



**An tÚdarás Rialála
Seirbhísí Dlí**

**Legal Services
Regulatory Authority**

FINANCIAL STATEMENTS

**For the year ended
31 December 2022**

Legal Services Regulatory Authority

Financial statements For the year ended 31 December 2022

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Legal Services Regulatory Authority

Financial Statements For the year ended 31 December 2022

General Information

Composition of the Authority

Don Thornhill (Chair)
Angela Black
Deirdre Malone
Dermott Jewell
Eileen Barrington SC
Geraldine Clarke SC
Joan Crawford
Sara Moorhead SC
Shane Galligan
Simon Murphy
Siona Ryan

Chief Executive Officer

Brian Doherty

Head Office

Units 1-3
Manor Street Business Park
Shea's Lane, Stoneybatter
Dublin 7
Telephone: 01-859 2902
Web Site: www.lsr.ie
Email: lsra-inbox@lsra.ie

Bankers

Bank of Ireland
St. Stephen's Green
Dublin 2

Auditors

The Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
Ireland

Solicitors

Fieldfisher LLP
The Capel Building,
Mary's Abbey,
Dublin 7

Accountants

Crowleys DFK
16/17 College Green
Dublin 2

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Governance Statement and Authority Members' Report

Governance

Legal Services Regulatory Authority (LSRA) was established under the Legal Services Regulation Act 2015 (the 2015 Act). The objectives of the Authority are set out in section 13(4) of the 2015 Act. The Authority is accountable to the Minister for Justice and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Legal Services Regulatory Authority are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Authority, and must ensure that all Authority members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO is accountable for the management of the senior management and staff of the LSRA in line with the Legal Services Regulation Act 2015 and the strategic and policy decisions of the Authority.

Authority's Responsibilities

The work and responsibilities of the Authority are set out in Terms of Reference, which also contain the matters specifically reserved for Authority decision. Standing items considered by the Authority include:

- declaration of interests,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

Section 28 of the Legal Services Regulation Act 2015 requires the Legal Services Regulatory Authority to keep, in such form as may be approved by the Minister for Justice with consent of the Minister for Public Expenditure, NDP Delivery and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Legal Services Regulatory Authority is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Governance Statement and Authority Members' Report (Continued..)

The Authority is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 28 of the Legal Services Regulation Act 2015. The maintenance and integrity of the corporate and financial information on the Legal Services Regulatory Authority website (www.lhra.ie) is the responsibility of the Authority.

The Authority is responsible for approving the annual plan and budget. An evaluation of the performance of the Legal Services Regulatory Authority by reference to the annual plan and budget is carried out at every Authority meeting.

The Authority is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority considers that the financial statements of the Legal Services Regulatory Authority give a true and fair view of the financial performance and the financial position of the Legal Services Regulatory Authority at 31 December 2022.

Authority Structure

The Authority consists of a Chairperson and ten ordinary members, all of whom are appointed by the Minister for Justice. The members of the Authority were appointed for a period of three to four years and meet at least once every three months. The table below details the appointment period for current members and includes those who were members in 2022:

Authority Member	Role	Term (Years)	Date Appointed / Reappointed
Don Thornhill (Chair)	Chair	4	01/10/2020
Siona Ryan*	Member	3	01/10/2022
Dermott Jewell**	Member	2	01/10/2022
Joan Crawford	Member	4	01/10/2020
Geraldine Clarke SC**	Member	2	01/10/2022
Angela Black	Member	4	01/10/2020
Eileen Barrington SC	Member	4	01/10/2020
Sara Moorhead SC***	Member	3	01/10/2022
Simon Murphy	Member	4	01/10/2020
Shane Galligan***	Member	3	01/10/2022
Deirdre Malone	Member	4	23/02/2021

Legal Services Regulatory Authority

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For the year ended 31 December 2022

Governance Statement and Authority Members' Report (Continued..)

*Sóna Ryan, nominee of the Competition and Consumer Protection Commission (CCPC) was appointed to the Authority by the Minister for Justice by letter dated 23 February 2022 until 30 September 2022 (the remainder of the term of the previous nominee). Ms Ryan was reappointed for a 3 year term from 1 October 2022.

**Both Geraldine Clarke SC (Law Society nominee) and Dermott Jewell (CAI) were reappointed for a 2 year term from 1 October 2022 (2 year terms in light of aggregate term limit on Authority of 8 years).

***Sara Moorhead SC and Shane Galligan were reappointed for a further 3 year term from 1 October 2022.

Finance, Audit & Risk Committee

The LSRA's Finance, Audit and Risk (FAR) Committee is Chaired by Authority member, Angela Black. Authority member Geraldine Clarke SC also sits on the committee along with the independent external members of the committee who are Peter O'Brien and Claire Byrne. The Secretary to the Authority is also Secretary to the FAR Committee.

The FAR Committee met twice in 2022. The restricted number of meetings in the second half of the year arose due to impacts on resources and staffing at the LSRA which limited its operational capacity in that period. The Committee in recognising this shortfall in meetings for 2022, arranged for two meetings early in 2023 (February and March) to ensure it was updated on LSRA activities. At each meeting, the FAR Committee receives a briefing from the Chief Executive Officer and formally reviews the LSRA Risk Register, examining all steps taken by the LSRA executive to mitigate those risks. The FAR Committee reviews up-to-date management accounts and associated financial information at each meeting. The FAR Committee also reviews audit reports, both internal and external for the LSRA. The oversight remit of the FAR Committee has extended to the Legal Practitioners Disciplinary Tribunal (LPDT) which is funded by the LSRA and included in its accounts. The LSRA Risk Register, audit reports, budget and financial statements are also considered and evaluated at Authority meetings.

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Governance Statement and Authority Members' Report (Continued..)

Schedule of Attendance, Fees and Expenses

The Authority met on 5 occasions in 2022. Due to Covid-19 impacts on business and associated restrictions, 4 of these meetings were held online. A schedule of attendance at the Authority meetings is set out below:

	Authority	FAR	Fees 2022 €	Expenses 2022 €
	5	2		
Don Thornhill (Chair)	5	-	8,978	75
Sóna Ryan	3	-	-	-
Dermott Jewell	5	-	5,771	-
Joan Crawford	5	-	-	-
Geraldine Clarke	4	1	5,771	-
Angela Black	5	2	5,771	-
Eileen Barrington	4	-	-	-
Sara Moorhead	4	-	-	-
Simon Murphy	4	-	5,771	-
Shane Galligan	5	-	5,771	-
Deirdre Malone	5	-	5,771	-
Claire Byrne	-	2	-	-
Peter O'Brien	-	2	-	-
			43,604	75

Two members, Sóna Ryan and Joan Crawford, did not receive a fee under the One Person One Salary (OPOS). Members Sara Moorhead and Eileen Barrington waived their fees.

Key Personnel Changes

Sóna Ryan was appointed to the Authority as nominee of CCPC in February 2022.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Authority is responsible for ensuring that the Legal Services Regulatory Authority has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure, NDP Delivery and Reform in August 2016. The following disclosures are required by the Code:

Legal Services Regulatory Authority

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For the year ended 31 December 2022

Governance Statement and Authority Members' Report (Continued..)

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

Range		No. of	No. of
From	To	employees	employees
		2022	2021
€ 60,000	- € 69,999	1	2
€ 70,000	- € 79,999	9	5
€ 80,000	- € 89,999	2	2
€ 90,000	- € 99,999	-	1
€ 100,000	- € 109,999	-	-
€ 110,000	- € 119,999	1	1
€ 120,000	- € 129,999	-	-
€ 130,000	- €139,999	-	-
€ 140,000	- €149,999	-	-
€ 150,000	- €159,999	-	-
€ 160,000	- €169,999	-	1
€170,000	- €179,999	1	-

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but exclude employer's PRSI.

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2022	2021
	€	€
Legal advice	206,610	116,903
Pensions Consultant	-	344
Levy Process Review	5,092	10,394
Complaint Process Audit	42,804	34,007
Data Protection supports	8,598	-
Total consultancy costs	263,104	161,648
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	263,104	161,648
Total	263,104	161,648

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Governance Statement and Authority Member's Report (Continued..)

Legal Costs and Settlements

The Legal Services Regulatory Authority did not incur expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2022	2021
	€	€
Domestic		
- Authority Members	55	-
- Employees	5,930	-
International		
- Authority Members	-	-
- Employees	6,036	23
Total	<u>12,021</u>	<u>23</u>

Hospitality Expenditure

Hospitality expenditure of €1,300 was incurred by the LSRA in 2022 (2021: €nil).

Legal Services Regulatory Authority

Financial Statements

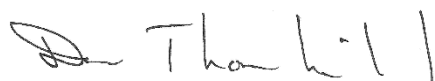
For the year ended 31 December 2022

Governance Statement and Authority Member's Report (Continued..)

Statement of Compliance

The Legal Services Regulatory Authority was established on 1 October 2016 under the Legal Services Regulation Act 2015. The Legal Services Regulatory Authority has complied with the requirements of the Code of Practice for the Governance of State Bodies as published by the Department of Public Expenditure, NDP Delivery and Reform in August 2016, except in respect of the following sections of the code:

- Section 4.6 - Performance Review, the Authority did not undertake a self-assessment in 2021. Arrangements will be made for an Authority Self-Assessment in 2023.
- Section 4.6 - Performance Review, the self-assessment will be followed by an external assessment of effectiveness in 2023.
- Section 8.14, 8.15 - Periodic Critical Review, will be undertaken following the assessments under 4.6.
- Section 8.16 - Procurement Policy and review of Financial Policies & Procedures, review ongoing and revised documents to issue 2023.
- Section 8.16 - Contracts Database, will be developed in 2023.
- Section 8.20 - Corporate Procurement Plan, to be developed for 2023.
- Code of Practice for the Governance of State Bodies (Audit and Risk Committee Guidance) – the Finance, Audit & Risk Committee did not hold the minimum number of 4 meetings in the year. 2 meetings were held.



Don Thornhill
Chairperson



Brian Doherty
Chief Executive Officer

Date: 12 December 2023

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Statement on Internal Control

Responsibility for system of Internal Control

On behalf of the Legal Services Regulatory Authority, I hereby acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated.

The system of internal control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material error or other irregularities are either prevented or would be detected on a timely basis. We are satisfied that the systems, which the Authority has in place, are reasonable and appropriate for the Authority's circumstances having regard to its size, level of expenditure, staff resources and the nature of its operations.

Control Environment

The following steps have been taken to ensure an appropriate control environment

- ❖ Decisions on expenditure rest with the Chief Executive Officer and the members of the Authority in line with approved expenditure thresholds;
- ❖ Management responsibilities are clearly assigned and communicated between the Chief Executive Officer and all members of staff;
- ❖ Internal reporting relationships are clearly assigned;
- ❖ The Department of Justice provides internal audit services to the Legal Services Regulatory Authority. An audit of 2022 internal controls was conducted in Quarter 1 2023 and the IAU Report signed off by the CEO on 31 May 2023;
- ❖ The Legal Services Regulatory Authority has in place robust financial procedures and in addition engaged the services of an external accounting firm.

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Statement on Internal Control (Continued...)

Risk Assessment

The Authority has established processes to identify and evaluate business and financial risks by:

- ❖ Identifying the nature and extent of financial risks facing the office;
- ❖ Assessing the potential of identified risks occurring;
- ❖ Evaluating and assessing the internal capacity of the office to manage the risks that do occur;
- ❖ Examining financial risks in the context of strategic goals.

Control Mechanism

The system of internal control is based on internal management of information, administrative procedures and a system of delegation and accountability. In particular, this involves:

- ❖ Regular review by the Authority and senior management of financial reports provided by the external accounting firm;
- ❖ Comprehensive budgeting system with an annual budget which is reviewed regularly by senior management.

Mechanisms have been established for ensuring the adequacy of the security of the Authority's information (internally within the Legal Services Regulatory Authority) and communication technology systems.

Compliance with Public Spending Code

The Legal Services Regulatory Authority is in compliance with current procurement rules and guidelines as set out by the Office of Government Procurement. The LSRA did not have any non-compliant procurement in 2022.

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

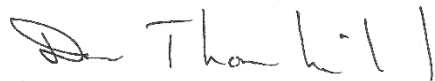
Statement on Internal Control (Continued...)

Review of Effectiveness of Internal Controls

The Statement on System of Internal controls has been reviewed by the Authority to ensure it accurately reflects the control system in operation during the reporting period.

A review of internal controls in respect of 2022 was carried out by Internal Audit Unit at the Department of Justice and a review completed by the Authority on 14 September 2023.

The Authority is reasonably assured that the systems of internal control instituted and implemented in the Legal Services Regulatory Authority for the financial period ended 31st December 2022 are effective.



Don Thornhill
Chairperson

Date: 12 December 2023

Certificate of the Comptroller and Auditor General

TO BE INSERTED FOLLOWING COMPLETION OF AUDIT



Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Legal Services Regulatory Authority

Opinion on financial statements

I have audited the financial statements of the Legal Services Regulatory Authority for the year ended 31 December 2022 as required under the provisions of section 28 of Legal Services Regulation Act 2015. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Legal Services Regulatory Authority at 31 December 2022 and of its income and expenditure for 2022 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Legal Services Regulatory Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Legal Services Regulatory Authority has presented certain other information together with the financial statements. This comprises the governance statement and Authority ~~members' report~~ and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Paul Southern
For and on behalf of the
Comptroller and Auditor General

13 December 2023

Legal Services Regulatory Authority

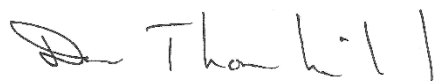
Financial Statements

For the year ended 31 December 2022

Statement of Income and Expenditure and Retained Revenue Reserves

	Notes	2022 €	2021 €
Income			
Income	2	3,579,006	3,077,511
Net Deferred Funding for Pensions	12	772,000	677,000
Establishment Funding	16	-	3,000,000
Total Income		<u>4,351,006</u>	<u>6,754,511</u>
Expenditure			
Staff Costs	3	3,237,244	2,534,516
Retirement Benefit Costs	12	772,000	677,000
Staff Related Expenses	4	49,108	47,844
Authority Members Costs	5	43,605	56,216
Accommodation Costs	6	271,263	178,755
Office Administration Expenses	7	726,657	530,816
Seminars and Publications	8	4,891	1,753
Communications	9	3,763	8,843
ICT	10	191,897	140,236
Depreciation	14	27,922	26,060
Total Expenditure		<u>5,328,350</u>	<u>4,202,039</u>
(Deficit) / Surplus for the period		(977,344)	2,552,472
Balance brought forward at 1 January		(1,029,959)	(3,582,431)
Balance carried forward at 31 December		<u>(2,007,303)</u>	<u>(1,029,959)</u>

The Statement of Cash Flows and notes 1-21 form part of these financial statements.



Don Thornhill
Chairperson



Brian Doherty
Chief Executive Officer

Date 12 December 2023

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Statement of Comprehensive Income

	Notes	2022 €	2021 €
(Deficit) / Surplus For The Financial Year		(977,344)	2,552,472
Experience gains/(loss) on retirement benefit obligations	12iii	129,000	(858,000)
Changes in assumptions underlying the present value of retirement benefit obligations	12iii	2,128,000	(262,000)
Total actuarial gains/(losses) in the year		<u>2,257,000</u>	<u>(1,120,000)</u>
Adjustment to deferred retirement benefits funding		(2,257,000)	1,120,000
Total Comprehensive Income for the year		<u>(977,344)</u>	<u>2,552,472</u>

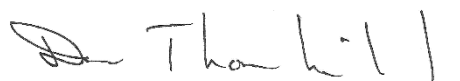
Legal Services Regulatory Authority

For the year ended 31 December 2022

Statement of Financial Position

	Notes	2022 €	2021 €
<u>Fixed Assets</u>			
Property, plant and equipment	14	164,541	184,246
<u>Current Assets</u>			
Receivables and prepayments	13	80,851	466,193
Cash and cash equivalents		<u>1,070,092</u>	<u>537,570</u>
		1,150,943	1,003,763
<u>Current Liabilities</u> <u>(Amounts falling due within 1 year)</u>			
Payables and accruals	15	<u>(422,785)</u>	<u>(317,968)</u>
Total Assets Less Current Liabilities		892,697	870,041
Advance of funding	16	(2,900,000)	(1,900,000)
Retirement benefit obligations	12iii	(3,942,000)	(5,427,000)
Deferred retirement benefit funding asset	12iv	3,942,000	5,427,000
Total Net Liabilities		<u>(2,007,303)</u>	<u>(1,029,959)</u>
<u>Representing</u>			
Retained revenue reserve		<u>(2,007,303)</u>	<u>(1,029,959)</u>
		<u>(2,007,303)</u>	<u>(1,029,959)</u>

The Statement of Cash Flows and notes 1-21 form part of these financial statements.



Don Thornhill
Chairperson



Brian Doherty
Chief Executive Officer

Date 12 December 2023

Legal Services Regulatory Authority

Financial Statements

For the year ended 31 December 2022

Statement of Cash Flows

	Note	2022 €	2021 €
Net cash flows from operating activities			
(Deficit) / Surplus for the period		(977,344)	2,552,472
Depreciation charge		27,923	26,060
Decrease / (Increase) in Receivables	13	385,342	(364,778)
Increase / (Decrease) in Payables	15	104,818	72,756
Net Cash Inflow / (Outflow) from Operating Activities		<u>(459,261)</u>	<u>2,286,510</u>
Investing Activities			
Payments to acquire Property, Plant and Equipment		<u>(8,217)</u>	<u>(14,801)</u>
Net Cash Flow from Investing Activities		<u>(8,217)</u>	<u>(14,801)</u>
Financing Activities			
Advance of funding from Department of Justice	16	1,000,000	1,000,000
Establishment funding reserve	16	-	(3,000,000)
Repayment of advance	16	-	(1,050,000)
Net Cash Flow from Financing Activities		<u>1,000,000</u>	<u>(3,050,000)</u>
Increase / (Decrease) in Cash and Cash Equivalents		<u>532,522</u>	<u>(778,291)</u>
Cash and Cash equivalents at 1 January		537,570	1,315,861
Cash and Cash Equivalents at the end of the period		<u>1,070,092</u>	<u>537,570</u>

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

1. Accounting Policies

The basis of accounting and significant accounting policies adopted by the Legal Services Regulatory Authority are set out below. They have been applied consistently throughout the period.

General Information

The Legal Services Regulatory Authority was set up under the Legal Services Regulatory Act 2015, with a head office at Units 1-3, Manor Street Business Park, Shea's Lane, Stoneybatter, Dublin 7. The Legal Services Regulatory Authority's primary functions as set out in Section 13(4) of the Legal Services Regulatory Act 2015 are as follows:

- Regulate the provision of legal services by legal practitioners and shall ensure the maintenance and improvement of standards in the provision of such services in the State;
- The Authority may, and where required by this Act shall keep under review, and make recommendations to the Minister in respect of the following:
 - a. the admission requirements of the Law Society relating to the solicitors' profession and of the Bar Council and the Honorable Society of King's Inns relating to the barristers' profession;
 - b. the availability and quality of the education and training for the solicitors' and barristers' professions;
 - c. the policies of the Law Society in relation to the admission of persons as solicitors in the State, and of the Bar Council and the Honorable Society of King's Inns in relation to persons becoming entitled to practise as barristers in the State.
- Disseminate information in respect of the education and accreditation requirements to such extent and in such manner as it thinks fit;
- Specify the nature and minimum levels of professional indemnity insurance;
- Establish and administer a system of inspection of legal practitioners for such purposes as are provided for in this Act;
- Receive and investigate complaints
- Maintain the roll of practising barristers
- Promote public awareness and disseminate information to the public in respect of legal services, including the cost of such services;
- Keep the Minister informed of developments in respect of the provision of legal services by legal practitioners and make recommendations to assist the Minister in co-ordinating and developing policy in that regard;

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

General Information (Continued...)

- Undertake, commission or assist in research projects and other activities in respect of the provision of legal services, which in the opinion of the Authority may promote an improvement in standards for the provision of those services and public awareness of them, and make recommendations to the Minister arising from those projects or activities; and
- Perform any other functions conferred on it by the Act or by regulations made under it.

The Legal Services Regulatory Authority is a Public Benefit Entity (PBE).

Statement of Compliance

The financial statements of the Legal Services Regulatory Authority for the period ended 31 December 2022 have been prepared in compliance with the applicable legislation, and with FRS 102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland issued by the Financial Reporting Council in the UK.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for certain assets and liabilities that are measured at fair values as explained in the accounting policies below. The financial statements are in the form approved by the Minister for Justice under the Legal Services Regulatory Authority Act 2015.

The financial statements are prepared in Euro which is the functional currency of the Legal Services Regulatory Authority. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Legal Services Regulatory Authority's financial statements.

The Authority have concluded that there is no material uncertainty regarding the Authority's ability to meet its liabilities as they fall due and continue as a going concern.. However, given the continued support via grant funding from the Department of Justice, the Authority has a reasonable expectation that The Legal Services Regulatory Authority will have adequate resources for the foreseeable future. On this basis the Authority consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Authority was unable to continue as a going concern.

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

Levy Income

The Legal Services Regulatory Authority (LSRA) is responsible for imposition of levy on professional bodies and certain barristers to cover the expenses of the LSRA and the Legal Practitioners Disciplinary Tribunal (LPDT) under section 95 of the Legal Services Regulation Act 2015. The amount of levy payable in each financial year is calculated as the sum of the approved expenses of the LSRA and the expenses of the LPDT in respect of the preceding financial year.

Part 7 of the Act sets out the funding model for the Legal Services Regulatory Authority (LSRA) and Legal Practitioners Disciplinary Tribunal (LPDT). Funding is to be provided by way of a levy of the professions under the following headings:

- Levy of the Law Society
- Levy of the Bar Council (Bar of Ireland)
- Levy of individual barristers who are not members of the of the Law Library

Under the model, the Authority shall determine at the end of each financial year, operating costs and administrative expenses for both the LSRA and the LPDT. The expenses are further broken down into Part 6 expenses (Complaints) and expenses other than Part 6. Apportionment formulae are applied to determine the levy to be paid per person under the 3 categories above.

Section 98 of the Act provides for the Authority to make regulations in relation to dates, collection and recovery, rates of interest, record keeping required of the LPDT and other appropriate requirements.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Statement of Financial Position date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions. Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable are dealt with in the Income and Expenditure Account.

Tangible Assets and Depreciation

Tangible assets are stated at their historical cost less accumulated depreciation. Depreciation is charged to the Statement of Income and Expenditure and Retained Revenue Reserves on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, per their expected useful lives as follows:

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

Tangible Assets and Depreciation (Continued...)

IT Equipment	Straight-line over 5 years
Office Equipment	Straight-line over 5 years
Furniture and Fittings	Straight-line over 10 years
Leasehold Improvements	Straight-line over 10 years

The residual value and useful lives of fixed assets are considered annually for indicators that these may have changed. Where such indicators are present, a review will be carried out of the residual value, depreciation methods and useful lives, and these will be amended if necessary. Changes in depreciation rates arising from this review are accounted for prospectively over the remaining useful lives of the assets.

Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred.

Employee Benefits

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits

The employees of the Legal Services Regulatory Authority are public servants and are members of a defined benefit scheme which is unfunded.

The Legal Services Regulatory Authority also operates the Single Public Services Pension Scheme ("Single Scheme"), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. All pensions deductions made under the Single Scheme are remitted to the Department of Public Expenditure, NDP Delivery and Reform. The pension liabilities for the single scheme rest with the Authority.

Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Legal Services Regulatory Authority will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

Payables

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

2. Income

The Legal Services Regulatory Authority was established on 1 October 2016. During the period from the date of establishment to 6 November 2019, the Authority was not in receipt of any non-grant income. Under Section 32 of the Legal Services Regulatory Authority Act 2015, the Minister shall advance to the Authority out of moneys provided by the Oireachtas such amount or amounts as the Minister may, with the consent of the Minister for Public Expenditure, NDP Delivery and Reform, determine for the purposes of expenditure by the Authority in the performance of its functions.

	2022	2021
	€	€
Levy Income	3,450,659	2,807,915
Administration Fees	20,163	24,436
Other income – Salary Recoupment	105,834	240,160
Other Income - Penalties	2,350	5,000
	<u>3,579,006</u>	<u>3,077,511</u>

Levy Assessment Notices totalling €3,455,443 were issued on 9 June 2022 as provided for in the Legal Services Regulation Act 2015 (Levy) Regulations 2019 (S.I. 463 of 2019). An amount of €6,429 (2021: €356,689) remained to be collected at year end.

For the 12 months period from the 1st of January 2022 to 31st December 2022, the Authority was in receipt of €1,000,000 (2021: €1,000,000) as an advance from the Department of Justice. In January 2023, the Authority paid a recoupment amount of €200,000 to the Department of Justice in line with the terms of the Ministerial consent for issuing the Levy in 2022.

Legal Services Regulatory Authority

Notes to the financial statements For the year ended to 31 December 2022

3. Staff Costs and Employee Information

	2022	2021
	€	€
Staff costs	2,480,154	1,942,419
Employer PRSI	256,476	200,763
Employer Pension Contribution	280,947	211,030
Seconded staff	219,667	180,304
Total Staff Costs	<u>3,237,244</u>	<u>2,534,516</u>

3a. Employee Numbers

	2022	2021
The number of employees at year end was made up as follows:		
Chief Executive Officer	1	1
Staff Members *	<u>52</u>	<u>44</u>
	<u>53</u>	<u>45</u>

*Includes secondment staff from the Department of Justice.

3b. Chief Executive Officer's Remuneration

The Chief Executive Officer was appointed on 14th September 2017. The Chief Executive Officer received €170,271 in 2022 (2021: €162,733).

Pension entitlements of the Chief Executive do not extend beyond the model public sector superannuation scheme. The Chief Executive did not receive any performance related payments or any other benefit in kind during the year.

3c. Key Management Remuneration

Key management personnel in Legal Services Regulatory Authority consist of the Chief Executive Officer, Senior Management Team and Authority member fees. Total compensation paid to key management personnel amounted to €544,233 (2021: €568,005).

3d. Additional Superannuation Contributions

Additional Superannuation Contributions (ASC) of staff directly employed by the Authority were made in line with statutory requirements. €47,827 of ASC were made in 2022 (2021: €30,608).

Legal Services Regulatory Authority

Notes to the financial statements For the year ended to 31 December 2022

4. Staff Related Expenses	2022	2021
	€	€
Domestic Travel and Subsistence	5,985	-
Foreign Travel and Subsistence	6,036	23
Recruitment Expenses	250	1,100
Staff Training	36,837	46,721
	<u>49,108</u>	<u>47,844</u>
5. Authority Members Costs	2022	2021
	€	€
Don Thornhill	8,979	11,970
Angela Black	5,771	5,771
Geraldine Clarke	5,771	7,695
Dermott Jewell	5,771	7,695
Stephen Fitzpatrick	-	3,848
Simon Murphy	5,771	7,695
Deirdre Malone	5,771	7,695
Shane Galligan	5,771	3,847
	<u>43,605</u>	<u>56,216</u>
6. Accommodation Expenses	2022	2021
	€	€
Rent	201,868	120,000
Service charges	10,631	8,092
Repairs and Renewals	-	440
General Rates	10,423	-
Premises Expenses	17,890	17,036
Light and heat	9,329	13,163
Office Machine Maintenance	204	115
Cleaning	20,918	19,909
	<u>271,263</u>	<u>178,755</u>

Legal Services Regulatory Authority

Notes to the financial statements For the year ended to 31 December 2022

7. Office Administration Expenses	2022	2021
	€	€
Accountancy and payroll	103,038	99,599
Printing, postage and stationery	25,287	19,688
Meeting expenses	7,678	1,553
Legal services	206,610	116,903
Public consultation, research and reporting	95,556	-
Other Consultancy	13,690	44,745
Professional fees	75,479	10,220
Committee costs	84,202	122,185
Pension and Human Resources	16,052	12,977
Research projects	13,914	27,330
Audit fees	12,300	9,350
Translation costs	6,634	8,610
Membership Subscriptions	65,422	55,802
Equipment Hire	-	1,327
Bank charges	795	527
	<u>726,657</u>	<u>530,816</u>

8. Seminars and Publications	2022	2021
	€	€
Conference and seminar expenses	4,621	1,573
Books and journals	270	180
	<u>4,891</u>	<u>1,753</u>

9. Communications	2022	2021
	€	€
General Advertising	3,763	8,843
	<u>3,763</u>	<u>8,843</u>

10. ICT	2022	2021
	€	€
IT Technical support (Including telephone)	122,482	100,670
IT Licenses	65,647	23,694
IT Consumables	3,768	318
IT Website Development	-	15,554
	<u>191,897</u>	<u>140,236</u>

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

11. Legal Practitioners Disciplinary Tribunal (LPDT)

Included in Note 3 to 10 are the following expenses for the Legal Practitioners Disciplinary Tribunal (LPDT) related function. The LPDT was established on 23rd November 2020 and is in operation for 2022.

	2022	2021
	€	€
<u>Pay</u>		
Gross Pay (incl. ER PRSI)	171,393	29,235
Training and Development	12,750	10,836
Total Pay	<u>184,143</u>	<u>40,071</u>
<u>Non-Pay</u>		
Catering General	1,950	1,553
Travel and Subsistence	847	-
Postage	2,400	-
Print Design	-	861
Printing	601	385
IT Maintenance	46	18,100
Sundry Expenses	131	175
Legal Fees	7,323	30,750
Professional Fees - Members	12,166	-
LPDT Tribunal	16,400	12,033
Society Solicitors PC fees	5,000	11,600
Rent	81,868	-
Security Equipment and Supplies	421	-
R&R Contractors	4,060	-
Conference and seminar expenses and Hotels	2,586	-
Total Non-Pay	<u>135,799</u>	<u>75,457</u>
Total LPDT related expenditure	<u><u>319,942</u></u>	<u><u>115,528</u></u>

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

12. Retirement Benefit Costs

i. Authority Staffing

In accordance with Section 27 of the Legal Services Regulatory Act 2015, the Authority may prepare and submit to the Minister for his approval a scheme for the granting of superannuation benefits to these staff members and in respect of such members of the staff of the Authority as it may think fit. The LSRA has been engaging with the Department of Justice and the Department of Public Expenditure NDP Delivery and Reform with the intention of establishing an appropriate scheme in respect of staff who are not members of the Single Public Service Pension Scheme.

In 2022, some staff joined the LSRA where their (non-Single Pension Scheme) legacy pension transferred over to the LSRA. These staff members are members of a defined benefit scheme which is unfunded. Discussions are ongoing with the Department of Public Expenditure, NDP Delivery and Reform in relation to the treatment of those pensions.

New entrant staff, employed by the Authority after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Deductions from staff salaries are transferred to the Department of Public Expenditure, NDP Delivery and Reform on a monthly basis in accordance with the Act.

ii. Analysis of total retirement benefit costs charged to the Statement of Income and Expenditure and Retained Revenue Reserves

	31 December 2022	31 December 2021
	€	€
Current service cost	683,000	639,000
Interest on retirement benefit scheme liabilities	89,000	39,000
Less Benefits Paid	-	(1,000)
	<u>772,000</u>	<u>677,000</u>

*The current service cost includes employee contributions totaling €113,000 in 2022. (2021: €89,000)

Legal Services Regulatory Authority

Notes to the financial statements For the year ended to 31 December 2022

12. Retirement Benefit Costs (Continued...)

iii. Movement in net retirement benefit obligations during the financial year

	31 December 2022	31 December 2021
	€	€
Net retirement benefit obligation at 1 January	5,427,000	3,630,000
Current service costs	570,000	550,000
Employee Contributions	113,000	89,000
Interest costs	89,000	39,000
Benefits paid in period	-	(1,000)
Experience (gain)/loss on liabilities	(129,000)	858,000
Changes in actuarial assumptions	(2,128,000)	262,000
	<hr/>	<hr/>
Net retirement benefit obligations at 31 December	3,942,000	5,427,000

iv. Deferred funding asset for retirement benefits

The Authority recognises amounts owing from the State for the unfunded deferred liability for retirement benefits on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Authority has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Income and Expenditure and Retained Revenue Reserves is as follows:

	31 December 2022	31 December 2021
	€	€
Funding recoverable in respect of current year retirement	772,000	678,000
Benefits paid in year	-	(1,000)
	<hr/>	<hr/>
	772,000	677,000

The deferred funding liability for retirement benefit as at 31 December 2022 amounted to €3,942,000 (2021: €5,427,000).

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

12. Retirement Benefit Costs (Continued...)

iv. History of defined benefit obligations

	2022	2021
	€	€
Defined benefit obligations	3,942,000	5,427,000
Experience (gains)/loss on defined benefit scheme liabilities	(129,000)	858,000
Employee Contributions	113,000	89,000

v. Description of scheme

Non-Single Pension Scheme:

While the majority of LSRA staff are members of the Single Scheme, some staff joined the LSRA where their (non-Single Pension Scheme) legacy pension transferred over to the LSRA.

These staff transferred as members of a pension scheme which is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current “model” public sector scheme regulations. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse’s and children’s pensions. Normal Retirement Age is a member’s 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public-sector salary inflation.

The LSRA is remitting pension deductions to DPENDR and have recognised a pension liability and deferred asset in their financial statements for 2022 on the assumption that funding will be met. The LSRA is engaging with both the Department of Justice and the Department of Public Expenditure, NDP Delivery and Reform to resolve the position in respect of those pensions.

Single Scheme

The Single Scheme is the occupational pension scheme for public servants hired since 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as “referable amounts”, accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member’s pension referable amounts, and the retirement lump sum awarded is, similarly, the total of the scheme member’s lump sum referable amounts.

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

12. Retirement Benefit Costs (Continued...)

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 December 2022.

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 December 2022 were as follows:

	31 December 2022	31 December 2021
Discount rate	3.65%	1.55%
Inflation rate	2.65%	2.20%
Salary increases	3.90%	3.45%
Pension increases	3.40%	2.95%

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

	31 December 2022 Years	31 December 2021 Years
Male aged 65	22.1	21.8
Female aged 65	24.4	24.2

13. Receivables and Prepayments

	2022 €	2021 €
Prepayments	74,287	59,901
Other Debtors	135	49,603
Levy Debtors	6,429	356,689
	<u>80,851</u>	<u>466,193</u>

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

14. Fixed Assets

	IT/ Office Equipment €	Furniture & Fixtures €	Leasehold Improvement €	Total €
Cost				
At 1 January 2022	42,940	26,610	160,514	230,064
Additions	1,933	6,284	-	8,217
At 31 December 2022	<u>44,873</u>	<u>32,894</u>	<u>160,514</u>	<u>238,281</u>
Accumulated Depreciation				
At 1 January 2022	12,572	4,419	28,827	45,818
Charged in the year	8,643	3,228	16,051	27,922
At 31 December 2022	<u>21,215</u>	<u>7,647</u>	<u>44,878</u>	<u>73,740</u>
Net Book Value				
At 31 December 2022	<u>23,658</u>	<u>25,247</u>	<u>115,636</u>	<u>164,541</u>
At 31 December 2021	<u>30,368</u>	<u>22,191</u>	<u>131,687</u>	<u>184,246</u>

Certain IT assets owned by the Department of Justice are used by the LSRA as part of an ICT shared service provided by the Department. The value of these assets at 31st December 2022 was €0 (2021: €0) and no depreciation is charged on these assets.

15. Payables and Accruals

	2022 €	2021 €
Amounts falling due within one year:		
Creditors	125	137
PAYE/PRSI	107,908	100,898
Additional Superannuation Contributions	6,008	3,081
Single Scheme Pensions	45,446	26,503
Legacy Pension	2,371	1,526
Other Creditors	6,038	-
Accruals	254,889	185,823
	<u>422,785</u>	<u>317,968</u>

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

16. Advance of Funding	2022	2021
	€	€
Amounts at beginning of the period	1,900,000	4,950,000
Amounts advanced during the period	1,000,000	1,000,000
Amounts repaid during the period	-	(1,050,000)
Establishment funding reserve	-	(3,000,000)
Amounts at the end of the period	2,900,000	1,900,000

Under Section 32, “the Minister of Justice shall advance to the Authority out of moneys provided by the Oireachtas such amounts as the Minister may, with the consent of the Minister for Public Expenditure and Reform, determine for the purposes of expenditure by the Authority in the performance of its functions.” An Advance Funding Statement is signed between the Department of Justice and the Legal Services Regulatory Authority in respect of each draw-down of the funding concerned. The relevant funding terms are as agreed by the parties to this agreement under the Advance Funding Statement concerned.

The funding terms agreed include as follows:

- It was agreed between the LSRA and the Department of Justice that once an appropriate mechanism for recoupment of funds advanced had been identified and agreed a suitable and realistic term for that recoupment would then be agreed.
- Following initial meetings between the CEO of the LSRA and both the Law Society of Ireland and the Bar of Ireland, it has been agreed to enter into discussions on agreeing a repayment plan and schedule for the outstanding recoupable amounts of advance funding received by the LSRA from the Minister for Justice. It has been agreed to undertake these discussions from the beginning of 2024 following the completion of the Levy cycle in 2023.
- It will remain a matter for the Minister for Justice to set the final amount of recoupment in each year as part of the process for the Minister to provide consent to the Authority to determine the Levy for the relevant year pursuant to section 95(2) of the Legal Services Regulation Act 2015 (the 2015 Act).
- Recoupment payments commenced in December 2020 with a first instalment recoupment of €50,000 in respect of the 2019 advance processed on 11 Dec 2020. A second instalment of €50,000 in respect of the 2019 advance was processed in November 2021. The amount was set in a communication from the Minister for Justice in respect of providing Ministerial consent pursuant to section 95(2) of the 2015 Act for the determination of the Levy in 2020 and 2021 respectively.

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

16. Advance of Funding (Continued...)

- In addition, in accordance with an advance funding statement between the LSRA and the Department of Justice, the advance of €1,000,000 received in 2021 was recouped in full to the Department of Justice in November 2021. The Authority received an advance of €1,000,000 in January 2022. At the end of 2022, a total amount of €2.9m in advances was due to be recouped to the Department of Justice.
- Funding terms are recorded in the notes to the Authority's Accounts.
- Without prejudice to either the independence of the LSRA under section 13(3) of the 2015 Act or its financial management obligations under that Act, the Legal Services Regulatory Authority shall provide a profile of expenditure to the Department of Justice and any funds advanced are to be expended in accordance with the expenditure categories identified in that profile. Such expenditure shall also be in accordance with public service rules and regulations. Pending finalisation of a profile of expenditure for the new financial year, expenditure will be in line with the expenditure categories in the previous financial year.
- In terms of the advances received by the Authority under section 32 of the 2015 Act in the years 2016 to 2018 inclusive (€3m), there was engagement between the Authority, the Department of Justice and the Department of Public Expenditure, NDP Delivery and Reform (DPENDR) in relation to the status of those advances in 2021/2022. Following that process, the Department of Justice wrote to the LSRA on 21 June 2022 confirming that DPENDR had provided sanction to designate the €3 million of funding (2016-2018) as establishment funding support which is not subject to recoupment to the Justice Vote.
- A recoupment of €200,000 was made to the Department of Justice in January 2023 in respect of advances received under section 32 of the 2015 Act. The LSRA also received an advance of €1m in July 2023 which will be recouped in 2023.

17. Capital and Other Commitments

There were no capital commitments at 31st December 2022.

Legal Services Regulatory Authority

Notes to the financial statements

For the year ended to 31 December 2022

18. Lease Commitments

The Authority entered a lease on 2nd August 2019 with a four month rent free period. It is a ten-year lease with annual rent of €120,000 and an annual service charge of €8,062. The authority also entered a lease on 21 April 2022, it is a 10 year lease with a 5 year break with an annual rent of €117,645 and an annual service charge of €4,087.

Lease Commitment	2022	2021
	€	€
Payable within one year	249,794	128,062
Payable within two or five years	999,174	512,248
Payable after five years	743,050	384,186
	1,992,018	1,024,496

19. Related Party Transactions / Disclosure of Interests

The Legal Services Regulatory Authority complies with the Code of Practice for the Governance of State Bodies issued by the Department of Public Expenditure, NDP Delivery and Reform in relation to the disclosure of interests by the Chief Executive Officer and members/staff of the Authority. Formal procedures exist to ensure adherence with the requirements of the Code.

20. Events After Reporting Period

There are no events between the reporting date and the date of approval of these financial statements for issue that require adjustment to the financial statements.

21. Approval of Financial Statements

The financial statements were approved by the Authority on 12 December 2023.