Law School	€10.6m	35%
Capital expenditure fund	€2.2m	7%
Litigation fund	€2.0m	7%
Pension reserve fund	-€1.4m	-4%
Total	€30.2m	





MONEY LAUNDERING REPORTING COMMITTEE

MARTIN LAWLOR, CHAIR

The committee – whose remit is to fulfil the Society’s statutory obligations with regard to money laundering and relevant offences reporting – met on a regular basis throughout the year to consider suspected cases.

Pursuant to the provisions of the *Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 and 2013*, 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 committee directed that ten such reports be made to An Garda Síochána and the Revenue Commissioners.

The Society is also tasked with investigating due compliance with anti-money-laundering obligations by solicitors. During the year, 80% of the 395 firms examined by the Law Society for AML compliance had implemented AML compliance procedures (that is, formal written procedures were in place that had been communicated to staff and that had been demonstrated as having been implemented).

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

I would like to record my thanks to my fellow committee members for their input at meetings during the year. I would also like to thank our committee secretary, Tina Beattie, and her colleagues in the Regulation Department for their assistance.



PROFESSIONAL INDEMNITY INSURANCE COMMITTEE

MICHAEL QUINLAN, CHAIR

The committee is tasked with dealing with all matters relating to solicitors’ professional indemnity insurance (PII) and has endeavoured to ensure that the good work of the 2015/2016 indemnity period has continued and that the market works in as smooth and economic a manner as possible.

Through the offices of the Participating Insurers’ Liaison Committee – which comprises representatives of the PII Committee, the insurers’ market, and the special purpose fund manager – we have maintained a regular dialogue while monitoring the regulation of the market, seeking new entrants, and addressing the concerns of current participants.

Through the offices of the Special Purpose Fund Management Committee, which comprises the PII Committee chairman, the director of regulation, the two participating insurers with the largest market share by premium, and the special purposes fund manager, we have monitored the special purpose fund, which consist of the assigned risks pool and the run-off fund.

The common proposal form continues to be a success and continues to be modified and simplified following feedback from the profession to improve the document.

The PII Committee 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 committee continues to ensure that PII information for current and previous indemnity periods, including guidelines and relevant documentation, is easily accessible to the profession on the Society’s website. Information on the current insurance details of firms continues to be available through the Society’s online firm insurance details search facility.

The committee 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 five renewal periods must be at least maintained – and preferably enhanced.

Many thanks to committee members John Elliot and Sorcha Hayes for their hard work, assistance, and valuable input.



REGULATION OF PRACTICE COMMITTEE

CHRISTOPHER CALLAN, CHAIR

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

OVERALL FINANCIAL PERFORMANCE

The income and expenditure account of the compensation fund reflects a surplus (representing an excess of income over expenditure after taxation) of €265,354 for the year ended 31 December 2015, as compared with a surplus of €633,248 for the year ended 31 December 2014. The decrease of €367,894 in the surplus for 2015 as compared to 2014 is attributable to a decrease in 2015 of €819,326 in income, a decrease of €1,570,620 in expenditure (as compared with 2014), an increased adjustment of €1,094,574 in the fair value movements arising on revaluation of investments, together with an increase in taxation amounting to €24,614.

OUR INCOME STREAMS

The decrease of €819,326 in income in 2015 is attributed mainly to a decrease of €468,105 in income and returns on investments, together with a decrease of €658,273 in recoveries from defaulting solicitors, offset by an increase of contributions receivable of €315,285.

OUR EXPENDITURE

The decrease of €1,570,620 in expenditure as between the two years is attributable to a decrease in the provision for claims of €1,532,938.

OUR BALANCE SHEET

The net assets of the fund as at 31 December 2015 stood at €17,712,241, compared with €17,446,887 at 31 December 2014. The increase of €265,354 in the net asset position of the fund between the two years' end is reflected in an increase of €2,619,125 in revenue reserves, together with a decrease of €2,353,771 in the revaluation reserve on the fund's investments. These investments are recognised in the accounts at prevailing market valuations at year's end.

The audited accounts can be accessed in this report.

DEVELOPMENTS SINCE DECEMBER 2015

In the six months ended 30 June 2016, 84 claims were received. Excluding invalid claims refused, these claims amounted to €1,376,533. Payments were made in the sum of €340,314 in respect of claims, and claims amounting to €1,036,219 are still under consideration.

The net assets of the fund are valued at €18 million as at 30 June 2016. The annual contribution to the fund was €760 per solicitor for 2016. Insurance cover for €50 million in excess of €5 million is in place for the year ending 31 December 2016.

COMMITTEE ACTIVITIES DURING THE YEAR

The committee met 17 times during the year for ten scheduled, five emergency, and two special meetings.

Arising from these meetings, the committee decided to:

- Refer five solicitors to the Solicitors Disciplinary Tribunal on foot of findings disclosed in the investigation reports on their practices,
- Refer two solicitors to the disciplinary tribunal arising from matters that occurred in practices in which they were employed as assistant solicitors,
- Refer one solicitor to the disciplinary tribunal for inquiry as to whether he was a fit person to remain on the Roll of Solicitors in view of a number of criminal convictions obtained against him,
- Refer seven solicitors to the disciplinary tribunal for failure to file an annual accountant's report within the statutory timeframe,
- Apply to the High Court to suspend the practising certificates of four solicitors,
- Levy contributions amounting to €37,300 towards the cost of investigations,
- Impose conditions on two solicitors' practising certificates where the solicitors had unsatisfied judgments,
- Apply to the High Court for an order freezing the accounts of two solicitors where dishonesty was discovered,
- Apply to the High Court pursuant to section 18 of the *Solicitors (Amendment) Act 2002* for an order compelling a solicitor to comply with the *Solicitors Accounts Regulations*,
- Apply to the High Court pursuant to section 18A of the *Solicitors (Amendment) Act 1994*, as substituted by section 43 of the *Civil Law (Miscellaneous Provisions) Act 2008*, for an order to enforce payment of fines imposed by the Solicitors Disciplinary Tribunal.

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

REGULATION OF PRACTICE COMMITTEE (continued)

As part of the initiative to align committee work with the Society's strategic objectives, the committee agreed planned actions for 2015 to 2017. These include reviewing implementation of the *Legal Services Regulation Act 2015*, reviewing anti-money-laundering procedures, minimising claims on the compensation fund, providing regulatory information to the profession, and dealing with 'claims harvesting' websites.

Representatives of the committee participate in the Law Society task force preparing for the forthcoming Financial Action Task Force (FATF) evaluation of Ireland. This includes responding to anti-money-laundering assessments by the Department of Finance. A memorandum of understanding (MOU) was entered into between the Law Society and the Department of Justice and Equality to clarify responsibilities for (a) trust and company legal services and (b) trust and company service providers. The MOU was published in the Jan/Feb 2016 *Gazette* (p50).

The Society has continued its strategy of proactively highlighting the importance of compliance with the *Solicitors (Advertising) Regulations 2002*. Practice notes were published in the Aug/Sept 2015 *Gazette* on legal advice columns (p49) and claims harvesting websites (p51). Guidelines to the regulations, providing examples of prohibited advertisements, were published. A presentation on the regulations has been delivered at numerous bar association seminars. The Society offers an advertisement vetting service.

With the increased volume of cyber-attacks, the Society issued several warnings and is developing a dedicated cybersecurity area on the Society's website, which will contain alerts and general guidance.

While claims on the compensation fund have levelled off, the committee has noted a number of unusual claims relating to staff misappropriation, gambling problems, and purported investment advice. The committee stresses the need for all firms to be alert to the wide range of risks they face.

A practice note was published in the Aug/Sept 2015 *Gazette* (p48) to highlight the importance of properly completing compensation fund claim forms and submitting all supporting documentation. Incomplete forms are returned.

The committee established the Compensation Fund Investment Subcommittee, with special responsibility for oversight of compensation fund investment policy in liaison with the investment consultant and investment manager.

The implementation of the *Solicitors Accounts Regulations 2014* has had an impact on reporting accountant's reports. To assist reporting accountants, the Society contacted reporting accountants with the new report form, which can be accessed on the Law Society website without a password and saved in Word format. We updated the FAQs and published a reporting accountant's checklist.

The committee has been liaising with the Courts Service about the proposed electronic licensing system and with the Property Registration Authority about the proposed electronic registration system.

The committee is increasing the use of section 59 of the *Solicitors (Amendment) Act 1994* to impose conditions on practising certificates in appropriate cases. Conditions range from second signatories on client accounts to practising under supervision.

Existing and newly established firms continue to avail of the confidential Practice Advisory Service, provided through Outsource, and the committee recommends the service to assist in regulatory compliance and financial management.

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

NON- STANDING COMMITTEES

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



ALTERNATIVE DISPUTE RESOLUTION COMMITTEE

JAMES KINCH, CHAIR

Continuing with our initiative of ensuring that dispute resolution methods outside the court process have visibility with all practitioners, the ADR Committee launched an ADR booklet that was distributed to law firms in April 2016.

Our committee members made contributions to a cluster event in Donegal in June, the Law Society's Diploma in Commercial Property, the Society's Adjudication Certificate, and will speak at the forthcoming annual conference of the Business Law Committee.

Our page on the Law Society's website has been updated and improved, and we are preparing a more refined set of dispute resolution clauses to be uploaded shortly.

As regards the integration of effective dispute resolution methods, we are exploring the use of pre-action protocols and are liaising with the Law Society of England and Wales in that regard for information on how such protocols have operated in that jurisdiction.

We have been monitoring the progression of the *Construction Contracts Act 2013*, which introduces adjudication as a means of resolving disputes, and have provided briefings on its implications via the *Gazette*.

We are supportive of the Law Society's new Diploma in ADR, to which several of our members will contribute.

On the mediation front, we are continuing with the pilot Business and Commercial Mediation initiative, in partnership with Chambers Ireland.

My thanks to our committee members for their commitment over the past year, in particular, vice-chair Anthony Hussey.



BUSINESS LAW COMMITTEE

ROBERT HERON, CHAIR

We are responsible for representing, informing, and assisting the profession on a broad range of business-law related topics. We continue to structure our work to focus on informing members and other interested parties on developments in law and practice relating to business organisations (including companies and partnerships), regulation of business (including competition law), financial services/securities law, commercial law, and insolvency.

The *Companies Act* – the largest and most ambitious Irish enactment in terms of scope and scale – inevitably generates substantial discussion within the profession, as we come to terms with the changes it involves. Our committee has developed a reputation for constructive technical commentary on the act, much of the credit for which is due to Jack O'Farrell, Paul Egan our consultant, and my predecessor as chairman, Paul Keane. Continuing this work, we have made three submissions this year covering many varied aspects of the act.

The *Consumer Rights Bill* is another important policy initiative that may continue the development of consumer protection. We have made a submission on the scheme of the proposed bill, and we plan to comment further as the policy turns into draft legislation. On an allied theme, we followed up our submission on the draft *Groceries Regulations* with a submission on draft guidelines proposed by the Department of Jobs, Enterprise and Innovation to assist groceries goods undertakings and their suppliers to implement the new regulations.

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

I would like to thank our committee's vice-chair, Joy Compton, and especially our committed and hard-working secretary Joanne Cox for their continued commitment to the work of the committee.



CONVEYANCING COMMITTEE

JOE THOMAS, CHAIR

The Conveyancing Committee continues to see its role as assisting and guiding solicitors in matters of conveyancing practice. The committee is very much a resource provided by solicitors for their colleagues. It carries out its role by dealing with queries from solicitors, by issuing practice notes to the profession, and by representing solicitors' interests in its engagement with government bodies and departments, and with external bodies representing lending institutions and other professions.

It has been another busy year, and services provided included the following:

- A total of 19 practice notes published, of which four were also issued to the profession as electronic circulars,
- The committee's conveyancing helpline dealt with 1,153 telephone enquiries,
- In all, 59 new matters were considered by the committee at its monthly meetings and written responses were issued.

The main sources of queries to the committee included:

- Buying from receivers/banks,
- The operation of the certificate of title system by the lenders – difficulties getting title deeds, vacates, redemption figures, etc,
- Conveyancing conflict of interest regulation,
- MUDs legislation,
- Certificates of compliance with planning and building control,
- Commercial certificates of title and the prohibition on commercial undertakings,
- NPPR, LPT, water charges,
- Family law declarations, and
- Non-resident vendors.

The committee provided new and revised precedents in the members' area of the Society's website, including:

- A suite of MUDs documents updated to comply with *Companies Act 2014*,
- Pre-contract queries non-MUDs development, and
- Family law declarations updated to deal with outcome of *Marriage Act 2015*.

The committee started a widespread and ongoing consultation with the profession on a proposed move to pre-contract investigation of title. This would be a radical change to how conveyancing is carried out in Ireland. Many members of the profession took the time and trouble to make submissions,

all of which were greatly appreciated by the committee.

Other notable areas of activity included:

- Updating the standard *Law Society Conditions of Sale*, with a new edition due by the end of 2016,
- A major review of pre-contract questionnaires for property sale and purchase, in conjunction with the DSBA (a new edition is due by the end of 2016),
- A rolling review of requisitions on title, with a new edition due by the end of 2016,
- A submission made to the Minister for Justice for amendments to legislation affecting the status of a purchaser's deposit to address the outcome of *Protim Abrasives* case,
- Liaison with Revenue and TALC on stamp duty and LPT, in conjunction with the Taxation and Technology Committees,
- Liaison with Department of the Environment on NPPR, household charge, and water charges,
- Ongoing participation in the conveyancing strand of the memorandum of understanding between the Society and the Banking and Payments Federation Ireland, including title issues arising on sale by a receiver or bank,
- Ongoing consultation with the Construction Industry Federation on amendments to the arbitration clause in building agreements,
- Ongoing discussions with Royal Institute of Architects of Ireland on certificates of compliance with building regulations in opt-out cases.

Separately, 13 task forces are:

- Interacting with the Property Registration Authority (PRA) on a wide range of practice matters concerning registered and unregistered title, including submitting new issues for consideration by the PRA,
- Producing standard service-charge provisions for commercial leases, and revision of standard rent-review clauses,
- Reviewing and updating pre-lease enquiries.

Sincere thanks are due to all the committee members and consultants, vice-chair Paddy Sweetman, committee secretary Catherine O'Flaherty, and committee executive Sally Winters for their time, hard work and support throughout the year.



CRIMINAL LAW COMMITTEE

DARACH MCCARTHY, CHAIR

The year under review was a busy one for the committee. In December 2015, we launched the *Guidance for Solicitors Providing Legal Services in Garda Stations*. This provides detailed information for solicitors attending garda stations for consultations and interviews with clients.

Committee members actively engage in the provision of CPD courses on the provision of legal services in garda stations. A total of 164 solicitors have registered on our 'Find a Garda Station Solicitor' web-search facility. Since 1 August 2015, the search facility has received 7,194 page views (5,633 unique).

We made a number of submissions throughout the year, including to the Department of Justice on the transfer of legal aid files, the *Victims of Crime Bill 2015* and the Garda Station Legal Aid Revised Scheme, and continue to actively review draft legislation touching upon criminal justice, including Law Reform Commission issues papers.

In addition, the committee made a submission to An Garda Síochána on their *Code of Practice on Access to a Solicitor by Persons in Garda Custody* when the garda code was being reviewed.

We represented criminal law practitioners' needs with the various State bodies with whom they interact on a daily basis, including the prisons, Legal Aid Board, Courts Service, Department of Justice, and others.

Committee members participated in the Law Reform Commission's roundtables on expert evidence, hearsay, and documentary/electronic evidence.

We are contributing to research into the increasing unviability of criminal-aid work, including examining preliminary case rates and other emerging factors that threaten solicitor participation in the criminal legal-aid system.

Over the course of rest of 2016 and throughout 2017, the committee:

- Worked on a criminal law update conference on 28 September 2016, covering topics of bail, garda station legal services, and anti-money-laundering obligations,
- Will engage with key stakeholders in relation to legal aid and pursuing the restoration of fee rates and other crucial reforms to the legal-aid system,
- Will contribute to a Prisoners' Rights Forum in

conjunction with other key stakeholders involved in the promotion of prisoners' rights in the criminal justice system,

- Will continue to represent the interests of criminal law practitioners with various State bodies, and further develop communications and relations with other stakeholders to consider solicitor and client interests, and
- Continue to contribute to law reform in the criminal justice sphere.

My thanks go to the vice-chair Robert Purcell, all committee members, and colleagues who contributed to the activities of the committee. I extend my gratitude, also, to committee secretary Emma-Jane Williams and Nóra Ní Loinsigh (acting secretary) for their tireless dedication during the past year.



CURRICULUM DEVELOPMENT UNIT

CAROL PLUNKETT, CHAIR

The Curriculum Development Unit (CDU) works with those running the legal education function of the Law Society so that trainees and members can ensure service excellence in legal services provided to the public. We review curricula and the materials furnished to trainees and students of the continuing legal education (CLE), diploma, and certificate courses. The CDU suggests topics for new courses and improvements to existing ones, for adoption by the Law School through its Education Committee.

This year, we reviewed the PPC electives, diploma courses, various elements of the PPC course, and the progress of the e-delivery of iPad manuals via iTunesU. We examined the interactive e-multi-touch books uploaded on the iPads distributed to students, and provided on certain CLE courses.

These operate very satisfactorily, resulting in more cost-effective and convenient courses. Indeed, the Law Society is the first education establishment to be accredited in the Apple Distinguished Programme. Practitioners may be justly proud that the Law School provides state-of-the-art education.

In June, the CDU visited Edinburgh University to discuss the courses provided to trainee solicitors there and compare them with ours. We were also welcomed by the Society of Writers to Her Majesty's Signet, one of the oldest bar associations in the world, dating back to 1532. We gained an understanding of their accreditation scheme, which underlines proficiency in a particular area of practice. This was enlightening, having regard to the recent survey of the profession and consideration by the Law Society of an accreditation scheme. It gives the CDU food for thought as to how such a scheme might suit the profession here, when it comes up for reconsideration.

Thanks to each committee member, from a multiplicity of practice areas, for their contributions, to Dr Geoffrey Shannon (deputy director of education) for his unfailing support as our secretary, and to all the dedicated managers and tutors of the Law Society School, CPD, and diploma courses.



EMPLOYMENT AND EQUALITY LAW COMMITTEE

JOANNE HYDE, CHAIR

The *Workplace Relations Act 2015*, which commenced in October 2015, significantly revised the systems by which workplace disputes may be adjudicated and resolved. It contains major implications for the practice of employment and equality law.

The Employment and Equality Law Committee actively engaged with the Government through all stages of the legislation to ensure the views of the profession were heard and taken on board. Indeed, the committee continues to engage in meetings with senior members of the Workplace Relations Commission, highlighting any issues that members have observed to have arisen since the inauguration of the new system, and making suggestions for improvement. The commission is open to, and welcomes, our input. We have been keeping the profession up to date on the significant changes with *Gazette* articles on the act, while the committee held a special seminar in March 2016 on its practical implications.

Separately, we were invited to an Oireachtas committee meeting on 18 November as a result of a submission we made on the *Employment Equality (Abolition of Mandatory Retirement Age) Bill 2014*. Our contribution was expressly referred to and cited in the recently published report of the Interdepartmental Group on Fuller Working Lives.

The committee is currently working on the establishment of a forum for bullying cases. Currently there is no definitive piece of legislation under which one can seek redress for bullying and harassment in the workplace. As it stands, the varying methods used by victims of workplace bullying to seek redress are highly problematic. This area requires clarification and amendment.

We continue to monitor changes in the law and actively advise members on these changes through contributions to the Law Society's publications programme. This year, we have updated our suite of precedents, which are a valuable resource for members of the profession.

Members of the committee contributed to the Society's annual Employment Law Update in September.

I warmly acknowledge and thank the committee members for their continuing work on projects during the year.



EU AND INTERNATIONAL AFFAIRS COMMITTEE

LOUISE CARPENDALE, CHAIR

Through this committee, the Law Society maintains representation at the following EU and international organisations through its designated personnel: CCBE (James McGuill), IBA (John D Shaw), ABA, UINL (Mary Casey), and GILBA (Niamh Connor/Duncan Grehan).

Committee members continue to submit articles for publication. Thanks to all our contributors, and in particular TP Kennedy, for their work in this regard.

On 11 November 2015, the committee organised a seminar entitled 'The refugee crisis: a challenge for Europe'. Speakers included Edouard Schmidt (policy officer at the European Commission and DG Migration and Home Affairs, Asylum Unit), Commander Patrick Burke (legal officer, Irish Navy) and Prof Siobhan Mullally (director of the Centre for Criminal Justice and Human Rights, UCC). The event was chaired by committee secretary Eva Massa.

A talk on 13 October 2016 focused on the international response to terrorism and its local impact. The speakers included Dara Robinson (partner, Sheehan and Partners) and Francisco Alferes Areses (head of Branch Services Outreach in the Information Systems and Technology Directorate, Interpol).

On 26 May, the committee organised the 'EU Energy Union: Ireland's role' seminar, which was well attended. Speakers analysed and discussed the EU Energy Union and the national energy policy, the Irish energy market (regulatory issues and developments), and provided an overview of energy performance contracting and of legal developments in general.

A roundtable event took place on 22 April. Seven delegates from other EU bars and law societies attended, representing Austria, Belgium/Luxembourg, the Czech Republic, Germany, Hungary, Spain and Britain. The meeting provided an opportunity to hear about recent developments impacting on the legal profession in different member states, as well as sharing ideas and best practices.

Thanks to all committee members for their contributions during the past year and to secretary and convener Eva Massa.



FAMILY AND CHILD LAW COMMITTEE

DONAGH MCGOWAN, CHAIR

The Family and Child Law Committee has continued its remit in terms of both informing and updating the profession on developments in family and childcare law, advocating for change in the law, and representing the profession on a variety of external committees and organisations.

The committee's educational role has been facilitated through a number of articles, practice and guidance notes in the *Gazette*. In partnership with Law Society Professional Training, our annual family law conference was very successful and well attended.

We have undertaken significant work in seeking to advance proposals in the area of family law reform, including the proposed changes to the family law court structures, proposed new courthouse facilities at Hammond Lane (Dublin), submissions in relation to the proposed reform of the guardian *ad litem* system, and proposed regulations on hearing the voice of the child in family law proceedings.

In addition, committee members undertook extensive work, with the Courts Service and others, in relation to the proposed relocation of District Court childcare cases from Dolphin House to Chancery Street.

Members of the committee are active in a number of external committees, including several of those of the Courts Service, the Legal Aid Board Liaison Committee, the CCBE and others.

I wish to thank committee members, vice-chairman Keith Walsh, and our secretary Jane Moffatt for their drive and enthusiasm, which resulted in us achieving our objective to shape the law reform agenda in the area of our expertise.



GAZETTE EDITORIAL BOARD

MICHAEL KEALEY, CHAIR

The Editorial Board has enjoyed a dynamic year. We welcomed several new members, including Aoife Byrne, Patrick Ambrose, and Teri Kelly. Aoife has 15 years of family law experience and brings her valuable knowledge in that arena to the workings of the board. Patrick is an in-house solicitor and also serves on the In-house and Public Sector Committee. Given the significant growth in the number of solicitors working in-house, the board decided that it was time to strengthen its ties with this sector. Patrick acts as a liaison between the *Gazette* Editorial Board and the In-house and Public Sector Committee. This relationship between both committees is set to continue into the future. Teri is the Law Society's director of representation and member services, and the *Gazette* falls within her area of responsibility.

The *Gazette* remains one of the key media channels for members of the profession. Its main aim is to provide relevant and comprehensive coverage of the most significant legal issues of the day – in a readable and attractive format. Readers are presented with accessible articles on matters of importance to daily practice.

This year, the magazine marked several historic events, including the centenary of the 1916 Rising, various battles of World War I (in which solicitor members had been engaged) – not to mention the shock vote that was Brexit. Articles on this latter topic, as well as the *Legal Services Regulation Act*, the ever-present threats to cyber-security, and the forthcoming Financial Action Task Force evaluation of Ireland have been proving extremely popular.

This year has marked a turning point for the *Gazette* in terms of advertising revenue, which looks set to achieve growth of 25% in 2016 compared with 2015. The magazine is growing its readership, too, principally as a result of the upturn in solicitor numbers – aided by the post-Brexit influx of British solicitors applying for membership in Ireland.

Once again, the *Gazette* made the shortlist at the Irish Magazine Awards, this time for 'Magazine of the Year', 'Cover of the Year', 'Editor of the Year' and 'Journalist of the Year'.

Another popular element to the *Gazette* is its interactive digital edition. This is proving particularly popular with members who enjoy the online magazine's research capability. A total of 21,000 people visited gazette.ie in the

year under review. That number is set to grow significantly in future years if the *Gazette*'s microsite gets the green light. A potential launch date has been set for January 2017, subject to the approval of the Coordination Committee. Separately, the *Gazette* magazine will be undergoing a design refresh in time for its first issue of 2017.

I am extremely grateful to my Editorial Board colleagues for their commitment and valuable contributions at our meetings throughout the year. My thanks, too, to the ever-creative and hard-working *Gazette* team, led by editor Mark McDermott. The *Gazette* continues to set the highest editorial and design standards in its goal to maintain pole position as Ireland's premier publication for the legal profession.



GUIDANCE AND ETHICS COMMITTEE

JOHN GLYNN, CHAIR

The 'We Quote' project, which was introduced last year and originally brought about in response to a survey carried out by the National Consumer Authority, is now well under way. In all, 180 firms have opted in and are prepared to give quotes in conveyancing transactions online from the public area of the Law Society's website. It is anticipated that lots more colleagues will become involved after the public launch.

The 'Ten-steps project' dealing with practice management issues has been going from strength to strength, with the publication of several excellent articles in the *Gazette*. Lots more are lined up, and the feedback to date has been excellent.

The Guidance and Ethics Helpline is manned continually, as is the panel to deal with guidance and ethics issues raised by email or through correspondence. Approximately 600 queries have been dealt with in the current year.

Perhaps the jewel in the crown, however, has been the satisfaction generated through the bar association visits project. We have assisted at seminars with the DSBA, Mayo Bar Association and Athlone IT. Further seminars are planned and, at the moment, we are finding it difficult to keep up with demand.

Participation in these seminars gives colleagues a bird's-eye view of what we are doing in the committee, while enhancing the image of the Society and, of course, giving a helping hand with badly needed CPD regulation points. The Law Society vision is, among other things, to be a 'trusted voice of a respected solicitors' profession'. Involvement in these seminars, coupled with the We Quote project and the various other projects already mentioned, more than measure up to this excellent objective.

It has been a pleasure to chair this committee. The input by the members has been very rewarding. My thanks to vice-chair Fergus Mullen and secretary Therese Clarke for their invaluable support throughout the year.



IN-HOUSE AND PUBLIC SECTOR COMMITTEE

BRIAN CONNOLLY, CHAIR

On 12 November 2015, the committee held its annual conference, 'The role of in-house counsel in managing risk and protecting your organisation'.

On 29 January 2016, the secretary and I represented the committee at a meeting for in-house solicitor representatives, hosted by the Law Society of Scotland.

In February 2016, the Society commissioned RED C to conduct an online survey of all in-house solicitors. The committee helped focus the survey on topics that were relevant to the in-house sector that provided actionable results.

Drawing on the results of the RED C survey, input from the committee, Society staff, and members of the in-house sector, the committee produced a multi-year action plan for enhanced support and representation of the sector.

The action plan provides a framework for the Society to continue and deepen its support for in-house solicitors in the areas of skills and value, education and training, professional issues, and trainees.

We held a seminar titled 'Professional wellbeing for the in-house lawyer' on 15 September 2016 in Cork.

Our 2016 annual conference, 'Leadership in changing times – opportunities and challenges facing the in-house solicitor', will be held on 10 November.

I continued to represent the Society at general assemblies of the European Company Lawyers' Association.

The committee continued to provide guidance on a variety of practical topics to members of the in-house sector.

I would like to thank all committee members for their contribution this year, with special thanks to Deirdre O'Sullivan (vice-chair) and Louise Campbell (secretary).



HUMAN RIGHTS COMMITTEE

GRAINNE BROPHY, CHAIR

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

In January 2016, the committee welcomed Colin Gonsalves (leading Indian human rights campaigner and founder of the Human Rights Law Network) for a meeting at the Law Society. Mr Gonsalves shared his insights on his tireless campaigning for human rights in India, while committee members imparted their experiences of working in human rights law.

The committee hosted a fascinating lecture by Michael O'Boyle on 15 March 2016 on the *European Convention on Human Rights* and states of emergency. The full-capacity event was held in collaboration with the Department of Foreign Affairs and Trade and Law Society Professional Training. The diverse audience included several ambassadors and dignitaries and received national coverage in *The Irish Times*.

We hosted the Annual Human Rights Conference at Blackhall Place on 8 October, which focused on human rights in health advocacy and domestic violence, as assessed against the aspirations of the 1916 *Proclamation*.

The committee prepared a number of submissions on a variety of human rights issues, including a response to a call from the Department of Justice and Equality for submissions from civil society and interested stakeholders to help shape Ireland's national report under cycle 2 of the UN Universal Periodic Review (UPR) process. This response, together with other submissions, was utilised to shape the focus of a civil society consultation meeting around the UPR process.

Following a previous written submission on the general scheme of the *International Protection Bill* to the Oireachtas Joint Committee on Justice, Defence and Equality in May 2015, the committee submitted further observations to the Joint Committee regarding the *International Protection Bill* in December 2015.

The Law Society was invited to attend and speak to the Oireachtas Committee on Housing and Homelessness. One of the committee's members attended a meeting with the Oireachtas committee, offering their views on the legal issues arising when accessing social housing support.

The winning entry in the Human Rights Essay Competition was entitled 'Implementing the requirements of the *Convention on the Rights of Persons with Disabilities 2006* in Irish mental health law', which addressed this most topical and pressing issue.

The committee continued its awareness initiatives, with regular contributions to the 'Human Rights Watch' page of the *Gazette*, the *eZine* and regular updates to its committee page on the Law Society's website.

I wish to thank vice-chair Shane McCarthy and all the committee members for giving so generously of their time, interest and expertise. In particular, I am grateful to Michelle Lynch for her assistance and support in her role as secretary to the committee.



INTELLECTUAL PROPERTY LAW COMMITTEE

MAUREEN DALY, CHAIR

Our committee believes it is important to build alliances with business and public representatives as well as stakeholders. Accordingly, in the year under review, members met representatives from the Irish Patents Office, Chambers Ireland, and Knowledge Transfer Ireland, as well as the law societies of England and Wales, Scotland and Northern Ireland.

The committee continues to liaise with the Department of Jobs, Enterprise and Innovation and with various professional bodies in relation to the implementation of the international agreement establishing the Unified Patent Court. The committee also closely monitors IP developments at a European level.

We work closely with other committees on projects, including, for example, our liaison with the Business Law Committee on the submission relating to the *Consumers Rights Bill*. In addition, we are working with the Technology Committee on the Government Data Forum that has been established by the Department of the Taoiseach.

We continue to actively engage with the Courts Service in relation to the review of order 94 of the *Rules of the Superior Courts* with regard to IP litigation.

As my term as chairperson comes to an end, I express my thanks to the committee members and secretary for their contribution and participation throughout the past year.



LITIGATION COMMITTEE

RONAN O'NEILL, CHAIR

The Litigation Committee has had another busy year in continuing to offer guidance to all members of the Society, but also acting as a valuable resource for practitioners.

In addition to updating the profession on issues of concern, the committee continues its work on projects started in 2015 and remains very involved in providing assistance in the Setanta Insurance case, which is before the Court of Appeal for hearing.

The area of taxation and recoverability of costs continues to raise issues for practitioners on a day-to-day basis. This was a key area in which the committee updated the profession through the *eZine*, *Gazette* and the Society's website.

We continue to monitor the practice and procedural implications of developments, such as the Recovery of Benefits and Assistance Scheme, the giving of undertakings to insurers, and general representation before the courts.

The committee is particularly interested in the forthcoming implementation of the new rules on pre-trial procedures and the conduct of trials in chancery and non-jury actions – and the continued progression and growth of the Court of Appeal.

Our members continue to meet with various groups and bodies, and to engage with other representative bodies relevant to the work of the committee, including the Injuries Board, Courts Service, Medical Council, Irish Medical Organisation, and the Bar of Ireland. We also work with the various Courts Rules Committees, on which the Society's representatives sit.

Finally, the annual litigation seminar, presented by the committee, took place on 6 October.

My thanks go to the committee members for their commitment and input during the year, particularly the vice-chair Fiona Duffy and committee secretary Colette Reid, for all their support, hard work, and enthusiasm.



PROBATE, ADMINISTRATION AND TRUSTS COMMITTEE

RICHARD HAMMOND, CHAIR

The committee published an updated practice note in both the *eZine* and the *Gazette* in January 2016 in relation to payment of funeral expenses, reminding practitioners that these can be paid prior to any grant issuing.

It continued to lobby in relation to the fourth *AML Directive* and its transposition into Irish law. Committee members are actively involved in the Law Society task force dealing with the implementation of this directive, as well as the forthcoming FATF review of Ireland's money-laundering regime.

It continued to engage with the relevant departments in relation to the *Assisted Decision Making (Capacity) Act 2015*, which has been signed into law, but not yet commenced.

The committee made a submission to the Law Reform Commission in relation to the issues paper published by them seeking possible reforms to section 117 of the *Succession Act 1965*. This engagement contributes to the maintenance of the Society as the trusted voice of a respected solicitors' profession.

Committee members actively engaged with the Revenue Commissioners at the TALC Direct/Capital Taxes Subcommittee and contributed to the Law Society budget submission.

We have engaged with both the Society's Regulation Department, as well as the Representation and Member Services Department, in the production of new client-care leaflets dealing with practice notes about solicitors and clients working together to protect client moneys, CAT, and making a will.

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

We have started to engage with Irish State Savings and the Irish League of Credit Unions to outline best practice when dealing with the assets of deceased clients.

We have begun engaging with the bar associations, both on best practice for dealing with requests for information regarding wills and with the proposed Courts Service review of district probate registries.

We continue to provide assistance to colleagues who contact the committee about particular aspects of probate and trusts, and the taxation of same; in particular, this year, the issues arising from the requirement under section 339 of the *Social Welfare Consolidation Act 2005* to provide information to the Department of Social Protection.

Articles published by the committee and its members included:

- October 2015 – *eZine* article on CAT threshold and the *Marriage Bill*,
- August 2015 – *eZine* article on EU succession regulation/ Department of Social Protection and the schedule of assets Probate Office updates,
- January 2016 – *eZine* article on payment of funeral expenses and the *Assisted Decision-Making (Capacity) Act*,
- June 2016 – *eZine* article on wills and EPAs and the *Assisted Decision-Making (Capacity) Act 2015*,
- July 2016 – *eZine* article on the District Probate Registries' survey.

Committee members continued to speak at a number of Law Society and other seminars throughout the country, including CPD cluster events and the probate and taxation masterclass. For the first time this year, a probate and taxation update was held on 22 September 2016, in conjunction with the Taxation Committee.

Challenges to be taken on by the committee in 2016-2017 include exploring the possibility of solicitors availing of the dormant accounts legislation, continuing to lobby for an increase in Probate Office staff, continuation of the District Probate Registries and greater technical support, review of the CAT ROS system in order to remove ongoing technical difficulties, and to ensure solicitors have access to the relevant information they need to provide to their clients.

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



PR COMMITTEE

MICHAEL KEALEY, CHAIR

This year saw a major review of the Law Society's 'Talk to your solicitor' radio advertising campaign. The PR Committee worked closely on this with the Representation and Member Services Department (RMS), which undertakes many of the Society's day-to-day public relations functions, as well as with outside advisors Chemistry, who were appointed after a tendering process.

There are subtle but important changes to the campaign. The radio broadcasts now take a testimonial format, with comments from representative clients and a solicitor. There is significant online support through banner advertising on the Society's website and through links to the ads on social media. The tagline 'Talk to your solicitor' has been supplemented by the phrase 'Do yourself justice'. The ads will be broadcast over a longer timeline, rather than shorter, more concentrated bursts, as has been the case to date.

We hope the campaign will continue to enhance the reputation of the Law Society and its members with the general public.

In June, the committee hosted the annual Justice Media Awards, while a highly successful Communications Day took place last May. The latter event involved media training by Carr Communications for representatives of local bar associations, particularly presidents and PROs.

The popularity of the Justice Media Awards continues to grow. This year saw the largest ever number of entries, outstripping the previous record in 2015. The JMAs continue to generate acres of news print and broadcast reaction to the awards. For the first time, a radio documentary, 'The case that never was', won the overall award.

The committee continues to work closely with the RMS Department, which has now been operational for two years. RMS director Teri Kelly officially joined the committee this year. This has further enhanced the cooperation with the department and has allowed the PR Committee to take on a more strategic, rather than functional, role. We envisage this close cooperation developing further to the benefit of all concerned.



TAXATION COMMITTEE

JUSTIN MCGETTIGAN, CHAIR

The Taxation Committee has had another busy year. It represented the Society and its members in interactions with the Revenue Commissioners and other tax advisors through its active participation in the Tax Administration Liaison Committee (TALC) and its relevant subcommittees dealing with direct taxes, indirect taxes, capital taxes, audit, technical tax issues, collection tax issues, base erosion and profit shifting, and the *Companies Act* working group.

The committee made numerous submissions to Revenue via the TALC forum on issues concerning practitioners. It also continued to liaise with the Revenue Commissioners in relation to electronic stamping and local property tax issues.

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

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

We continued to issue practice notes and advisories throughout the year.

I have been ably assisted in my role by my vice-chair Gavin McGuire and committee's secretary Rachael Hession. I thank them and the committee members for their support and assistance throughout the year.



TECHNOLOGY COMMITTEE

GREG RYAN, CHAIR

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

Continuing credit goes to Neil Butler and Eamonn Keenan for their ever-diligent work on the eConveyancing Project. When complete, it will revolutionise how property is conveyed in Ireland.

We continue to work with the Revenue Commissioners on ongoing electronic stamping matters. This continues to represent the largest number of complaints by individual practitioners to the committee over the course of the year. While the number of complaints is dropping, more remains to be done. We also continue to make representations on LPT issues.

The biggest new project this year has been the eLicensing Project. Vice-chair Ray Smith and I met with the Courts Service, and specifically with John Coyle (head of Circuit and District Courts operations), to discuss issues with certain aspects of the project and to make representations. The system is currently about four months behind schedule, but is expected to be operational for the renewals in September 2017.

The committee continues to manage the eProbate Project, with the hope that it will come into effect in coming years. We compiled a detailed report on electronic signatures, which was submitted to the Coordination Committee and the eConveyancing Task Force.

In accordance with the Symbio report, a two-year plan has been drawn up for the committee, setting goals and targets.

The committee submitted speakers for Law Society cluster events around the country, and I will speak on data protection issues in November in Cork. The committee, together with the Intellectual Property Law Committee, shares a representative on the Government Data Forum, which is closely monitored by both committees.

We are reviewing a practice note, with the Conveyancing

Committee, on title documents by CD-ROM. Given the limited shelf life of CD-ROMs and the current availability of new storage media (such as USB keys and the cloud), a guidance note will be prepared and published in due course.

The committee has also written extensively and warned members through *Gazette* articles, guidance notes, and *eZine* items about current cyber-security issues, including ransom-ware and 'spear phishing'.

We published a note in the *Gazette* on public file-sharing sites and are currently reviewing the existing list of suppliers, which will be published in due course on the Law Society's website.

Finally, we are preparing a detailed note on the digitised swearing of documents and have noted the comments of the President of the High Court in recent proceedings.

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



YOUNGER MEMBERS COMMITTEE

CAROL EAGER, CHAIR

The aim of the committee is to represent the views and promote the interests of younger members who are in the early and developmental stages of their careers. The target audience are members up to 15 years' qualified. Younger members represent a significant proportion of all members of the Law Society, with just under 40% being aged 39 or under, according to the 2014/2015 annual report.

Committee membership is drawn from a wide range of firms and locations, and members have varying levels of qualification. This ensures a significant breadth of opinion and a voice for all constituencies.

The committee's theme for 2015/2016 was 'engagement'. With this in mind, we undertook an online survey of solicitors (qualified since 2001) in November 2015, the results of which have given the committee an important insight into the experiences and needs of younger members.

This survey had a positive response rate and offered younger members an opportunity to have their voices heard on issues such as career, volunteerism, CPD courses, and additional services they would like to see being offered by the Law Society. The results will inform the work of the committee over the next two years.

One of the committee's larger planned initiatives includes a conference for young solicitors on the topic of work/life balance – managing clients, mastering time, and dealing with stress. This topic was directly informed by our survey results.

I wish to thank the committee members, my vice-chair Emer O'Connor, and our committee secretary Sinead Travers.

THE YEAR THAT WAS...

Some of the top stories that the Law Society was involved in during the year under review.

GOVERNMENT APPOINTS LSRA BOARD

Minister for Justice Frances Fitzgerald designated 1 October 2016 as the establishment date for the Legal Services Regulatory Authority. While parts 1 and 2 of the *Legal Services Regulation Act* were commenced, no commencement date has been set yet for the remaining parts.

The LSRA board has 11 members. Each will serve a term of three years. The Society was required to provide the names of two nominees, one male and one female, to serve on the board. Unanimously approved by the Law Society Council, they are Geraldine Clarke and James MacGuill. Both are past-presidents who have represented the Society nationally and internationally at CCBE and IBA level.

Dr Don Thornhill (the nominee of the Higher Education Authority) is the first chair of the new authority. The appointments of all board members were approved by resolutions of the Oireachtas in July.

The Society's *Legal Services Regulation Act* Task Force is monitoring these developments very closely and will continue to communicate with the profession in the months ahead.



BREXIT IMPLICATIONS FOR BRITAIN AND IRELAND STILL LARGELY UNKNOWN

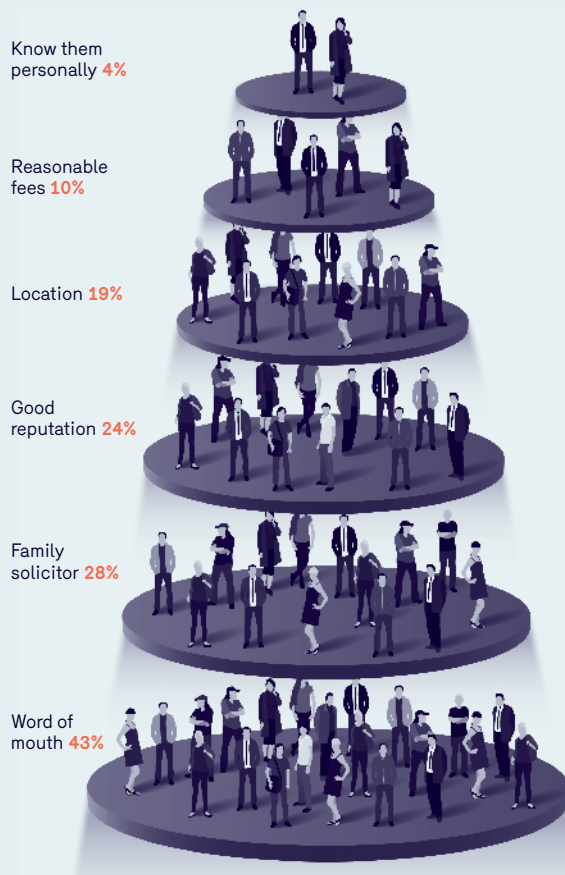
Brexit was top of the agenda for the biannual meeting of the presidents, vice-presidents and CEOs of the law societies of Ireland, Northern Ireland, Scotland, and England and Wales. The meeting, which took place in Ireland just two days before the Brexit referendum, was hosted by the Law Society of Ireland. Together, the four societies represent approximately 180,000 solicitors.

England and Wales, Scotland, and Northern Ireland shared their serious concerns about the direct impact that a 'leave' vote would have for their solicitor members. In the days following the result, Jonathan Smithers (England and Wales president) said that the 23 June vote had created "an unprecedented and complex range of legal issues, and the solicitors' profession is already firmly focused on finding solutions".

Ireland shared its concerns, too, with president Simon Murphy and director general Ken Murphy airing their views on the potential negative impact of a 'leave' vote on the Irish economy, free trade, the free movement of people between our neighbouring jurisdictions, and the potential political fallout for the Northern Ireland peace process.

One of the first impacts of the Brexit vote has been a record increase in the number of solicitors from Britain and Northern Ireland who have been admitted to practise in Ireland in 2016. A total of 472 solicitors from England and Wales have been admitted to the Roll of Solicitors to date in 2016. This compares with an average of 50 to 100 in a given year previously.

FACTORS INFLUENCING CHOICE OF SOLICITORS



Four factors mainly influence the choice of solicitor: recommendation/word of mouth, family linkage, perceived reputation and convenience of location. One in ten clients makes a specific reference to choice being influenced by reasonable fees

HOW THE PUBLIC VIEWS THE SOLICITORS' PROFESSION

The Law Society commissioned a survey of the attitudes of the Irish adult population towards solicitors and the Society. The research was carried out by research company RED C and consisted of a telephone survey of a nationally representative sample of Irish adults.

The results gave new insights into a range of important issues, with lessons for both the profession – in terms of driving business to their firms – and the Law Society.

According to the research, 72% of the adult population has used the services of a solicitor at some point in their lives. The majority – 57% – use a solicitor every few years, 9% once a year, and 6% multiple times in a year. Men are more likely to use a solicitor multiple times a year or once a year compared with women. Unsurprisingly, younger age groups are less likely to have used a solicitor.

The public reported high levels of satisfaction with their own solicitor, with 78% of clients being satisfied with the overall service delivered, while just 13% said they were dissatisfied. A full 80% of the public expressed satisfaction the trustworthiness of their solicitor.

A surprisingly small proportion of the public understood the protection provided to them by the Law Society's Compensation Fund. In fact, only 32% of the public understood that, in the highly unlikely event that they lose money as a result of solicitor dishonesty, the Law Society could reimburse them through the fund.

Clients benefit from extra protections every time they use a solicitor, including cover by the compensation fund, professional indemnity insurance cover, legal professional privilege, high professional and educational standards of the solicitors' profession, and overall regulation by the Law Society. The Society will be focusing its efforts on increasing the public's understanding of these benefits and protections every time they use a solicitor.

23% OF SOLICITORS PRACTISE IN THE LARGEST FIRMS IN IRELAND

Practising certificates issued by the Law Society to each of the 20 largest firms in this jurisdiction showed that, on 31 December 2015, the 20 largest firms between them had 2,294 practising certificates (PCs). That's an increase of 108 (or 5%) compared with 2014.

Somewhat surprisingly, the growth rate was lower than the 9% increase to 31 December 2014 – despite GDP expansion of some 7% in 2015.

The number of PCs issued to the profession as a whole was 9,707 in 2015 – an increase of 4% over the 9,323 issued in 2014.

There were 2,285 private practitioner firms of all sizes, including a great many sole practitioner firms, on 31 December 2015. The 20 largest firms represent less than 1% of the total number of firms, but their practising certificate number, at 2,294, constitutes a massive 23% of all PCs issued.

Once again, Arthur Cox was the largest firm in 2015, increasing its solicitor number by 20 (7%). Its PC tally of 269 in 2014 increased to a new record of 289 in the year under review. If it maintains this rate of growth, it should comfortably exceed 300 PCs by the end of 2016.



'THE CASE THAT NEVER WAS' CAPTURES JMA'S TOP ACCOLADE

The overall winners of the Justice Media Awards 2016 were Frank Shouldice and Liam O'Brien (RTÉ Radio 1, *Documentary on One*) for 'The case that never was'. They are seen here with the category and merit winners at Blackhall Place on 23 June.



CALCUTTA RUN TARGETS €200K FOR CHARITY

The Calcutta Run broke numerous records on 21 May 2016, seeing the highest number of participants ever, including runners/walkers, the numbers of burgers eaten and beverages drank! And despite monsoon-like rain, the Finish Line Festival rocked on until 5pm. The aim this year was to present the Peter McVerry Trust for the homeless and GOAL's orphanages in Calcutta €100,000 each.

Winners of the women's 5k in the Calcutta Run were (l to r): Orla Walsh (McDowell Purcell, Lucy Barrett (Raheny Shamrocks) and Sarah Ryan (A&L Goodbody)

DIPLOMA CENTRE SHOWS SERVICE PROVIDERS THE WAY!

The Law Society's Diploma Centre received the Service Provider to the Legal Profession Award at the Irish Law Awards 2016. (Front, l to r): Aedin Twamley, Siobhan Phelan, TP Kennedy, Freda Grealy, Caroline Foley and Rebecca Raftery; (back, l to r): Keith Kierans, Sharon Hanson, John Lunney, Rory O'Boyle, Deirdre Flynn, Claire O'Mahony, Hazel Bradley and Steve Collender.



'LAW AND WOMEN' MENTORING PILOT PROGRAMME PUTS WOMEN FRONT AND CENTRE

The Law and Women (L&W) mentoring pilot programme – a joint initiative by the Law Society and the Bar of Ireland, in collaboration with the Irish Women Lawyers' Association – now supports women in legal practice.

In January 2016, L&W organised training for mentees and mentors at various stages of their careers. Solicitors and barristers shared these training sessions, which were facilitated at Law Society and Bar venues.

Matching of mentoring pairs for 12 hourly sessions over a 12-month period took place in February. A mentoring agreement approved by both mentee and mentor ensures that the relationship is based on a shared set of expectations and is structured and effective for both parties. A mid-pilot review of the roll-out of the programme was held in July.

PROFESSION CALLS ON EU TO SUPPORT LEGAL-AID MIGRANT CRISIS

The Irish legal profession has called on the EU to fund legal aid on the borders of the EU, describing the current situation as “acute”.

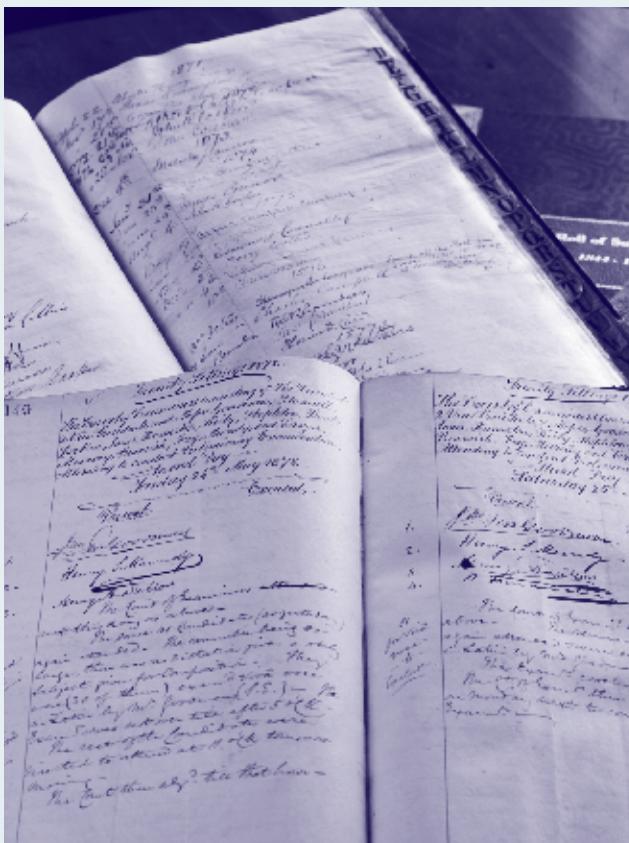
The Law Society and the Bar of Ireland have joined forces to support European Lawyers in Lesvos, a legal-aid initiative in support of refugees engulfed in Greece’s ongoing migrant crisis.

European Lawyers in Lesvos is a joint project of the Council of Bars and Law Societies of Europe (CCBE) and the German Bar Association. It has been developed to provide additional legal supports to the asylum process in Lesvos and to assist current and future asylum seekers arriving on the island.

Law Society director general Ken Murphy pointed out: “The Law Society and the council of the Bar of Ireland are acutely aware of the need for legal aid in places such as Lesvos, which are ‘hotspots’ in the current migrant crisis. Access to justice, legal advice, and human-rights protection are crucial for those arriving at Europe’s borders in a particularly vulnerable position. The legal help provided as part of this initiative will make all the difference for people seeking to start a new life in Europe.”

However, the director general stressed that the acute need for legal aid in Lesvos and elsewhere on the borders of the EU “cannot be met through funding from the legal profession. This need must be funded by the EU itself in the interest of justice and the rule of law.”

Solicitors and barristers in Ireland have contributed €10,000 to the project, which will fund a number of international lawyers to travel to Lesvos to give legal assistance to asylum seekers. More information is available at www.europeanlawyersinlesvos.eu.



THE INSTITUTIONAL ARCHIVES PROJECT

On 28 May 1841, a small group of attorneys and solicitors, led by Josias Dunn, met in the newly acquired Solicitors’ Rooms in the Four Courts to form a society “for the better regulation of the profession of attorney and solicitor in Ireland”.

Thus began the Law Society of Ireland’s long and interesting history. Thankfully, this rich documentary heritage survived the 1922 fire in the Four Courts due to its basement location in a very robust safe. The archive collection has now been digitised and includes Council minutes, Roll books, registers of apprentices, court of examiners’ minutes, charter centenary celebrations memorabilia, *Gazettes* and other categories.

The Council minute books record landmark points in the history of the organisation, including the granting of the charters in 1852 and 1888, and the passing of the *Attorneys and Solicitors (Ireland) Act 1866*, which gave autonomy from the King’s Inns.

Members are invited to browse through the digital archive, which provides easy access to the fascinating story of the first 100 years of the solicitors’ profession in Ireland. The archive is located in the library catalogue area on www.lawsociety.ie. Contact the library for login and PIN details at libraryenquire@lawsociety.ie. Other parties interested in legal history may apply for access to the archive by contacting Mary Gaynor (head of library and information services) at m.gaynor@lawsociety.ie.

ALL YOU NEED TO KNOW ABOUT... MEMBER SERVICES

The Law Society of Ireland offers a range of exclusive benefits to its members.

RETIREMENT TRUST SCHEME

The scheme, in association with Mercer, is designed specifically for the needs of Law Society members. It is overseen by an independent trustee, while the Solicitors' Retirement Committee monitors the scheme's governance. The scheme is flexible and allows its members to take retirement benefits any time from 60 to 75, regardless of whether you continue to work. Members can contribute by regular standing order or through single lump-sum contributions. The only applicable charge is the annual management charge.

Members who are self-employed or in non-pensionable employment can apply to join. They must be under 75 years and have a source of earnings from their profession or non-pensionable employment. Find out more at www.lawsociety.ie/memberbenefits. To join, contact Mercer's 'JustASK' helpline at 1890 275 275 or email justASK@mercerc.com.

LIBRARY SERVICES

The library provides members with core legal research services, including book-loan deliveries, research on case law, journal articles, and legislation. Members may also avail of its extensive precedents databases and a large collection of Irish judgments, which are available via the online catalogue. *LawWatch*, a weekly update on current legal topics, is sent by email to all members. Learn more at www.lawsociety.ie/library or email the library at libraryenquire@lawsociety.ie or tel: 01 6724843/4. Opening hours are Monday to Thursday, 9am to 6pm, and Friday, 9am to 5pm.

CREDIT AND DEBIT-CARD TERMINALS

Elavon Merchant Services offers preferential rates for credit/debit-card terminals to Law Society members. Elavon has several packages to choose from, including the option of a mobile card terminal. Terminal rentals start from €18 per month, with free engineer installation and training provided. To find out more, contact Elavon at 1800 995 085 or email: sales@elavon.ie.

CAREER SUPPORT

Assists members faced with career challenges such as job loss, exploring employment options, or those who wish to change career direction. Specialised support is available for older solicitors encountering employment challenges. Supports provided include telephone/email help, one-to-one consultations (including via Skype), and a CV review service. Find out more about Career Support and its range of career management resources at www.lawsociety.ie/careers.

PRACTITIONER SUPPORT

Members, particularly sole practitioners, are provided with information and support on business management and development matters. The service helps solicitors who are considering setting up in practice and assists existing practitioners with matters such as growing their firm, selling, and retirement planning. For more information, visit www.lawsociety.ie/Practitioner-Support.

BY THE NUMBERS



35

practice notes
issued



900

policy, advertising
and ethical queries
answered



5,450

books lent by the
Law Society Library



110,900

Gazettes
distributed

LAW SOCIETY RETIREMENT TRUST SCHEME

The Law Society Retirement Trust Scheme is a pension arrangement established for the benefit of the Society's members. The trustees are confident that the scheme will, for any Law Society members who do not have employers who sponsor a pension for them, represent a high-quality retirement and tax-saving solution.

The scheme has the oversight of an independent trustee and the Solicitors' Retirement Fund Committee to protect the best interests of the members.

The size of the scheme gives members access to market-leading investment managers. Scheme performance is monitored on a quarterly basis, and individual fund managers can be selected or replaced within each fund, as necessary. This level of diversification and governance is typically not available to individual pension investors in the Irish market.

The scheme's managed fund achieves long-term growth by investing in a wide range of asset classes such as equities, bonds, property, alternatives and cash instruments. The diversified nature of the fund was an important factor in mitigating shock waves felt during 2015 as fears over a slow-down in global growth loomed.

The diversified nature of the equity fund (which invests across a range of different equities, such as global, emerging market, small cap and low volatility equities) performed strongly over the year. The scheme's bond and cash funds also performed well against their benchmarks.

Fund performance to 31 December 2015	Three months %	One year %	Three year %
Managed fund	4.2%	5%	12.0
Equity fund	6.3%	9.2%	15.2%
Cash fund	0%	-0.1%	0%
Bond fund	-0.1%	2.1%	10.2%

The Society recognises the importance of its members making provision for their retirement. The scheme has a simple and transparent charging structure, where the annual management charge (taken from the investment performance of each fund) is the only cost that a member incurs. The above performance figures are gross of fees. Annual management charges are 1% for the equity and managed funds, 0.35% for the bond fund, and 0.2% for the cash fund.

All pension contributions (within Revenue limits) attract relief from income tax, and investment returns build up, tax-free – so saving to the scheme is more effective than savings you make through a high-street bank. The scheme also has online access, so members can monitor their investments 365 days a year.

If you are not a member, contact Mercer at 1890 375 375 for further information.



10,878

Law Directories distributed



2,730

solicitors registered with Career Support



13,000

Member Services Directories distributed



551

members of the Retirement Trust Scheme

STANDING COMMITTEES

COMPLAINTS AND CLIENT RELATIONS

CHAIR: Barry MacCarthy
VICE-CHAIRS: Paul Egan, Michael Quinlan

SOLICITOR MEMBERS

William Aylmer
Bernadette Cahill

James Cahill
Gerard Flynn
Don Murphy
Jonathan White

LAY MEMBERS

CHAIR: Dan Murphy

Brian Callanan

Michael Carr

Ultan Courtney

Frank Cunneen

Vera Hogan

Paddy Keating

Michael Lynch

John McDonnell

Peter McLoone

Lenore Mrkwicka

Tom O'Sullivan

Chris Rowland

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Stuart Gilhooly

Michele O'Boyle

Kevin O'Higgins

Michael Quinlan

Patrick Dorgan

Ken Murphy

Mary Keane

SECRETARY: Mary Keane

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VICE-CHAIR: Brendan Twomey

William Aylmer

Colm Costello

Paul Egan

Richard Hammond

Martin Lawlor

Carol Plunkett

Ex officio

Simon Murphy

Stuart Gilhooly

Michele O'Boyle

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Barbara Cotter

John O'Connor

Michael V O'Mahony

Michael Peart

SECRETARY: Paula Sheedy

FINANCE

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VICE-CHAIR: Eamon Harrington

Chris Callan

Patrick Dorgan

James McCourt

Michelle Ní Longáin

Kevin O'Higgins

Valerie Peart

Michael Quinlan

John P Shaw

Austin Slattery

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Simon Murphy

Michele O'Boyle

SECRETARY: Cillian MacDomhnaill

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Michele O'Boyle

Kevin O'Higgins

Ken Murphy

SECRETARY: Ken Murphy

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CHAIR: Michael Quinlan

Eamon Harrington

Liam Kennedy

James McCourt

Conor McDonnell

Ken Murphy

SECRETARY: Deirdre Byrne

MONEY-LAUNDERING REPORTING

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Frank Bowen

Chris Callan

John Elliot

Dara Robinson

SECRETARY: Tina Beattie

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Adrian Shanley

Brendan Twomey

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SECRETARY: Sorcha Hayes

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Crotty, Maura Derivan, Dara Robinson

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John G O'Malley

Imelda Reynolds

Claire Ryan

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Frank Mee

Lenore Mrkwicka

SECRETARY: John Elliot

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VICE-CHAIR: Anthony Hussey

William Aylmer

Michael Carrigan

Catherine Da Gama

Eamon Harrington

Bill Holohan

Damien Keogh

Helen Kilroy

James McCourt

Claire McGrade

Michael O'Connell

David Phelan

SECRETARY: John Lunney

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VICE-CHAIR: Joy Compton

Philip Andrews

Niamh Counihan

Maire Cunningham

Eleanor Daly

Philip Daly

Michael Hanley

Patricia Heavey

Mark Kavanagh

Paul Keane

Neil Keenan

Conor Lupton

Seán Nolan

Jack O'Farrell

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Mark Ryan

Robert Ryan

Seán Ryan

Lorcan Tiernan

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Colm Costello
Ruth Craig
Emma Crowley
Freda Grealy
TP Kennedy
Andrew McGovern
Gemma Neylon
Rory O'Boyle
Fiona Ormond
Aideen Ryan
Claire Ryan
Deborah Spence
SECRETARY: Geoffrey Shannon

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VICE-CHAIR: Loughlin Deegan
Susan Batty
Cian Beecher
Conall Bergin
Jennifer Cashman
Maura Connolly
Áine Curran
John Dunne
Carol Fawsitt
Geraldine Hynes
Janice Kavanagh
Mary Kelleher
Deirdre Malone
Ciara McLoughlin
Rhona Murphy
Ronnie Neville
Emer O'Callaghan
Catherine O'Flynn
Emma O'Neill
Hugh O'Neill
Jane O'Sullivan
Terence O'Sullivan
Síobhra Rush
Barry Walsh
SECRETARY: Deirdre Flynn

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Liam Connellan
Maura Connolly
Helen Coughlan
Lydia Leonard
Jane McKeever
Orla Ormsby
Fiona Thornton

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VICE-CHAIR: Martin Cooney
Diane Balding
Mary Casey
Duncan Grehan
Marco Hickey
Niamh Hodnett
Richard Kelly
TP Kennedy
Cormac Little
James MacGuill
Ross McMahan
Adrian Shanley
John D Shaw
SECRETARY: Eva Massa

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(with responsibility also for civil legal aid)
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VICE-CHAIR: Keith Walsh
Noeline Blackwell
Carol Anne Coolican
Helen Coughlan
Betty Dinneen
Sinead Kearney
Geraldine Keehan
Joseph Madigan
Aaron McKenna

Joan O'Mahony
Moya Quinlan
Aidan Reynolds
Justin Spain
Geoffrey Shannon
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Nora Lillis

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Laurence Grace

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John P Shaw

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MARIA HOEY, Personal Secretary (President and Deputy Director General)

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HELEN KEHOE, Policy Development Executive

MICHELLE LYNCH, Policy Development Executive

EMMA-JANE WILLIAMS, Policy Development Executive

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CORMAC Ó CULÁIN, Public Affairs Executive

eConveyancing

LIAM BARRETT, eConveyancing Project Manager

MARTINA WARD-CLANCY, eConveyancing Project Solicitor

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SARAH CARROLL, PR Secretary

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CATHERINE KEARNEY, Secretary (Editor, *Gazette*) (part-time)

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DEREK OWENS, Web and Social Media Coordinator

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ENDA NAUGHTON, Web Developer

GEOFF FURLONG, Junior Web Developer

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MALGORZATA ROLA, Employer Support Administrator

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EDDIE MACKEY, Executive Assistant Librarian

CLARE TARPEY, Assistant Librarian

JUDITH TEDDERS, Assistant Librarian (part-time)

ELIZABETH DOWLING, Library Assistant (part-time)

ANTHONY LAMBE, Library Assistant (part-time)

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FERGAL MAWE, Practice Regulation Financial Solicitor

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LINDA DOLAN, Administration Assistant

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NICOLA KELLY, Practice Regulation Administrator

MARY ANN MCDERMOTT, Practice Regulation Administrator

REBECCA NOONAN, Secretary

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SEAMUS McGRATH, Senior Investigating Accountant

TINA BEATTIE, Financial Regulation Executive (part-time)

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DAMIEN COLTON, Investigating Accountant

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MARY DEVEREUX, Investigating Accountant

COLM DUNNE, Investigating Accountant

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ANDREW O'BRIEN, Claims Administrator

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RORY O'NEILL, Investigating Accountant

JIM RYAN, Investigating Accountant

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FIONA STANLEY, Investigating Accountant

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YVONNE MCMAHON, Secretary

UCHE OPARAJI, Assistant Claims Administrator

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DEBORAH FINN, Secretary

DOREEN FITZSIMONS/URSULA LYNCH, (J/S) Secretary

ORLAITH GALLAGHER/HELEN

MOUNTAINE, (J/S) Office Manager

RITA HOGAN/CARMEL MOLLOY (J/S)

Secretary

YVONNE MCGARVEY/COLETTE

O'LEARY, (J/S) Secretary

MAURA O'CONNELL, Secretary

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DAVID IRWIN, Solicitor

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SUSAN MURRAY, Administrator and Secretary (part-time)

JEAN O CUILINN, Secretary (part-time)

VACANT, Secretary

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CATHERINE O'FLAHERTY, Solicitor

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AMANDA DUFFY, Administrative Assistant
SHANE FARRELL, Administrative Assistant
CAROL GRAY, Secretary (part-time)
AUDREY MANNING, Administrative Assistant/Secretary
GERALDINE MOLLOY, Secretary (part-time)
VACANT, Secretary (part-time)

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MARITTA MORAN, Secretary/Administrator
LISA CADOGAN, Secretary/Administrator
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FIONA O'FLAHERTY, Secretary (part-time)
ANNE WALSH, Development Manager
KATHERINE KANE, Education Executive
PHILOMENA WHYTE, Admissions Administrator
SUZANNE DONNELLY, Admissions Assistant
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DONNA O'REILLY, Receptionist

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MICHELLE NOLAN, Professional Training Manager
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CIAN MONAHAN, Diploma Coordinator
JOHN LUNNEY, Diploma Executive
RORY O'BOYLE, Senior Diploma Executive
CLAIRE O'MAHONY, Diploma Executive
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MAURA BUTLER, Course Manager
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COLETTE REID, Course Manager
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IRENE O'REILLY, Secretary/Administrator
ZOE DONNELLY, Secretary/Administrator
ROBERT LOWNEY, Secretary/Administrator

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YVONNE BURKE, Personal Secretary (Director of Finance and Administration)
DEIRDRE BYRNE, Administration and Risk Executive

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PAUL BAILY, Finance Manager
NIALL MACMAHON, Finance Manager – Law School
CAROL DOYLE, Accounts Assistant
BRENDA MURPHY, Accounts Assistant (part-time)
BRIGID PENDER, Accounts Assistant
DONNA LYNCH, Accounts Assistant
SARAH KEARNS, Accounts Assistant
PEGGY RYAN, Payroll Administrator (part-time)

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TOM BLENNERHASSETT, IT Manager
VERONICA DONNELLY, Computer Services Manager
DAMIEN CARR, IT Technical Support
MARTIN KEARNEY, IT Projects Manager
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AARON DUGGAN, IT Technical Support – Diploma Section
MICHAEL KEYS, IT Helpdesk Support
MICHALIS KIRIMLIDIS, IT Support – Education

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NATALIA STREC, Service Assistant

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GRAHAM HELPS, Bar and Hospitality Assistant

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2015

THE LAW SOCIETY OF IRELAND

STATEMENT OF RESPONSIBILITIES OF THE FINANCE COMMITTEE

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

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

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

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

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

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

We have audited the financial statements of the Law Society of Ireland for the financial year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income and Retained Earnings, the Consolidated Balance Sheet, the Society Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 24. The relevant financial reporting framework that has been applied in their preparation is Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“relevant financial reporting framework”).

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 financial year ended 31 December 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the Group and the Society as at 31 December 2015 and of the surplus of the Group for the financial year then ended.

Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

21 April 2016

THE LAW SOCIETY OF IRELAND
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<i>Notes</i>	2015 €	2014 €
INCOME			
Fees and subscriptions	4	12,910,228	12,379,431
Education activities	5	8,195,044	8,244,473
Publications	4	378,086	283,208
Four Courts rooms	4	853,590	736,884
Interest and investment income	6	109,136	305,641
Loss on investments	6	-	(836)
Other income	7	223,542	227,081
Sundry income		9,349	53,803
		<u>22,678,975</u>	<u>22,229,685</u>
EXPENDITURE			
Operating charges:			
- General activities	4	(13,321,915)	(12,268,080)
- Education activities	5	(8,793,154)	(8,116,140)
Financing costs	5	-	(65,043)
Other expenditure	7	(526,572)	(522,614)
Redundancy costs	3	(73,829)	(31,729)
		<u>(22,715,470)</u>	<u>(21,003,606)</u>
(DEFICIT) /SURPLUS FOR FINANCIAL YEAR BEFORE REVALUATIONS AND TAXATION		(36,495)	1,226,079
Fair value gain arising on revaluation of investments	6	61,541	687,620
Surplus on valuation of development land	8	-	3,500,000
SURPLUS BEFORE TAXATION		<u>25,046</u>	<u>5,413,699</u>
Taxation	10	6,105	(102,737)
SURPLUS AFTER TAXATION		<u>31,151</u>	<u>5,310,962</u>
OTHER COMPREHENSIVE INCOME			
Remeasurement of net defined pension benefit liability	19	3,209,000	(5,279,000)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>3,240,151</u>	<u>31,962</u>
Retained earnings at the beginning of the financial year	24	26,948,920	26,916,958
Retained earnings at the end of the financial year		<u>30,189,071</u>	<u>26,948,920</u>

**THE LAW SOCIETY OF IRELAND
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
Fixed Assets			
Tangible fixed assets	11	21,568,454	19,656,745
Current Assets			
Investments	12	11,011,920	10,981,230
Stocks	13	57,395	61,941
Debtors	14	2,161,900	1,910,967
Cash at bank and in hand		8,949,471	9,579,445
		22,180,686	22,533,583
Creditors: Amounts falling due within one year	15	(12,207,069)	(11,317,408)
Net Current Assets		9,973,617	11,216,175
NET ASSETS EXCLUDING PENSION LIABILITY		31,542,071	30,872,920
Pension liability	19	(1,353,000)	(3,924,000)
NET ASSETS INCLUDING PENSION LIABILITY		30,189,071	26,948,920
ACCUMULATED RESERVES			
Society reserves		16,744,062	(283,844)
Capital reserve fund		-	15,915,560
Law school reserves		10,630,733	10,348,241
Education centre fund		-	726,566
Litigation fund		1,963,706	1,817,823
Capital expenditure fund		2,203,570	2,348,574
Pension reserve fund		(1,353,000)	(3,924,000)
TOTAL	16	30,189,071	26,948,920

The financial statements were approved and authorised for issue by the Finance Committee on 21 April 2016 and signed on its behalf by:

Stuart Gilhooly
Chairman of the Finance Committee

Simon Murphy
President of Law Society of Ireland

**THE LAW SOCIETY OF IRELAND
SOCIETY BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
Fixed Assets			
Tangible fixed assets	11	15,055,894	13,144,439
Current Assets			
Investments	12	11,011,920	10,981,230
Stocks	13	45,219	47,367
Debtors	14	8,785,991	8,434,002
Cash at bank and in hand		8,813,033	9,515,082
		28,656,163	28,977,681
Creditors: Amounts falling due within one year	15	(12,263,189)	(11,341,529)
Net Current Assets		16,392,974	17,636,152
NET ASSETS EXCLUDING PENSION LIABILITY		31,448,868	30,780,591
Pension liability	19	(1,353,000)	(3,924,000)
NET ASSETS INCLUDING PENSION LIABILITY		30,095,868	26,856,591
ACCUMULATED RESERVES			
Society reserves		16,635,746	(391,286)
Capital reserve fund		-	15,915,560
Law school reserves		10,645,846	10,363,354
Education centre fund		-	726,566
Litigation fund		1,963,706	1,817,823
Capital expenditure fund		2,203,570	2,348,574
Pension reserve fund		(1,353,000)	(3,924,000)
TOTAL	16	30,095,868	26,856,591

The financial statements were approved and authorised for issue by the Finance Committee on 21 April 2016 and signed on its behalf by:

Stuart Gilhooly
Chairman of the Finance Committee

Simon Murphy
President of Law Society of Ireland

**THE LAW SOCIETY OF IRELAND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
Net cash flows from operating activities	<i>18</i>	2,166,667	(2,372,082)
Cash flows from investing activities			
Net interest receivable		109,136	324,641
Purchase of tangible fixed assets		(2,906,075)	(1,749,648)
Disposal of tangible fixed assets		298	97,153
Disposal of investments		-	1,700,000
Net cash flows from investing activities		(2,796,641)	372,146
Net decrease in cash and cash equivalents		(629,974)	(1,999,936)
Cash and cash equivalents at beginning of financial year		9,579,445	11,579,381
Cash and cash equivalents at end of financial year		8,949,471	9,579,445

1. ACCOUNTING POLICIES

Basis of Preparation

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

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

General Information and Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 24.

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

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

The consolidated financial statements include the financial statements of the Law Society of Ireland and the financial statements of its subsidiary undertakings as detailed in note 21.

Basis of Consolidation

The Society consolidates its interests in subsidiary undertakings as detailed in note 21 which make up financial statements to 31 December 2015.

Going concern

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

Income

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

1. ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets and Depreciation

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

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

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

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

Financial Instruments

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

Financial assets and liabilities

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

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

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

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

(i) Investments

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

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

(ii) Fair value measurement

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

Publications

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

Retirement Benefits

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

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

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

Taxation

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

Stocks

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

Grants

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Defined Benefit Pension Scheme

The Society has a defined benefit pension scheme in operation for staff who joined the scheme prior to 30 September 2009. There are estimates with respect to certain key assumptions made in calculating the actuarial liability relating to the scheme including the discount rate, inflation and mortality rates, as disclosed in note 19 to the financial statements.

Development Land

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

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3.	STAFF COSTS	2015	2015	2015	2015	2014
		General activities €	Education activities €	Other €	Total €	Total €
	Salaries and wages	5,573,387	3,307,355	58,788	8,939,530	8,253,190
	PRSI	589,571	320,961	7,472	918,004	883,874
	Pension costs	1,049,622	496,888	7,256	1,553,766	735,349
	Redundancy costs	73,829	-	-	73,829	31,729
	Total	7,286,409	4,125,204	73,516	11,485,129	9,904,142

The above includes Pay and Related costs allocated to General Activities (note 4) under Premises expenditure, Representation expenditure and Regulation expenditure as well as incidental human resource costs.

The average aggregate number of employees during 2015 was 139 (2014: 135).

4.	GENERAL ACTIVITIES (including funds)	2015 €	2014 €
	INCOME		
	Fees and subscriptions		
	Practising certificates	10,082,068	9,596,940
	Members' subscriptions	813,388	791,516
	Admission fees	106,616	167,100
	Fund Contributions:		
	- Capital reserve fund	1,364,957	1,257,232
	- Litigation fund	362,143	393,488
	- Capital expenditure fund	181,056	173,155
		12,910,228	12,379,431
	Services and interest		
	Publications	378,086	283,208
	Four Courts rooms	853,590	736,884
	Interest (note 6)	109,136	305,641
	Total income	14,251,040	13,705,164
	OPERATING CHARGES		
	General activities		
	Pay and related expenditure	2,739,021	2,012,422
	Administration expenditure	665,187	807,168
	Premises expenditure	740,123	676,157
	Representation expenditure	3,510,003	2,882,118
	Regulation expenditure	4,472,734	4,763,533
	Admission expenditure	19,718	20,107
	Services		
	Publications	670,032	658,173
	Four Courts rooms	505,097	448,402
	Total operating charges	13,321,915	12,268,080
	Loss on investments (note 6)	-	(836)
	Surplus	929,125	1,436,248

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. EDUCATION ACTIVITIES	2015 €	2014 €
INCOME		
Professional Practice Course 1 fees	3,069,383	3,151,770
Professional Practice Course 2 fees	1,687,415	1,895,911
Indentures and registration	322,755	329,375
Examination fees	681,295	652,770
Diploma courses	1,500,018	1,540,853
Professional training	869,176	645,924
Miscellaneous income	65,002	27,870
Total income	8,195,044	8,244,473
OPERATING CHARGES		
Pay and related expenditure	4,308,629	3,896,721
Administration expenditure	1,357,827	969,842
Direct expenditure	2,517,102	2,681,703
Premises expenditure	609,596	567,874
Total operating charges	8,793,154	8,116,140
Financing costs	-	65,043
(Deficit)/surplus	(598,110)	63,290

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. INTEREST AND INVESTMENT GAINS/(LOSSES)	2015	2014
	€	€
Interest – Society	109,136	228,974
Interest – Education Centre fund	-	76,667
Interest	109,136	305,641
Loss on disposal of investments	-	(55,712)
Release of provision for impairment of investments	-	54,876
Loss on investments	-	(836)
Fair value gain arising on revaluation of investments	61,541	687,620
	170,677	992,425
7. OTHER INCOME/EXPENDITURE	2015	2014
	€	€
Income		
Bar and catering income	155,449	172,372
Bed and breakfast income	41,787	35,570
Functions and consultation room income	26,156	17,498
Sundry income	150	1,641
	223,542	227,081
Expenditure		
Bar and catering cost of sales	386,469	381,525
Bed and breakfast cost of sales	6,573	5,847
Premises expenditure	3,681	2,059
Professional fees	9,551	5,043
Other administration expenditure	120,298	128,140
	526,572	522,614
Deficit	(303,030)	(295,533)

8. SURPLUS ON REVALUATION OF DEVELOPMENT LAND

The development land, included in tangible fixed assets, was valued at €6,500,000 by qualified external valuers Mason Owens & Lyons on a fair value basis at 31 December 2015. There was no change in valuation from the prior year. In 2014 there was a €3,500,000 upward revaluation based on valuations achieved on other properties in Dublin 7.

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. SURPLUS BEFORE TAXATION	2015	2014
	€	€
The surplus before taxation is stated after charging:		
- Depreciation	994,068	952,556
- Auditors' remuneration	27,200	32,200
- Finance costs	-	65,043
and after crediting:		
- Deposit interest	109,136	305,641

All income recognised arose in the Republic of Ireland.

10. TAXATION	2015	2014
	€	€
Based on the surplus for the financial year:		
Taxation charge	24,139	82,111
Prior financial year (over)/under provision	(30,244)	20,626
	(6,105)	102,737

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

	2015	2014
	€	€
Surplus for financial year before taxation	25,046	5,413,699
Surplus for financial year multiplied by standard rate of corporation tax of 12.5% (2014: 12.5%)	3,131	676,712
Effects of:		
Net income and expenditure not subject to taxation	(10,996)	(642,082)
Depreciation in excess capital allowances	26,636	10,164
Higher tax rates on interest and rental income	17,886	43,498
Retention tax paid	(7,416)	(6,181)
Relief for losses on a value basis	(5,102)	-
Prior financial year (over)/under provision	(30,244)	20,626
Total tax charge for period	(6,105)	102,737

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.

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. TANGIBLE FIXED ASSETS

Group

	Premises €	Development Land €	Furniture Leasehold Improvements €	Fittings & Equipment €	I.T. Equipment €	Motor Vehicles €	Total €
Cost/Valuation:							
At 1 January 2015	16,513,183	6,500,000	2,042,554	5,078,423	3,105,898	59,875	33,299,933
Additions	1,657,053	-	602	115,771	1,132,649	-	2,906,075
Write offs	(144,284)	-	(14,498)	-	-	-	(158,782)
At 31 December 2015	18,025,952	6,500,000	2,028,658	5,194,194	4,238,547	59,875	36,047,226
Depreciation:							
At 1 January 2015	5,212,471	-	1,436,754	4,377,471	2,556,617	59,875	13,643,188
Charge for financial year	348,107	-	218,321	235,670	191,970	-	994,068
Write offs	(127,013)	-	(14,798)	(11,968)	(4,705)	-	(158,484)
At 31 December 2015	5,433,565	-	1,640,277	4,601,173	2,743,882	59,875	14,478,772
Net book value:							
At 31 December 2015	12,592,387	6,500,000	388,381	593,021	1,494,665	-	21,568,454
At 31 December 2014	11,300,712	6,500,000	605,800	700,952	549,281	-	19,656,745

The development land was valued at €6,500,000 by qualified external valuers Mason Owens & Lyons on a fair value basis at 31 December 2015. The original cost of the development land when purchased in 2005 was €21,718,981.

Society

	Premises €	Leasehold Improvements €	Furniture, Fittings & Equipment €	I.T. Equipment €	Motor Vehicles €	Total €
Cost:						
At 1 January 2015	16,368,899	2,028,056	4,785,598	3,105,898	59,875	26,348,326
Additions	1,657,053	602	110,707	1,132,649	-	2,901,011
At 31 December 2015	18,025,952	2,028,658	4,896,305	4,238,547	59,875	29,249,337
Depreciation:						
At 1 January 2015	5,085,458	1,421,956	4,084,686	2,551,912	59,875	13,203,887
Charge for financial year	348,107	218,321	231,158	191,970	-	989,556
At 31 December 2015	5,433,565	1,640,277	4,315,844	2,743,882	59,875	14,193,443
Net book value:						
At 31 December 2015	12,592,387	388,381	580,461	1,494,665	-	15,055,894
At 31 December 2014	11,283,441	606,100	700,912	553,986	-	13,144,439

Group and Society

The net book amount includes the following amount relating to assets held under finance leases:
Leasehold improvements: €Nil (2014: € Nil).

The total additions include the following amounts relating to assets under construction which have not been depreciated in the financial year:
Premises: €855,449 and I.T. equipment: €931,491 (2014: Premises: €1,183,905)

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. TANGIBLE FIXED ASSETS (CONTINUED)

Group and Society

Included in the above are assets relating to education activities:

	Cost €	Accumulated Depreciation €	Net Book Value €
Premises	8,353,499	1,837,588	6,515,911
Furniture, fittings and equipment	2,902,032	2,434,156	467,876
I.T. equipment	1,839,710	1,522,151	317,559
	<u>13,095,241</u>	<u>5,793,895</u>	<u>7,301,346</u>

12. INVESTMENTS

Group and Society

	2015 €	2014 €
Balance at 1 January	10,981,230	12,288,184
Disposals at cost	-	(1,700,000)
Write off of investment at cost	-	(55,712)
Release of provision for impairment	-	54,876
Deferred taxation movement	(30,851)	(274,738)
Other Movement – interest	-	(19,000)
Fair value gain	61,541	687,620
Balance at 31 December	<u>11,011,920</u>	<u>10,981,230</u>

The investments are comprised of the following:

- (a) With-Profit Bond (“Policy”);
- (b) Global Absolute Return Strategy Fund (“GARS”);
- (c) Diversified Absolute Return Fund (“DARF”)
- (d) Global Equity Fund (“GEF”)

The Policy carries 100% capital protection on maturity. GARS, DARF and GEF do not carry capital protection. The Policy, GARS and DARF have a low risk profile while GEF is fully exposed to volatility in equity markets.

The equity investment by the Society in subsidiary undertakings is carried at €Nil (2014 €Nil).

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. STOCKS	2015	2014
	€	€
Group		
Stock in trade	57,395	61,941
	<u> </u>	<u> </u>
Society		
Stock in trade	45,219	47,367
	<u> </u>	<u> </u>

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

14. DEBTORS	2015	2014
	€	€
Group		
Amounts falling due within one year:		
Debtors and prepayments	1,747,889	1,619,446
Income tax	67,301	-
Amounts due from Law Society of Ireland Scholarship Fund	24,061	7,361
VAT	17,061	9,422
Deferred tax asset on investments	305,588	274,738
	<u>2,161,900</u>	<u>1,910,967</u>
	<u> </u>	<u> </u>
Society		
Amounts falling due within one year:		
Debtors and prepayments	1,716,084	1,531,545
Income tax	67,301	-
Amounts due from Law Society of Ireland Scholarship Fund	24,061	7,361
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	142,957	43,799
- Benburb Street Property Company Limited	6,530,000	6,525,000
- Ellis Quay Property Services Limited	-	51,559
Deferred tax asset on investments	305,588	274,738
	<u>8,785,991</u>	<u>8,434,002</u>
	<u> </u>	<u> </u>

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. CREDITORS	2015	2014
	€	€
Group		
Amounts falling due within one year		
Creditors and accruals	3,656,322	3,378,940
Amounts due to Law Society Compensation Fund	1,007,195	152,910
Amounts due under financial support commitment	5,092,307	5,265,183
Deferred income*	1,856,882	1,698,408
PAYE / PRSI	532,765	485,416
VAT	61,598	43,355
Onerous lease provision	-	211,085
Income tax	-	82,111
	12,207,069	11,317,408
Society		
Amounts falling due within one year		
Creditors and accruals	3,578,796	3,317,218
Amounts due to Law Society Compensation Fund	1,007,195	152,911
Amounts due under financial support commitment	5,092,307	5,265,183
Deferred income*	1,856,882	1,698,408
Amounts due to subsidiary undertakings:		
- The Law Club of Ireland	133,646	85,842
PAYE / PRSI	532,765	485,416
VAT	61,598	43,355
Onerous lease provision	-	211,085
Income tax	-	82,111
	12,263,189	11,341,529

* Deferred income represents fees for the 2016 financial year received in the financial year to 31 December 2015.

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. ACCUMULATED RESERVES

Group

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Education Centre Fund €	Litigation Fund €	Capital Expenditure Fund €	Capital Reserve Fund €	Pension Reserve Fund €
Balance at 1/1/2015	26,948,920	(283,844)	10,348,241	726,566	1,817,823	2,348,574	15,915,560	(3,924,000)
Surplus/(deficit) for year	3,240,151	(794,228)	(444,777)	-	362,143	181,056	1,364,957	2,571,000
Transfers	-	17,822,134	727,269	(726,566)	(216,260)	(326,060)	(17,280,517)	-
Balance at 31/12/2015	30,189,071	16,744,062	10,630,733	-	1,963,706	2,203,570	-	(1,353,000)

Society

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Education Centre Fund €	Litigation Fund €	Capital Expenditure Fund €	Capital Reserve Fund €	Pension Reserve Fund €
Balance at 1/1/2015	26,856,591	(391,286)	10,363,354	726,566	1,817,823	2,348,574	15,915,560	(3,924,000)
Surplus/ (deficit) for year	3,239,277	(795,102)	(444,777)	-	362,143	181,056	1,364,957	2,571,000
Transfers	-	17,822,134	727,269	(726,566)	(216,260)	(326,060)	(17,280,517)	-
Balance at 31/12/2015	30,095,868	16,635,746	10,645,846	-	1,963,706	2,203,570	-	(1,353,000)

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 Activities €	Education Activities €	Education Centre Fund €	Litigation Fund €	Capital Expenditure Fund €	Capital Reserve Fund €	Pension Reserve Fund €	Other Fund €
Surplus before tax (Note 4 & 5)	331,015	929,125	(598,110)	-	-	-	-	-	-
Deficit before tax (Note 7)	(303,030)	-	-	-	-	-	-	-	(303,030)
Sundry income	9,349	9,349	-	-	-	-	-	-	-
Redundancy costs (Note 3)	(73,829)	(73,829)	-	-	-	-	-	-	-
Taxation (Note 10)	6,105	(29,073)	35,178	-	-	-	-	-	-
Investment gain (Note 6)	61,541	-	-	-	-	-	-	-	-
Surplus after tax	31,151	897,113	(562,932)	-	-	-	-	-	(303,030)
Remeasurement of pension	3,209,000	-	-	-	-	-	-	3,209,000	-
Income allocated to specific fund	-	(1,908,156)	-	-	362,143	181,056	1,364,957	-	-
Reallocation of pension costs	-	446,600	191,400	-	-	-	-	(638,000)	-
Inter group trading	-	(229,785)	(73,245)	-	-	-	-	-	303,030
Surplus/deficit per group accumulated reserves	3,240,151	(794,228)	(444,777)	-	362,143	181,056	1,364,957	2,571,000	-

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. FINANCIAL INSTRUMENTS

Group

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

	2015 €	2014 €
Financial assets		
<i>Measured at fair value through the income statement</i>		
Listed investments (see note 12)	11,011,920	10,981,230
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (see note 14)	1,747,889	1,619,446
Amounts owed from related undertakings (see note 14)	24,061	7,361
	<u>12,783,870</u>	<u>12,608,037</u>
Financial Liabilities		
<i>Measured at undiscounted amounts payable</i>		
Trade and other payables (see note 15)	5,513,204	5,288,433
Amounts owed to related undertakings (see note 15)	1,007,195	152,910
Amounts due under financial support commitment (see note 15)	5,092,307	5,265,183
	<u>11,612,706</u>	<u>10,706,526</u>

Society

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

	2015 €	2014 €
Financial assets		
<i>Measured at fair value through the income statement</i>		
Listed investments (see note 12)	11,011,920	10,981,230
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (see note 14)	1,716,084	1,531,545
Amounts owed from subsidiaries (see note 14)	6,672,957	6,620,358
Amounts owed from related undertakings (see note 14)	24,061	7,361
	<u>19,425,022</u>	<u>19,140,494</u>
Financial Liabilities		
<i>Measured at undiscounted amounts payable</i>		
Trade and other payables (see note 15)	5,435,677	5,226,711
Amounts owed to subsidiaries (see note 15)	133,646	85,842
Amounts owed to related undertakings (see note 15)	1,007,195	152,910
Amounts due under financial support commitment (see note 15)	5,092,307	5,265,183
	<u>11,668,825</u>	<u>10,730,646</u>

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

**18. RECONCILIATION OF SURPLUS
TO CASH GENERATED BY OPERATIONS**

	2015 €	2014 €
Surplus before taxation	25,046	5,413,699
Depreciation charge	994,068	952,556
Interest received	(109,136)	(305,641)
Gain on development land	-	(3,500,000)
Loss on investments	-	836
Fair value gain on investments	(61,541)	(687,620)
Decrease in stock	4,546	11,878
(Increase)/decrease in debtors	(152,781)	397,019
Increase/(decrease) in creditors	971,772	(4,349,084)
Income tax paid	(143,307)	(135,725)
Net impact of pension	638,000	(170,000)
CASH GENERATED BY OPERATIONS	2,166,667	(2,372,082)

19. PENSION COMMITMENTS

The Society operates two pension schemes. A defined benefit scheme was available to all eligible employee who chose to join before 30 September 2009, at which date the scheme was closed to new entrants. Thereafter eligible employees could opt to join a hybrid arrangement with the defined benefit element capped at a salary of €45,000 (now €45,500) and the balance being in a defined contribution scheme.

Defined contribution scheme

The Society operates a defined contribution pension scheme for all eligible employees. The total expense charged to the Statement of Comprehensive Income and Retained Earnings in the financial year ended 31 December 2015 was €23,675 (2014: €7,800).

Defined benefit schemes

The Society operates a defined benefit pension scheme and a defined contribution pension scheme. The information set out in this note relates to the defined benefit pension scheme. The scheme is funded by the payment of contributions to a separately administered trust.

Determination of contributions and funding

The contributions are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2012. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the rates of increase in salaries and the rate of increase in pensions in payment. In preparing that valuation, it was assumed that the discount rate would be 5.5% per annum pre retirement and 3.5% per annum post retirement, that future salary increases would average 3% per annum, and that pensions in payment will increase at 1.75% per annum on average. In effect, this means that the investment return pre retirement would be 2.5% higher per annum than future salary increases and the investment return post retirement would be 1.75% higher per annum than pension increases.

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. PENSION COMMITMENTS (Continued)

The actuarial valuation at 31 December 2012 indicated that the market value of the assets of the scheme was €20,857,000 and that the assets were sufficient to cover 95% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be 20% of pensionable salaries in 2015 and this has been made by the Society.

The Trustees obtain the consent of the Society, on a discretionary basis, to index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. No increases were awarded in 2015 as inflation was negative for the relevant period. Members of the Scheme who wish to be considered for this indexation pay an additional contribution of 0.5% of pensionable salary.

The actuary carries out an annual update of the Funding Standard position of the scheme. The scheme met the Funding Standard at 31 December 2015. The triennial actuarial valuation of the scheme to determine the contribution rate is being carried out as at 31 December 2015.

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

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

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

	2015	2014
	€'000	€'000
Opening defined benefit obligation	(31,821)	(22,431)
Service cost (including employee contributions)	(2,217)	(1,517)
Past service cost	38	28
Interest cost	(728)	(869)
Benefits paid	362	366
Actuarial gains/(losses)	2,906	(7,398)
Closing defined benefit obligation	(31,460)	(31,821)

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

	2015	2014
	€'000	€'000
Opening fair value of plan assets	27,897	23,616
Contributions (including employee contributions)	1,613	1,583
Benefits paid	(362)	(366)
Interest income	656	945
Actuarial gains	303	2,119
Closing fair value of plan assets	30,107	27,897

**THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

19. PENSION COMMITMENTS (Continued)

The principal actuarial assumptions at the balance sheet date:

	2015	2014
	%	%
Rate of general increase in salaries	2.00	2.00
Discount rate of scheme liabilities	2.70	2.30
Rate of pension increase	1.50	1.50
Inflation	1.50	1.50
Post retirement mortality		
Current pensioners at 65 – male	22.0	22.3
Current pensioners at 65 – female	24.6	24.0
Future pensioners at 65 – male married	24.7	24.1
Future pensioners at 65 – female married	27.8	25.9
% of pension commuted for cash at retirement	12.5	12.5

The post retirement mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to the assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in 2036.

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

	At Year End 31 December	
	2015	2014
	€'000	€'000
Equities	12,842	11,920
Bonds	14,521	13,343
Cash	21	10
Other	2,723	2,624
	30,107	27,897

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. PENSION COMMITMENTS (Continued)

	2015	2014
	€'000	€'000
The actual return on plan assets	959	3,064
	<hr/>	<hr/>
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	30,107	27,897
Present value of funded obligations	(31,460)	(31,821)
Deficit in the scheme	(1,353)	(3,924)
	<hr/> <hr/>	<hr/> <hr/>
The amounts included in the performance statements are as follows:		
	2015	2014
	€'000	€'000
Current service cost	(1,742)	(1,055)
	<hr/>	<hr/>
Past service cost	38	28
	<hr/>	<hr/>
Interest income on pension scheme assets	656	945
Interest expense on pension scheme liabilities	(728)	(869)
Net interest (charge)/income	(72)	76
	<hr/> <hr/>	<hr/> <hr/>
Actual return less expected return on pension scheme's assets	303	2,119
Experience gains arising on the scheme's liabilities	606	866
Changes in assumptions underlying the present value of the scheme's liabilities	2,300	(8,264)
	<hr/>	<hr/>
Actuarial gain/(loss) included in Statement of Comprehensive Income	3,209	(5,279)
	<hr/> <hr/>	<hr/> <hr/>

THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. PENSION COMMITMENTS (Continued)

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

	2015 €'000	2014 €'000
(Deficit)/surplus at beginning of year	(3,924)	1,185
Current service cost	(1,742)	(1,055)
Past service cost	38	28
Net interest (cost)/income	(72)	76
Contributions (excluding employees)	1,138	1,121
Actuarial gain/(loss)	3,209	(5,279)
Deficit at end of year	<u>(1,353)</u>	<u>(3,924)</u>

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

	2015 €'000	2014 €'000
Defined benefit obligation	(31,460)	(31,821)
Fair value of plan assets	30,107	27,897
Deficit	<u>(1,353)</u>	<u>(3,924)</u>

	2015 €'000	2014 €'000
Difference between the expected and actual return on plan assets:		
Amount €'000	(303)	(2,119)

Experience gains on plan liabilities:

Amount €'000	<u>606</u>	<u>866</u>
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Future contributions:

It is expected that contributions of €1,206,000 will be made to the defined benefit pension scheme in 2016.

**THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

20. RELATED PARTY TRANSACTIONS

Law Society Compensation Fund	2015
	€
Opening balance at 1 January	(152,911)
Charges	3,953,872
Receipts	(4,808,156)
Closing balance at 31 December	(1,007,195)
	<hr/> <hr/>
Law Society of Ireland Scholarship Fund	2015
	€
Opening balance at 1 January	7,361
Charges	16,700
Closing balance at 31 December	24,061
	<hr/> <hr/>
Irish Rule of Law International	2015
	€
Opening balance at 1 January	-
Charges	35,105
Receipts	(35,105)
Closing balance at 31 December	-
	<hr/> <hr/>

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

KEY MANAGEMENT REMUNERATION

The total remuneration for key management personnel which consists of the 7 Directors and 11 Section Heads/Managers for the financial year totalled € 2,508,748 (2014: €2,521,522). This amount includes the President's Subvention, as approved by Council, of €110,000 (2014: €110,000). Remuneration includes salary, social security costs and pension costs.

**THE LAW SOCIETY OF IRELAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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.

Related undertakings:

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

22. CAPITAL COMMITMENTS

2015
€

2014
€

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

Contracted for	1,860,000	634,190
Not contracted for	1,694,192	181,128
	<u>3,554,192</u>	<u>815,318</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 2015. Legal costs incurred by the Society to 31 December 2015, in connection with these matters, have been charged to the Statement of Comprehensive Income and Retained Earnings.

In 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. On 1 January 2015 a liability of €5.2 million was brought forward from 2014. In 2015, €1.8 million of practising certificate fee income was allocated to the Solicitors Mutual Defence Fund Levy and a €2 million capital contribution was made to the Solicitors Mutual Claims Service Limited. At 31 December 2015 a liability of €5 million has been recognised in the financial statements. Since the year end capital contributions of €1 million have been paid to the Solicitors Mutual Claims Service Limited.

24. EXPLANATION OF TRANSITION TO FRS 102

This is the first year the Society has presented its financial statements under Financial Reporting Standards 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous Irish GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2015. As a consequence of adopting FRS 102, a number of accounting policies have been changed to comply with that standard. As a consequence of adopting FRS 102 the defined pension liability has been provided for and shown in the Group and Society's balance sheet and investments which were previously held at cost are now held at fair value.

RECONCILIATION OF RESERVES	Group	
	31/12/2014	01/01/2014
	€	€
Reserves reported under previous Irish GAAP	29,627,853	25,174,512
<i>Adjustments to reserves on transition to FRS 102</i>		
Defined benefit pension scheme (deficit) /surplus	(3,924,000)	1,185,000
Fair value gain arising on revaluation of investments	1,245,067	557,446
	<u>(2,678,933)</u>	<u>1,742,446</u>
Reserves reported under FRS 102	<u>26,948,920</u>	<u>26,916,958</u>

RECONCILIATION OF SURPLUS FOR 2014

	€
Surplus for the financial year under previous Irish GAAP	4,453,342
Pension cost adjustment	170,000
Investment fair value adjustment	687,620
Surplus for the financial year under FRS 102	<u>5,310,962</u>
Remeasurement of net defined pension benefit liability	(5,279,000)
Total comprehensive income under FRS102	<u>31,962</u>

LAW SOCIETY OF IRELAND COMPENSATION FUND

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

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 fairly present in all material respects 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 is required to:-

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

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

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

We have audited the financial statements of the Law Society of Ireland Compensation Fund for the year ended 31 December 2015 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out in note 1 to the financial statements.

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 state to them in our 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 of the Regulation of Practice Committee, the Regulation of Practice Committee members are responsible for the preparation of the financial statements which fairly present in all material respects the results and state of affairs and results of the Compensation Fund. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the APB's Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements fairly present in all material respects, the state of affairs of the Compensation Fund as at 31 December 2015 and its result for the year then ended.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Compensation Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Regulation of Practice Committee members; 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 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements fairly present in all material respects the state of affairs of the Compensation Fund as at 31 December 2015 and its surplus for the year then ended.

Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

21 April 2016

LAW SOCIETY OF IRELAND COMPENSATION FUND

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
INCOME			
Contributions receivable		7,131,400	6,816,115
Income and returns on investments	5	1,740,238	2,208,343
Recoveries from defaulting solicitors	6	1,023,645	1,681,918
Disciplinary fines and investigation levies		123,200	131,433
		<u>10,018,483</u>	<u>10,837,809</u>
EXPENDITURE			
Provision for claims	6	2,298,450	3,831,388
Insurance		763,905	801,619
Overheads allocated from the Law Society of Ireland		1,134,943	1,071,702
Financial regulation direct administration costs		2,286,354	2,220,418
Practice closure direct administration costs		674,809	644,499
Legal and other professional fees		179,266	350,478
Other expenditure		12,017	260
		<u>7,349,744</u>	<u>8,920,364</u>
Fair value movements arising on revaluation of investments	13	(2,353,771)	(1,259,197)
SURPLUS BEFORE TAXATION	7	314,968	658,248
Taxation	8	(49,614)	(25,000)
SURPLUS AFTER TAXATION		<u>265,354</u>	<u>633,248</u>
Retained earnings at beginning of financial year		17,446,887	16,813,639
RETAINED EARNINGS AT END OF FINANCIAL YEAR		<u><u>17,712,241</u></u>	<u><u>17,446,887</u></u>

All recognised gains and losses arose from continuing activities.

LAW SOCIETY OF IRELAND COMPENSATION FUND

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
Fixed Assets			
Financial assets	9	22,997,440	23,672,413
Current Assets			
Debtors	10	1,090,626	246,612
Cash at bank and in hand		92,996	-
		1,183,622	246,612
Creditors: Amounts falling due within one year	11	(2,408,943)	(2,798,277)
Net current liabilities		(1,225,321)	(2,551,665)
Total assets less current liabilities		21,772,119	21,120,748
Provisions for liabilities and charges	12	(4,059,878)	(3,673,861)
NET ASSETS		17,712,241	17,446,887
Revenue reserves		15,554,019	12,934,894
Revaluation reserve	13	2,158,222	4,511,993
		17,712,241	17,446,887

The financial statements were approved by the Regulation of Practice Committee on 21 April 2016 and signed on its behalf by:

Christopher Callan
Chairman of the
Regulation of Practice Committee

Simon Murphy
President of
Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<i>Notes</i>	2015 €	2014 €
Net cash flows from operating activities	15	43,742	(107,755)
Cash flows from investing activities			
Dividends received		100,223	100,223
Purchase of investments		(10,204,135)	(13,001,656)
Disposal of investments		10,171,415	12,926,701
Net cash flows from investing activities		67,503	25,268
Net increase/(decrease) in cash and cash equivalents		111,245	(82,487)
Cash and cash equivalents at beginning of financial year		(18,249)	64,238
Cash and cash equivalents at end of financial year		92,996	(18,249)

1. **ACCOUNTING POLICIES**

Basis of Preparation

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

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value.

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

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

Financial instruments

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

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

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

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

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

(i) Investments

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

(ii) Fair value measurement

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

1. ACCOUNTING POLICIES (Continued)

Revenue Recognition

Recoveries from defaulting solicitors, disciplinary fines and levies imposed on solicitors are recognised when received. Contribution income and all miscellaneous income is recognised on a receivable basis. Recoveries from stop loss insurance policies are recognised when notification of payment has been received.

Claims

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

Taxation

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

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

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

Pension Costs

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. GOING CONCERN

The Compensation Fund had a surplus before taxation for the financial year of €314,968 and had net current liabilities of €1,225,321 at the balance sheet date.

The Compensation Fund has however €22,997,440 of financial assets at its disposal that are readily convertible to cash. Therefore, the Regulation of Practice Committee considers it appropriate to prepare the financial statements on a going concern basis.

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

4. STAFF COSTS	2015 €	2014 €
Salaries and wages	2,237,716	2,087,388
PRSI	232,516	221,773
Pension (Note 17)	243,901	236,058
Total	<u>2,714,133</u>	<u>2,545,219</u>

5. SURPLUS ON SALE OF INVESTMENTS AND RETURNS ON INVESTMENTS	2015 €	2014 €
Surplus on sale of investments (note 9)	1,640,016	2,108,120
Dividends and interest receivable	100,222	100,223
	<u>1,740,238</u>	<u>2,208,343</u>

6. NET COST OF CLAIMS AFTER RECOVERIES	2015 €	2014 €
Provision for claims (note 12)	2,298,450	3,831,388
Recoveries from defaulting solicitors	(1,023,645)	(1,681,918)
Net cost of claims	<u>1,274,805</u>	<u>2,149,470</u>

The Compensation Fund has stop loss insurance policies in place which are subject to an excess of €5,000,000 in any financial year. No insurance recoveries apply in respect of the 2015 or 2014 claim years.

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

7. SURPLUS BEFORE TAXATION	2015	2014
	€	€
The surplus before taxation is stated after charging:		
Auditor's remuneration	4,800	4,800
Reduction in fair value movement in investments	2,353,771	1,259,197
	<u><u> </u></u>	<u><u> </u></u>

8. TAXATION

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

	2015	2014
	€	€
Income tax	57,264	25,000
Deferred tax credit	(7,650)	-
Current tax	<u><u>49,614</u></u>	<u><u>25,000</u></u>

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

	2015	2014
	€	€
Surplus before taxation	314,968	658,248
Surplus multiplied by standard rate of income tax of 20%	62,994	131,649
Effects of:		
Income not subject to taxation	(1,475,679)	(1,890,724)
Expenses not deductible for tax purposes	1,469,949	1,784,075
Current tax charge for the financial year	<u><u>57,264</u></u>	<u><u>25,000</u></u>

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. FINANCIAL ASSETS

Listed investments – at fair value	€
Balance at 1 January 2015	23,672,413
Disposals at cost	(10,171,415)
Additions at cost	10,204,135
Unrealised movement arising on revaluation of investments	(2,353,771)
Realised movement arising on the disposal of investments	1,640,016
Other movements	6,062
Balance at 31 December 2015	<u>22,997,440</u>

The investments are comprised of the following:

- (a) SSgA Euro Treasury bond index
- (b) SSgA Equity Mutual Investment Fund
- (c) Standard Life Global Absolute Return Strategy Fund (“GARS”);
- (d) Irish Government Fixed Bond

All the investments noted above have a low risk profile.

At 31 December 2015, the fair value of investments exceeded cost by €2,158,222 (2014: €4,511,993)

In respect of prior financial year:

Listed investments – at fair value	€
Balance at 1 January 2014	22,740,208
Disposals at cost	(12,926,701)
Additions at cost	13,001,656
Unrealised movement arising on revaluation of investments	(1,259,197)
Realised movement arising on the disposal of investments	2,108,120
Other movements	8,327
Balance at 31 December 2014	<u>23,672,413</u>

The investments are comprised of the following:

- (a) SSgA Euro Treasury bond index
- (b) SSgA Equity Mutual Investment Fund
- (c) Standard Life Global Absolute Return Strategy Fund (“GARS”);
- (d) Irish Government Fixed Bond

All the investments noted above have a low risk profile.

At 31 December 2014, the fair value of investments exceeded cost by €4,511,993 (2013: €5,771,190)

LAW SOCIETY OF IRELAND COMPENSATION FUND

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

10. DEBTORS: Amounts falling due within one year	2015	2014
	€	€
Other debtors	83,431	88,480
Income tax	-	1,092
Amounts due from the Law Society of Ireland	1,007,195	157,040
	<u>1,090,626</u>	<u>246,612</u>
	<u><u>1,090,626</u></u>	<u><u>246,612</u></u>
11. CREDITORS: Amounts falling due within one year	2015	2014
	€	€
Accruals and other creditors	111,119	71,390
Solicitors funds held	2,268,909	2,708,638
Bank Overdraft	-	18,249
Income tax	28,915	-
	<u>2,408,943</u>	<u>2,798,277</u>
	<u><u>2,408,943</u></u>	<u><u>2,798,277</u></u>
12. PROVISIONS FOR LIABILITIES AND CHARGES	2015	2014
	€	€
Provision for claims:		
At beginning of financial year	3,666,211	3,509,366
Provision made	2,298,450	3,831,388
Claims paid	(1,904,783)	(3,674,543)
At end of financial year	<u>4,059,878</u>	<u>3,666,211</u>
	<u><u>4,059,878</u></u>	<u><u>3,666,211</u></u>
Deferred tax:		
At beginning of financial year	7,650	7,650
Credit for the financial year	(7,650)	-
At end of financial year	<u>-</u>	<u>7,650</u>
At end of financial year	<u>4,059,878</u>	<u>3,673,861</u>
	<u><u>4,059,878</u></u>	<u><u>3,673,861</u></u>

The entire deferred tax provision at 31 December 2014 related to investment income, which is not taxed until received.

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13. REVALUATION RESERVE	2015	2014
	€	€
Unrealised movement on investments:		
At beginning of financial year	4,511,993	5,771,190
Movement during financial year	(2,353,771)	(1,259,197)
At end of financial year	2,158,222	4,511,993

14. FINANCIAL INSTRUMENTS

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

Financial assets	2015	2014
	€	€
<i>Measured at fair value through the income statement</i>		
Listed investments (see note 9)	22,997,440	23,672,413
<i>Measured at undiscounted amounts receivable</i>		
Debtors and prepayments (see note 10)	83,431	88,480
Amounts due from related undertakings (see note 10)	1,007,195	157,040
	24,088,066	23,917,933
Financial Liabilities		
Measured at undiscounted amounts payable		
Creditors (see note 11)	2,380,028	2,780,028

**15. RECONCILIATION TO CASH
GENERATED FROM OPERATIONS**

	2015	2014
	€	€
Surplus before taxation	314,968	658,248
Dividends received	(100,223)	(100,223)
Surplus on disposal of investments	(1,640,017)	(2,108,120)
Fair value movements on investments	2,353,771	1,259,197
Increase in debtors	(847,363)	(155,610)
(Decrease)/ increase in creditors	(6,333)	372,080
Income tax paid	(31,061)	(33,327)
CASH GENERATED BY OPERATIONS	43,742	(107,755)

16. RELATED PARTY TRANSACTIONS

During the financial year the expenditure of the Compensation Fund included expenses and payroll costs totalling €3,984,817 (2014: €3,714,937), which were recharged to it by the Law Society of Ireland. The amount due by the Law Society of Ireland at the financial year end is shown at note 10.

17. PENSIONS

The Society and the Law Society of Ireland Compensation Fund are the participants in a multi-employer defined benefit pension scheme, operated by the Society. As there was no stated policy for charging the net defined benefit cost of the scheme to either entity, both entities availed of an exemption under the previous accounting standard, FRS 17. Under FRS 102, the Society as sponsoring employer of the schemes will recognise the entire net defined benefit cost and the relevant net defined benefit liability in its financial statements. Pension costs for the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The contributions to the defined benefit scheme are determined by a qualified actuary on the basis of valuations every three years, using the prospective benefits method. The most recent valuation was completed as at 31 December 2012. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate, the rates of increase in salaries and the rate of increase in pensions in payment. In preparing that valuation, it was assumed that the discount rate would be 5.5% per annum pre retirement and 3.5% per annum post retirement, that future salary increases would average 3% per annum, and that pensions in payment will increase at 1.75% per annum on average. In effect, this means that the investment return pre retirement would be 2.5% higher per annum than future salary increases and the investment return post retirement would be 1.75% higher per annum than pension increases.

The actuarial valuation at 31 December 2012 indicated that the market value of the assets of the scheme was €20,857,000 and that the assets were sufficient to cover 95% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries and increases to pensions in payment which are discretionary. It was recommended that the Society's annual contribution be 20% of pensionable salaries in 2015 and this has been made by the Society.

The Trustees obtain the consent of the Society, on a discretionary basis, to index pensions in payment on an annual basis. Increases are the lesser of the CPI increase or 3%. No increases were awarded in 2015 as inflation was negative for the relevant period. Members of the Scheme who wish to be considered for this indexation pay an additional contribution of 0.5% of pensionable salary.

The actuary carries out an annual update of the Funding Standard position of the scheme. The scheme met the Funding Standard at 31 December 2015. The triennial actuarial valuation of the scheme to determine the contribution rate is being carried out as at 31 December 2015.

The pension charge for the Compensation Fund for the financial year was €243,901 (2014: €236,058).



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