REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 auditor’s report to the members of The Law Society of Ireland

Opinion on the financial statements of the Law Society of Ireland

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

- give a true and fair view of the assets, liabilities and financial position of the Group and Society as at 31 December 2017 and of the surplus of the Group and the Society for the year then ended; and
- have been prepared in accordance with the applicable financial reporting framework.

The financial statements we have audited comprise:

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

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of the Finance Committee

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

10 May 2018

THE LAW SOCIETY OF IRELAND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	**2017**	2016
		€	€
INCOME			
Fees and subscriptions	*4*	**14,666,278**	13,657,202
Education activities	*5*	**9,597,355**	9,662,394
Publications	*4*	**353,057**	401,047
Four Courts rooms	*4*	**903,941**	872,689
Interest income	*6*	**14,324**	34,419
Other income	*7*	**112,376**	207,019
Sundry income		**10,412**	9,403
		25,657,743	24,844,173
EXPENDITURE			
Operating charges:			
- General activities	*4*	**(15,135,807)**	(13,666,923)
- Education activities	*5*	**(9,478,657)**	(9,074,262)
Other expenditure	*7*	**(541,508)**	(630,528)
		(25,155,972)	(23,371,713)
SURPLUS FOR FINANCIAL YEAR BEFORE REVALUATIONS, EXCEPTIONAL ITEMS AND TAXATION		**501,771**	1,472,460
Fair value gain/(loss) arising on revaluation of investments	*6*	**335,124**	(100,469)
Surplus on revaluation of development land	*8*	**2,500,000**	1,000,000
Exceptional item - deferred income / (cost) of sale of SMDF	*24*	**1,979,394**	(4,178,937)
SURPLUS/(DEFICIT) BEFORE TAXATION	*9*	**5,316,289**	(1,806,946)
Taxation	*10*	**(177,372)**	(57,085)
SURPLUS/(DEFICIT) AFTER TAXATION	*17*	**5,138,917**	(1,864,031)
OTHER COMPREHENSIVE INCOME			
Remeasurement of net defined pension benefit liability	*20*	**1,489,000**	(4,408,000)
TOTAL COMPREHENSIVE INCOME/(EXPENDITURE) FOR THE FINANCIAL YEAR		**6,627,917**	(6,272,031)
Retained earnings at the beginning of the financial year		**23,917,040**	30,189,071
Retained earnings at the end of the financial year		**30,544,957**	23,917,040

THE LAW SOCIETY OF IRELAND

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	2017 €	2016 €
Fixed Assets			
Tangible fixed assets	*11*	**25,638,523**	22,512,050
Current Assets			
Investments	*12*	**11,243,407**	7,911,451
Stocks	*13*	**61,558**	66,474
Debtors	*14*	**2,904,771**	2,684,931
Cash at bank and in hand		**10,743,062**	10,505,351
		24,952,798	21,168,207
Creditors: Amounts falling due within one year	*15*	**(9,380,364)**	(8,579,217)
Net Current Assets		**15,572,434**	12,588,990
PROVISIONS FOR LIABILITIES AND CHARGES	*16*	**(5,001,000)**	(5,000,000)
NET ASSETS EXCLUDING PENSION LIABILITY		**36,209,957**	30,101,040
Pension liability	*20*	**(5,665,000)**	(6,184,000)
NET ASSETS INCLUDING PENSION LIABILITY		**30,544,957**	23,917,040
ACCUMULATED RESERVES			
Society reserves		**20,732,932**	15,018,825
Law school reserves		**11,351,338**	11,158,926
Litigation fund		**1,277,150**	1,673,599
Capital expenditure fund		**2,148,537**	2,249,690
LSRA levy fund		**700,000**	-
Pension reserve fund		**(5,665,000)**	(6,184,000)
TOTAL	*17*	**30,544,957**	23,917,040

The financial statements were approved and authorised for issue by the Finance Committee on 10 May 2018 and signed on its behalf by:

Eamon Harrington
Chairman of the Finance Committee

Michael Quinlan
President of Law Society of Ireland

THE LAW SOCIETY OF IRELAND

SOCIETY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	**2017** **€**	2016 €
Fixed Assets			
Tangible fixed assets	*11*	**15,619,775**	14,989,126
Current Assets			
Investments	*12*	**11,243,407**	7,911,451
Stocks	*13*	**46,533**	53,062
Debtors	*14*	**13,145,935**	10,374,037
Cash at bank and in hand		**10,497,878**	10,292,926
		34,933,753	28,631,476
Creditors: Amounts falling due within one year	*15*	**(9,368,387)**	(8,585,049)
Net Current Assets		**25,565,366**	20,046,427
PROVISIONS FOR LIABILITIES AND CHARGES	*16*	**(5,001,000)**	(5,000,000)
NET ASSETS EXCLUDING PENSION LIABILITY		**36,184,141**	30,035,553
Pension liability	*20*	**(5,665,000)**	(6,184,000)
NET ASSETS INCLUDING PENSION LIABILITY		**30,519,141**	23,851,553
ACCUMULATED RESERVES			
Society reserves		**20,692,003**	14,938,225
Law school reserves		**11,366,451**	11,174,039
Litigation fund		**1,277,150**	1,673,599
Capital expenditure fund		**2,148,537**	2,249,690
LSRA levy fund		**700,000**	-
Pension reserve fund		**(5,665,000)**	(6,184,000)
TOTAL	*17*	**30,519,141**	23,851,553

The financial statements were approved and authorised for issue by the Finance Committee on 10 May 2018 and signed on its behalf by:

Eamon Harrington
Chairman of the Finance Committee

Michael Quinlan
President of Law Society of Ireland

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** **€**	2016 €
Net cash flows from operating activities	*19*	**5,142,840**	(517,844)
Cash flows from investing activities			
Net interest receivable		**14,324**	34,419
Purchase of tangible fixed assets	*11*	**(1,922,621)**	(960,695)
Purchase of investments	*12*	**(4,000,000)**	-
Disposal of investments	*12*	**1,003,168**	3,000,000
Net cash flows from investing activities		**(4,905,129)**	2,073,724
Net increase in cash and cash equivalents		**237,711**	1,555,880
Cash and cash equivalents at beginning of financial year		**10,505,351**	8,949,471
Cash and cash equivalents at end of financial year		**10,743,062**	10,505,351

1. ACCOUNTING POLICIES

Basis of Preparation

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

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

General Information and Basis of Accounting

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

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

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

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

Basis of Consolidation

The Society consolidates its interests in subsidiary undertakings as detailed in note 22 which make up financial statements to 31 December 2017.

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.

Exceptional items

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

Taxation

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

Stocks

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

Grants

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

3. STAFF COSTS

	2017 General activities €	2017 Education activities €	2017 Other €	2017 Total €	2016 Total €
Salaries and wages	**5,898,399**	**3,506,311**	**78,970**	**9,483,680**	9,142,229
PRSI	**628,159**	**380,832**	**8,489**	**1,017,480**	966,408
Pension costs	**1,340,469**	**650,233**	**6,562**	**1,997,264**	1,389,443
Total	**7,867,027**	**4,537,376**	**94,021**	**12,498,424**	11,498,080

The above includes pay and related costs, as well as incidental human resource costs allocated to general activities (note 4) under premises expenditure, representation expenditure and regulation expenditure.
The average aggregate number of employees during 2017 was 141 (2016: 140).

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 €2,693,434 (2016: €2,539,992). This amount includes the President's Subvention, as approved by Council, of €119,000 (2016: €115,000). Remuneration includes salary, social security costs and pension costs.

4. GENERAL ACTIVITIES (including funds)

	2017 €	2016 €
INCOME		
Fees and subscriptions		
Practising certificates	**12,315,221**	11,828,863
Members' subscriptions	**887,018**	847,228
Admission fees	**327,126**	423,623
Fund Contributions:		
- LSRA fund	**700,000**	-
- Litigation fund	**292,371**	463,932
- Capital expenditure fund	**144,542**	93,556
	14,666,278	13,657,202
Services and interest		
Publications	**353,057**	401,047
Four Courts rooms	**903,941**	872,689
Interest (note 6)	**14,324**	34,419
Total income	**15,937,600**	14,965,357

4. GENERAL ACTIVITIES (including funds) (Continued)

OPERATING CHARGES

General activities		
Pay and related expenditure	**2,965,028**	2,464,869
Administration expenditure	**999,557**	717,587
Premises expenditure	**767,290**	724,652
Representation expenditure	**3,540,015**	3,921,299
Regulation expenditure	**5,596,357**	4,609,479
Admission expenditure	**28,129**	17,879
Services		
Publications	**785,314**	683,027
Four Courts rooms	**454,117**	528,131
Total operating charges	**15,135,807**	13,666,923
Surplus	**801,793**	1,298,434

5. EDUCATION ACTIVITIES

	2017	2016
	€	€
INCOME		
Professional Practice Course 1 fees	**3,358,319**	3,667,593
Professional Practice Course 2 fees	**1,874,417**	1,873,563
Indentures and registration	**343,510**	340,860
Examination fees	**822,736**	743,030
Diploma courses	**1,957,887**	1,800,725
Professional training	**1,162,413**	1,114,253
Miscellaneous income	**78,073**	122,370
Total income	**9,597,355**	9,662,394
OPERATING CHARGES		
Pay and related expenditure	**4,672,162**	4,335,416
Administration expenditure	**1,555,853**	1,371,364
Direct expenditure	**2,638,021**	2,757,411
Premises expenditure	**612,621**	610,071
Total operating charges	**9,478,657**	9,074,262
Surplus	**118,698**	588,132

6. INTEREST AND INVESTMENT GAINS/(LOSSES)

	2017 €	2016 €
Interest – Society	**14,324**	34,419
Fair value gain/(loss) arising on revaluation of investments	**335,124**	(100,469)
	349,448	(66,050)

7. OTHER INCOME/EXPENDITURE

	2017 €	2016 €
Income		
Bar and catering income	**32,323**	133,106
Bed and breakfast income	**52,518**	45,830
Functions and consultation room income	**27,535**	27,934
Sundry income	**-**	239
	112,376	207,019
Expenditure		
Bar and catering cost of sales	**363,826**	467,159
Bed and breakfast cost of sales	**10,705**	8,930
Premises expenditure	**6,013**	4,496
Professional fees	**6,857**	10,540
Other administration expenditure	**154,107**	139,403
	541,508	630,528
Deficit	**(429,132)**	(423,509)

8. SURPLUS ON REVALUATION OF DEVELOPMENT LAND

The development land, included in tangible fixed assets, was valued at €10,000,000 by qualified external valuers Mason Owen & Lyons on a fair value basis at 31 December 2017. There was an upward valuation of €2,500,000 from the prior year based on valuations achieved on other properties in Dublin 7. There was an upward revaluation of €1,000,000 in 2016.

9. SURPLUS/(DEFICIT) BEFORE TAXATION

	2017 €	2016 €
The surplus/(deficit) before taxation is stated after charging:		
- Depreciation	**1,296,148**	1,017,099
- Auditors' remuneration	**34,000**	32,000
and after crediting:		
- Deposit interest	**14,324**	34,419

All income recognised arose in the Republic of Ireland.

10. TAXATION

	2017	2016
	€	€
Based on the surplus for the financial year:		
Taxation charge	**177,372**	57,085

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:

	2017	2016
	€	€
Surplus/(deficit) before taxation	**5,316,289**	(1,806,946)
Surplus/(deficit) for financial year multiplied by standard rate of corporation tax of 12.5% (2015: 12.5%)	**664,536**	(225,868)
Effects of:		
Net income and expenditure not subject to taxation	**(519,063)**	236,811
Depreciation in excess capital allowances	**32,793**	30,483
Higher tax rates on interest and rental income	**9,233**	33,094
Retention tax paid	**(10,127)**	-
Relief for losses on a value basis	**-**	(17,435)
Total tax charge for period	**177,372**	57,085

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 2017

11. TANGIBLE FIXED ASSETS

Group

	Premises	Development Land	Leasehold Improvements	Furniture Fittings & Equipment	I.C.T.	Motor Vehicles	Total
	€	€	€	€	€	€	€
Cost/Valuation:							
At 1 January 2017	18,231,223	7,500,000	2,028,658	5,331,369	4,856,797	59,875	38,007,922
Additions	946,333	-	-	110,905	799,058	66,325	1,922,621
Reversal of prior impairment	-	2,500,000	-	-	-	-	2,500,000
At 31 December 2017	**19,177,556**	**10,000,000**	**2,028,658**	**5,442,274**	**5,655,855**	**126,200**	**42,430,543**
Depreciation:							
At 1 January 2017	5,792,694	-	1,857,827	4,845,263	2,940,213	59,875	15,495,872
Charge for financial year	367,153	-	157,814	248,204	506,991	15,986	1,296,148
At 31 December 2017	**6,159,847**	**-**	**2,015,641**	**5,093,467**	**3,447,204**	**75,861**	**16,792,020**
Net book value:							
At 31 December 2017	**13,017,709**	**10,000,000**	**13,017**	**348,807**	**2,208,651**	**50,339**	**25,638,523**
At 31 December 2016	12,438,529	7,500,000	170,831	486,106	1,916,584	-	22,512,050

The development land was valued at €10,000,000 by qualified external valuers Mason Owen & Lyons on a fair value basis at 31 December 2017. The original cost of the development land when purchased in 2005 was €21,718,981.

11. TANGIBLE FIXED ASSETS (CONTINUED)

Society

	Premises	Leasehold Improvements	Furniture, Fittings & Equipment	I.C.T.	Motor Vehicles	Total
	€	€	€	€	€	€
Cost:						
At 1 January 2017	18,231,223	2,028,658	5,019,332	4,856,797	59,875	30,195,885
Additions	946,333	-	110,907	799,058	66,325	1,922,623
At 31 December 2017	**19,177,556**	**2,028,658**	**5,130,239**	**5,655,855**	**126,200**	**32,118,508**
Depreciation:						
At 1 January 2017	5,792,694	1,857,827	4,556,150	2,940,213	59,875	15,206,759
Charge for financial year	367,153	157,814	244,030	506,991	15,986	1,291,974
At 31 December 2017	**6,159,847**	**2,015,641**	**4,800,180**	**3,447,204**	**75,861**	**16,498,733**
Net book value:						
At 31 December 2017	**13,017,709**	**13,017**	**330,059**	**2,208,651**	**50,339**	**15,619,775**
At 31 December 2016	12,438,529	170,831	463,182	1,916,584	-	14,989,126

Group and Society

Total assets under construction which have not been depreciated in the financial year:
Premises: €117,919 (2016: €63,724) and I.T. equipment: €Nil (2016: €2,025,741).

11. TANGIBLE FIXED ASSETS (CONTINUED)

Group and Society

Included in the above are assets relating to education activities:

	Cost €	Accumulated Depreciation €	Net Book Value €
Premises	9,004,220	2,177,376	6,826,844
Furniture, fittings and equipment	2,972,656	2,760,564	212,092
I.C.T.	2,538,493	1,788,636	749,857
	14,515,369	**6,726,576**	**7,788,793**

12. INVESTMENTS

Group and Society	**2017 €**	2016 €
Balance at 1 January	**7,911,451**	11,011,920
Additions at cost	**4,000,000**	-
Disposals at cost	**(1,003,168)**	(3,000,000)
Fair value gain/(loss)	**335,124**	(100,469)
Balance at 31 December	**11,243,407**	7,911,451

At 31 December 2017, the fair value of investments exceeded cost by €1,163,357 (2016: €900,549)

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")
(e) Davy Cautious Growth Fund ("DCGF")
(f) Davy Moderate Growth Fund ("DMGF")

The Policy carries 100% capital protection on maturity. GARS, DARF and GEF do not carry capital protection. The Policy, GARS, DARF, DCGF and DMGF 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 (2016 €Nil).

13. STOCKS

	2017	2016
	€	€
Group		
Stock in trade	**61,558**	66,474
Society		
Stock in trade	**46,533**	53,062

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

14. DEBTORS

	2017	2016
	€	€
Group		
Amounts falling due within one year:		
Debtors and prepayments	**2,676,684**	2,313,345
Income tax	**4,429**	21,546
Deferred tax asset on investments	**188,824**	305,588
Amounts due from Law Society of Ireland Scholarship Fund	**5,307**	4
VAT	**29,527**	44,448
	2,904,771	2,684,931
Society		
Amounts falling due within one year:		
Debtors and prepayments	**2,674,754**	2,312,268
Income tax	**4,429**	21,546
Deferred tax asset on investments	**188,824**	305,588
Amounts due from Law Society of Ireland Scholarship Fund	**5,307**	4
Amounts due from subsidiary undertakings:		
- The Law Club of Ireland	**216,996**	194,631
- Benburb Street Property Company Limited	**10,055,625**	7,540,000
	13,145,935	10,374,037

15. CREDITORS

	2017 €	2016 €
Group		
Amounts falling due within one year		
Creditors and accruals	**3,530,897**	4,024,946
Amounts due to Law Society Compensation Fund	**3,143,250**	2,099,829
Deferred income*	**2,002,670**	1,800,547
PAYE / PRSI	**622,141**	580,150
VAT	**81,406**	73,745
	9,380,364	8,579,217
Society		
Amounts falling due within one year		
Creditors and accruals	**3,518,920**	3,936,193
Amounts due to Law Society Compensation Fund	**3,143,250**	2,099,829
Deferred income*	**2,002,670**	1,800,547
PAYE / PRSI	**622,141**	580,150
VAT	**81,406**	73,745
Amounts due to subsidiary undertakings:		
- The Law Club of Ireland	**-**	94,585
	9,368,387	8,585,049

* Deferred income represents fees for the 2018 financial year received in the financial year to 31 December 2017.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	2017 €	2016 €
Group and Society		
Provision for settlement of SMDF liability		
Opening balance	**5,000,000**	-
Transfer from accruals	**1,000**	2,800,000
Charged to fund	-	4,200,000
Paid	-	(2,000,000)
Closing balance	**5,001,000**	5,000,000

17. ACCUMULATED RESERVES

Group

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €
Balance at 1/1/2017	23,917,040	15,018,825	11,158,926	1,673,599	2,249,690	(6,184,000)	-
Surplus for year	6,627,917	4,779,592	192,412	292,371	144,542	519,000	700,000
Transfers	-	934,515	-	(688,820)	(245,695)	-	-
Balance at 31/12/2017	**30,544,957**	**20,732,932**	**11,351,338**	**1,277,150**	**2,148,537**	**(5,665,000)**	**700,000**

Society

	Total €	Society Accumulated Reserves €	Law School Accumulated Reserves €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €
Balance at 1/1/2017	23,851,553	14,938,225	11,174,039	1,673,599	2,249,690	(6,184,000)	-
Surplus for year	6,667,588	4,819,263	192,412	292,371	144,542	519,000	700,000
Transfers	-	934,515	-	(688,820)	(245,695)	-	-
Balance at 31/12/2017	**30,519,141**	**20,692,003**	**11,366,451**	**1,277,150**	**2,148,537**	**(5,665,000)**	**700,000**

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.

17. ACCUMULATED RESERVES (CONTINUED)

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

	Total €	General Activities €	Education Activities €	Litigation Fund €	Capital Expenditure Fund €	Pension Reserve Fund €	LSRA Levy Fund €	Other €
Surplus before tax & exceptional items (Note 4 & 5)	920,491	801,793	118,698	-	-	-	-	-
Deficit before tax (Note 7)	(429,132)	-	-	-	-	-	-	(429,132)
Sundry income	10,412	10,412	-	-	-	-	-	-
Reversal of prior year impairment on development Land (Note 8)	2,500,000	-	-	-	-	-	-	2,500,000
SMDF sale (Note 24)	1,979,394	1,979,394	-	-	-	-	-	-
Taxation (Note 10)	(177,372)	(129,412)	(47,960)	-	-	-	-	-
Investment gain (Note 6)	335,124	335,124	-	-	-	-	-	-
Surplus after tax	5,138,917	2,997,311	70,738	-	-	-	-	2,070,868
Remeasure-ment of pension	1,489,000	-	-	-	-	1,489,000	-	-
Income allocated to specific fund	-	(1,136,913)	-	292,371	144,542	-	700,000	-
Reallocation of pension costs	-	679,000	291,000	-	-	(970,000)	-	-
Inter group trading	-	(259,806)	(169,326)	-	-	-	-	429,132
Reversal of prior year impairment on development Land	-	2,500,000	-	-	-	-	-	(2,500,000)
Surplus group accumulated reserves	**6,627,917**	**4,779,592**	**192,412**	**292,371**	**144,542**	**519,000**	**700,000**	**-**

18. FINANCIAL INSTRUMENTS

Group

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

	2017	2016
Financial assets	**€**	€
Measured at fair value through the income statement		
Listed investments (Note 12)	**11,243,407**	7,911,451
Measured at undiscounted amounts receivable		
Debtors and prepayments (Note 14)	**2,676,684**	2,313,345
	2017	2016
	€	€
Amounts owed from related undertakings (Note 14)	**5,307**	4
	13,925,398	10,224,800
Financial Liabilities		
Measured at undiscounted amounts payable		
Trade and other payables (Note 15)	**3,530,897**	4,024,946
Amounts owed to related undertakings (Note 15)	**3,143,250**	2,099,829
Amount due on sale of SMDF Limited (Note 16)	**5,001,000**	5,000,000
	11,675,147	11,124,775

Society

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

	2017	2016
Financial assets	**€**	€
Measured at fair value through the income statement		
Listed investments (Note 12)	**11,243,407**	7,911,451
Measured at undiscounted amounts receivable		
Debtors and prepayments (Note 14)	**2,674,754**	2,312,268
Amounts owed from subsidiaries (Note 14)	**10,272,621**	7,734,631
Amounts owed from related undertakings (Note 14)	**5,307**	4
	24,196,089	17,958,354
Financial Liabilities		
Measured at undiscounted amounts payable		
Trade and other payables (Note 15)	**3,518,920**	3,936,193
Amounts owed to related undertakings (Note 15)	**3,143,250**	2,099,829
Amount due on sale of SMDF Limited (Note 16)	**5,001,000**	5,000,000
Amounts owed to subsidiaries (Note 15)	**-**	94,585
	11,633,170	11,130,607

19. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	€	€
Surplus/(deficit) before taxation	**5,316,289**	(1,806,946)
Depreciation charge	**1,296,148**	1,017,099
Interest received	**(14,324)**	(34,419)
Gain on development land	**(2,500,000)**	(1,000,000)
Deferred cost of sale of SMDF	**-**	4,178,937
Fair value (gain)/loss on investments	**(335,124)**	100,469
Decrease/(increase) in stock	**4,916**	(9,079)
Increase in debtors	**(353,721)**	(568,786)
Increase/(decrease) in creditors and provisions	**802,147**	(2,806,789)
Income tax paid	**(43,491)**	(11,330)
Net impact of pension	**970,000**	423,000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5,142,840**	(517,844)

20. PENSION COMMITMENTS

The Society operates two pension schemes. A defined benefit scheme was available to all eligible employee who chose to join before 30 September 2009, at which date the scheme was closed to new entrants. Thereafter eligible employees could opt to join a hybrid arrangement with the defined benefit element capped at a salary of €45,000 (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 2017 was €50,318 (2016: €34,853).

Defined benefit schemes

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

Determination of contributions and funding

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

20. PENSION COMMITMENTS (CONTINUED)

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

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

The actuary carries out an annual update of the Funding Standard position of the scheme. The scheme met the Funding Standard at 31 December 2017. The next actuarial valuation of the scheme to determine the contributions will be carried out as at 31 December 2018.

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

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

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

	2017	2016
	€'000	€'000
Opening defined benefit obligation	**(39,827)**	(31,460)
Service cost (including employee contributions)	**(2,603)**	(2,055)
Interest cost	**(793)**	(845)
Benefits paid	**458**	383
Actuarial gains /(losses)	**92**	(5,850)
Closing defined benefit obligation	**(42,673)**	(39,827)

20. PENSION COMMITMENTS (CONTINUED)

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

	2017 €'000	2016 €'000
Opening fair value of plan assets	**33,643**	30,107
Contributions (including employee contributions)	**1,740**	1,647
Benefits paid	**(458)**	(383)
Interest income	**686**	830
Actuarial gains	**1,397**	1,442
Closing fair value of plan assets	**37,008**	33,643

The principal actuarial assumptions at the balance sheet date:

	2017 %	2016 %
Rate of general increase in salaries	**2.20**	2.00
Discount rate of scheme liabilities	**2.20**	2.00
Rate of pension increase	**1.70**	1.50
Inflation	**1.70**	1.50
Post retirement mortality		
Current pensioners at 65 - male	**22.2**	22.1
Current pensioners at 65 – female	**24.9**	24.8
Future pensioners at 65 – male married	**25.0**	24.9
Future pensioners at 65 – female married	**28.1**	27.9
% 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 2037.

20. PENSION COMMITMENTS (CONTINUED)

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

	At Year End 31 December	
	2017	2016
	€'000	€'000
Equities	**14,795**	13,394
Bonds	**18,877**	16,983
Cash	**24**	23
Other	**3,312**	3,243
	37,008	33,643

	2017	2016
	€'000	€'000
The actual return on plan assets	**2,083**	2,272
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	**37,008**	33,643
Present value of funded obligations	**(42,673)**	(39,827)
Deficit in the scheme	**(5,665)**	(6,184)

The amounts included in the performance statements are as follows:

	2017	2016
	€'000	€'000
Current service cost	**(2,136)**	(1,586)
Past service cost	**-**	-
Interest income on pension scheme assets	**686**	830
Interest expense on pension scheme liabilities	**(793)**	(845)
Net interest charge	**(107)**	(15)
Actual return less expected return on pension scheme's assets	**1,397**	1,442
Experience losses arising on the scheme's liabilities	**(76)**	(418)
Changes in assumptions underlying the present value of the scheme's liabilities	**168**	(5,432)
Actuarial gain/(loss) included in Statement of Comprehensive Income	**1,489**	(4,408)

20. PENSION COMMITMENTS (CONTINUED)

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

	2017 **€'000**	2016 €'000
Deficit at beginning of year	**(6,184)**	(1,353)
Current service cost	**(2,136)**	(1,586)
Net interest cost	**(107)**	(15)
Contributions (excluding employees)	**1,273**	1,178
Actuarial gain/(loss)	**1,489**	(4,408)
Deficit at end of year	**(5,665)**	(6,184)

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

	2017 **€'000**	2016 €'000
Defined benefit obligation	**(42,673)**	(39,827)
Fair value of plan assets	**37,008**	33,643
Deficit	**(5,665)**	(6,184)

	2017 **€'000**	2016 €'000
Difference between the expected and actual return on plan assets:		
Amount €'000	**(1,397)**	(1,442)
Experience (losses)/gains on plan liabilities:		
Amount €'000	**(76)**	(418)

Future contributions:

It is expected that contributions of €1,381,000 will be made to the defined benefit pension scheme in 2018.

21. RELATED PARTY TRANSACTIONS

Law Society Compensation Fund	**2017**
	€
Opening balance at 1 January	**(2,099,829)**
Charges	**6,725,272**
Receipts	**(7,768,693)**
Closing balance at 31 December	**(3,143,250)**

Law Society of Ireland Scholarship Fund	**2017**
	€
Opening balance at 1 January	**4**
Charges	**5,303**
Closing balance at 31 December	**5,307**

Irish Rule of Law International	**2017**
	€
Opening balance at 1 January	**-**
Charges	**26,110**
Receipts	**(26,110)**
Closing balance at 31 December	**-**

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

22. SUBSIDIARY AND RELATED UNDERTAKINGS

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

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

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

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

23. CAPITAL COMMITMENTS

	2017	2016
	€	€
At the end of the year, the following expenditure had been authorised by the Finance Committee:		
Contracted for	**625,134**	928,509
Not contracted for	**2,415,881**	2,005,701
	3,041,015	2,934,210

24. SOLICITORS' MUTUAL DEFENCE FUND LIMITED

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

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

In 2017, €1.98 million (2016: €1.95 million) of practising certificate fee income was allocated to the SMDF Levy Fund. There were no capital contributions made to R&QI in 2017. At 31 December 2017 the provision in the financial statements for liabilities under the agreement was €5 million. At that date there was a balance of €2.79million in the SMDF Levy Fund available for use under the financial support commitment.

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

25. CONTINGENT LIABILITIES

The Society is from time to time, a party to legal proceedings and claims, which arise in the ordinary course of its activities. The Finance Committee is satisfied that there are no additional claims that require provision by the Society at 31 December 2017. Legal costs incurred by the Society to 31 December 2017, in connection with these matters, have been charged to the Statement of Comprehensive Income and Retained Earnings.

THE LAW SOCIETY OF IRELAND