

Law Society of Ireland Compensation Fund

Report and Financial Statements
for the financial year ended
31 December 2018

LAW SOCIETY OF IRELAND COMPENSATION FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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LAW SOCIETY OF IRELAND COMPENSATION FUND

RESPONSIBILITIES OF THE REGULATION OF PRACTICE COMMITTEE

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

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

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

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

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

In our opinion the Compensation Fund's financial statements:

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

The financial statements we have audited comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

Responsibilities of the Regulation of Practice Committee

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

LAW SOCIETY OF IRELAND COMPENSATION FUND**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

All recognised gains and losses arose from continuing activities.

LAW SOCIETY OF IRELAND COMPENSATION FUND

BALANCE SHEET AS AT 31 DECEMBER 2018

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

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

Martin J Crotty
Chairman of the Regulation of Practice Committee

Patrick Dorgan
President of Law Society of Ireland

LAW SOCIETY OF IRELAND COMPENSATION FUND

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

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of Preparation

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

General Information and Basis of Accounting

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

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

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

Financial instruments

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

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

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

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

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

(i) Investments

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

(ii) Fair value measurement

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

1. ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

Claims

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

Taxation

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

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

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

Pension Costs

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

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

3. GOING CONCERN

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

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

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

4. STAFF COSTS	2018 €	2017 €
Salaries and wages	2,374,455	2,323,172
PRSI	250,877	242,091
Pension (Note 17)	284,647	266,682
Total	<u>2,909,979</u>	<u>2,831,945</u>

5. INCOME AND RETURNS ON INVESTMENTS	2018 €	2017 €
Surplus on sale of investments (Note 9)	297,273	548,709
Dividends and interest receivable	64,328	64,328
Other investment income	77,118	-
	<u>438,719</u>	<u>613,037</u>

6. NET COST OF CLAIMS AFTER RECOVERIES	2018 €	2017 €
Provision for claims (Note 12)	2,362,300	1,447,430
Recoveries from defaulting solicitors	(1,859,317)	(517,701)
Net cost of claims	<u>502,983</u>	<u>929,729</u>

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

LAW SOCIETY OF IRELAND COMPENSATION FUND**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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

8. TAXATION

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

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

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

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

LAW SOCIETY OF IRELAND COMPENSATION FUND

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

9. FINANCIAL ASSETS

Listed investments – at fair value

€

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

The investments are comprised of the following:

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

All the investments noted above have a low risk profile.

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

In respect of prior financial year:

Listed investments – at fair value

€

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

The investments are comprised of the following:

- (h) SSgA EMU Government Bond Index
- (i) SSgA Global Value Equity Investment Fund
- (j) SSgA Diversified Alternatives Fund
- (k) Standard Life Global Absolute Return Strategy Fund ("GARS");
- (l) Irish Government Fixed Bond
- (m) Standard Life Enhanced Diversified Fund
- (n) Standard Life Global Bond Strategy

All the investments noted above have a low risk profile.

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

LAW SOCIETY OF IRELAND COMPENSATION FUND**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

10. DEBTORS: Amounts falling due within one year	2018 €	2017 €
Other debtors	52,900	58,149
Income tax	195,608	-
Amounts due from the Law Society of Ireland	4,209,713	3,143,250
	4,458,221	3,201,399

11. CREDITORS: Amounts falling due within one year	2018 €	2017 €
Accruals and other creditors	117,709	130,583
Solicitors funds held	1,778,687	2,078,463
Income tax	-	278,550
	1,896,396	2,487,596

12. PROVISIONS FOR LIABILITIES AND CHARGES	2018 €	2017 €
Provision for claims:		
At beginning of financial year	3,654,296	3,790,296
Provision made (Note 6)	2,362,300	1,447,430
Claims paid	(3,097,026)	(1,583,430)
At end of financial year	2,919,570	3,654,296

LAW SOCIETY OF IRELAND COMPENSATION FUND

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

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

14. FINANCIAL INSTRUMENTS

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

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

Financial Liabilities		
Measured at undiscounted amounts payable		
Creditors (see Note 11)	1,896,396	2,209,046

15. CASH FLOWS FROM OPERATING ACTIVITIES

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

16. RELATED PARTY TRANSACTIONS

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

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

17. PENSIONS

The Society and the Law Society of Ireland Compensation Fund are the participants in a multi-employer defined benefit pension scheme, operated by the Society. Under FRS 102, the Society as sponsoring employer of the schemes will recognise the entire net defined benefit cost and the relevant net defined benefit liability in its financial statements. Pension costs for the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

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

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

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

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

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