



The Law  
Society

# The Law Society Group

Annual report and consolidated  
financial statements for the  
year ended 31 October 2023

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# Foreword

This annual report sets out clearly and transparently the financial statements, activities, and achievements of the Law Society and the Solicitors Regulation Authority, as the Law Society Group.



Ian Jeffery  
Chief executive,  
Law Society of  
England and Wales



Nick Emmerson  
President, Law  
Society of England  
and Wales

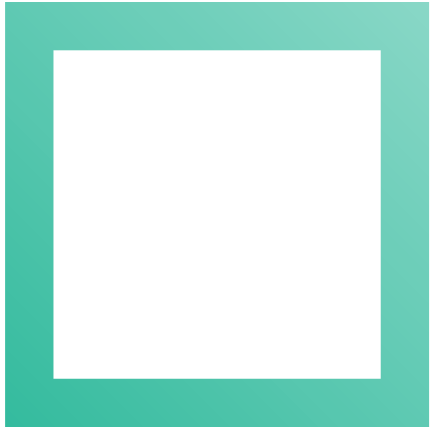
After a period of constant change, 2022/23 proved to be a good year for our profession, with the legal sector seeing strong growth over the last 12 months.

Both the Law Society and the Solicitors Regulation Authority (SRA) continued to make sure our members have the resources and guidance they need to thrive and grow, and to uphold the values and standards expected of a world-class profession.

Both organisations are committed to supporting solicitors, upholding the rule of law, and protecting consumers and access to justice in England and Wales.

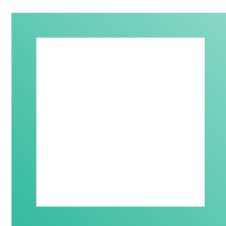
As we look ahead, there is sure to be more change on the horizon – we will be here to guide our members and help them successfully navigate the future. We'll continue to work both individually and, as necessary, together to support solicitors to deliver their vital work for their communities across England and Wales.

More information about our organisations is available on our websites and social media channels.





# Who we are



1. The Law Society Group consolidates the activities and results of the legal entities shown left. The Law Society is the parent entity and the basis of consolidation of subsidiary entities is described in notes 1 and 10 of the financial statements.
2. Encompasses the following entities which are consolidated – Solicitors Indemnity Fund (SIF) and Solicitors Indemnity Fund Limited (SIFL).

■ Legal entities

## Principal activities

**The Law Society:** the Law Society is the independent professional body for solicitors in England and Wales. Founded in 1825 and granted a Royal Charter in 1845, the Law Society promotes the value of the profession, works to protect the justice system and supports solicitors with a comprehensive member offer.

**Solicitors Regulation Authority Ltd:** the Solicitors Regulation Authority (SRA) regulate solicitors and law firms in the public interest, protecting members of the public, supporting the rule of law and the administration of justice. This is done by licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards, and overseeing all the education and training requirements necessary to enter the profession and practice as a solicitor.

**Indemnity Operations:** the Solicitors Indemnity Fund (SIF) was created by the Law Society in 1987 to provide compulsory professional indemnity cover to all solicitors. The Fund therefore has a specific legal purpose which was initially to provide indemnity in respect of the practices of solicitors, recognised bodies and registered foreign lawyers carried on wholly or in part in England and Wales. This continued until 31 August 2000 when this function was replaced by the requirement for law firms to purchase indemnity insurance in the open market. From 1 September 2007 the fund began to provide cover for claims and the associated liabilities arising from firms insured in the open market which have ceased without successor subsequent to 1 September 2000 and where the requisite six-year run-off period has elapsed. SIF continues to perform this function and continues to operate for this purpose.

Since 1 October 2023, SRA took control of, and responsibility for, the management and administration of both SIF and SIFL. Since this date both entities became subsidiaries of SRA.

# Business review: The Law Society

The Law Society is the professional body for solicitors in England and Wales.

For nearly 200 years we have championed solicitors working in the public interest, and their role in protecting rights and promoting justice.

Our work is guided by the values expected of a world-class profession – clarity, trust, respect, and excellence.

We have over 200,000 members across England and Wales who help the legal sector contribute £60 billion each year to the UK economy. We are proud to represent a dynamic and diverse profession, and their unrivalled expertise.

## The value of Law Society membership

The Law Society is a place where solicitors can connect, grow and thrive. Our vision is to promote, protect and support solicitors, the rule of law and justice in England and Wales.

Our work is underpinned by a few core areas of focus: representing and advocating for the profession, building community and a sense of belonging, providing trusted resources and tools for professional development, championing the value of the profession, and supporting our members' businesses to navigate the future. These focus areas help guide our work to make sure we're adding value to solicitors' day-to-day practice and promoting the important role they play in our society.

Our members are at the heart of all we do, and we are here to support them at every stage of their careers, from qualification through to retirement.

## Year one of our three-year corporate strategy

2022/23 was the first year of our 2022–2025 corporate strategy. The strategy sets out four key objectives that will guide our work over the next few years:

- 1 Promote the value of the profession and provide a compelling member offer
- 2 Protect the justice system and make sure it applies to everyone equally
- 3 Maximise our potential by growing our commercial reach, by being efficient and sustainable
- 4 Be an employer of choice for people who want to make a difference

To make the most powerful impact with our resources, we will focus on the priorities that matter most to our members as they address the professional and business challenges arising from the ever-changing landscape within which they operate.

In 2022/23, this meant having a particular focus on access to justice and the rule of law, and continued our work lobbying the governments in London and Cardiff on key legislation and reform, progressing our campaign to protect criminal and civil legal aid to make sure our justice system is fit for the 21st century.

There is much to be done over the remaining years of our strategy, and working closely with our members and wider stakeholders will be essential to successful delivery.

## Key achievements

### Promoting the value of the profession and providing a compelling member offer

#### Community and engagement

The legal profession not only underpins over half a million jobs in every town and city across England and Wales, it also provides the hidden wiring that underpins a thriving economy through the advice solicitors provide to businesses and individuals on the issues they encounter every day.

Over the last few years, we have been overhauling our approach to member communications and content, shifting our strategy to showcase our members, their expertise and their experiences in our content across all platforms and channels.

In 2022/23, we saw a significant increase in engagement with our content across our social media channels, including receiving 7.2 million impressions on LinkedIn throughout the year.



Our flagship fortnightly newsletter, Professional Update, saw an average of 83,000 members opening each edition over the year, and has had an almost 500% increase in the number of members clicking to read more of our content since 2020/21.

We kept solicitors up to date and brought them the latest news via the Law Society Gazette, with the weekly magazine seeing an average of 100,000 readers each week.

Over 37,000 members signed-up to personalise their Law Society membership through My LS, bringing the total number of members registered on the portal to 148,239 since its launch in 2020.

We continued our work to improve our approach to guidance and practice notes published on our website, on topics such as the use of artificial intelligence (AI) in the profession, climate change and anti-money laundering, resulting in 2 million views from 1.2 million users.



As well as our digital content, we continued to support members face-to-face at events and via our member helplines, with our Support Centre and Practice Advice Service taking 75,000 calls and successfully dealing with 300,000 queries overall throughout 2022/23.

#### Celebrating our members

We celebrated the best of the profession in 2022/23 with our inaugural Legal Heroes awards, recognising solicitors who have gone above and beyond in their local communities. We received 117 nominations, with awards going to seven solicitors for their dedication to providing the best possible service to their clients.

We continued our work to promote social mobility, judicial diversity, and providing the profession with resources and guidance to accelerate change.



From the high street to the high court, the legal profession should reflect the society it serves. That's why every year we help talented, aspiring solicitors from less advantaged backgrounds join the profession with scholarships, mentoring and work experience available through our Diversity Access Scheme (DAS).



Our DAS scheme is managed via the Law Society Educational Trust. We received 286 applications for DAS in 2023 – an increase of 32% from the year before. The scheme helps those with a lack of funding, industry contacts or opportunities qualify as solicitors. We secured funding to offer 15 awards in total, which will support seven awardees through their studies for the Solicitors Qualifying Exam (SQE) and eight through the Legal Practice Course (LPC).

We commemorated 100 years since women were first able to enter the solicitor profession, with a campaign that spanned several months and included a flagship event held at our headquarters on 113 Chancery Lane, where we celebrated the stories of inspiring women in law over the last century, and looked forward to what women solicitors will achieve in the next 100 years.

As we get closer to celebrating our 200th year anniversary in 2025, we'll continue engaging with our members, providing opportunities for the legal community to come together and celebrating our members' achievements.

#### A valued profession

The Law Society is here to champion the value our members bring to society and increase the impact they can have within their local communities, nationally, and internationally.

Whether influencing governments on key legislation and reform, leading the way on professional ethics, securing overseas market access, or engaging with regulators, we champion our members' interests and make sure their views are heard.

In 2022/23, our president spent time engaging with members across the country and making sure their voices were heard, undertaking 15 regional visits in locations across England and Wales.

As part of our work to advocate for the profession, we received 700 mentions across national, regional and trade media for our statements defending the profession in the media against "lefty lawyer" rhetoric from political leaders, including for our joint statement with the Bar Council condemning the targeting of immigration lawyer Jacqueline McKenzie in national media outlets.

We delivered the first year of our Reframing Justice project, mapping the gaps between expert and public understanding of the rule of law and access to justice. This work included research featuring over 1,200 English and Welsh voters and engagement with more than 23 organisations in the wider justice and legal space through six workshops.

We consulted with members to shape our response to proposals by the Chartered Legal Institute for Legal Executives (CILEX) to move regulation of CILEX members to the SRA. We used this insight from our members to summarise our concerns and inform our response to the SRA's consultation on its proposed model for regulation.



Protecting the justice system and making sure it applies to everyone equally

Advocating for our members, access to justice and the rule of law

As the professional body for solicitors, defending the rule of law and protecting justice are at the core of our work.

We amplify the powerful collective voice of more than 200,000 solicitors and their diverse experiences and backgrounds by advocating on the issues they have told us matter most.

In 2022/23, we continued our campaign to protect criminal legal aid, which included a coordinated effort to increase pressure on the Westminster government to implement the recommendations of Sir Christopher Bellamy's independent review, and direct engagement with the Ministry of Justice, MPs and the media.

We secured 1,500 pieces of media coverage across broadcast, national, regional and trade outlets as part of the campaign.



Six million more people eligible for legal aid

We took the government to court as part of our fight for fair funding in the courts, after obtaining the High Court's permission to proceed with a judicial review of the government's lack of action on providing the funds needed to protect our justice system from collapse.

Our influencing work in this area secured the first increase in means test thresholds for legal aid in 13 years, resulting in six million more people becoming eligible for legal aid in England and Wales, and secured improvements to eligibility relating to domestic violence and Special Guardianship Orders.

Each year, we undertake strategic litigation work to promote the rule of law and protect justice in England and Wales. In 2022/23, we represented our members, and the public interest, by intervening in a select number of cases, including challenging the implementation of a new cost assessment regime which would have seen the Legal Aid Agency assessing its own bills and removing the right to

court assessment in almost all civil cases above £2,500.

We represent our members' views on the issues they have told us matter to them most, advocating for them with decision makers at the highest levels.

We have been a leading voice in opposition to the Bill of Rights Bill since its inception. In 2022/23 the Bill was scrapped following extensive critique from us of the damage it would have done to the rule of law and access to justice.

We secured an amendment providing for legal aid to the Illegal Migration Act, successfully arguing for a 15% increase in legal aid fees for work related to the Act.

We continued engaging with parliamentarians across the political spectrum to improve the Economic Crime and Corporate Transparency Act and support its aim of tackling economic crime.

Promoting the profession and fighting for our members' interests

Solicitors are the backbone of our legal system, and we are here to promote the value they bring to society, both at home and abroad.

We secured over 7,600 pieces of media coverage related to our campaigns on behalf of members throughout the year, including 900 pieces of national coverage, 740 pieces of international coverage and 224 pieces of coverage on TV and radio.

More than 70 pieces of media coverage were secured as part of our duty solicitor campaign, which highlights our growing concerns over the drop in numbers of duty solicitors across the country. This included four broadcast slots on TV and radio for then-president, Lubna Shuja, and an exclusive piece for the BBC.

As part of our member offer, we promote and protect the reputation and interests of solicitors to sustain the position of England and Wales as a leading international legal centre and advocate for solicitors working internationally.

Throughout 2022/23, Law Society staff and representatives undertook 13 speaking engagements to represent the interests of the profession at several international conferences, including the American Bar Association, the International Bar Association and the Union International des Advocats.





We contributed to the historic regulations allowing for the establishment of foreign lawyers and law firms in India and helped to secure the implementation of article 194 of the EU-UK Trade and Cooperation Agreement in Luxembourg, allowing for the establishment of UK-qualified lawyers.

Our recommendations were also reflected in the Swiss-UK Mutual Recognition Agreement, allowing for the continuation of the mutual recognition of professional qualifications.

## Maximising our potential by growing our commercial reach, by being efficient and sustainable

### Trusted resources and professional development

We are by our members' side to help them stay competitive and compliant at each stage of their career, whether they're newly qualified or in a senior role. Our trusted resources help our members get

up to speed with the latest regulatory changes and develop as solicitors, providing them with what they need to increase their confidence as legal professionals.

In 2022/23, we launched our landmark climate change guidance for solicitors, to help them navigate emerging regulatory issues surrounding climate change, and secured over 270 mentions for the guidance in national, regional and trade media.

10,226 new users signed up for LS Learning, bringing the total number of registered users for our learning and development platform to over 36,000, with a total of 26,414 members signing up to turbocharge their career via our learning and development courses throughout the year.

We expanded our learning and development offer by introducing new modules on risk and compliance, including topics such as SRA Account Rules, guidance for wellbeing of staff and clients and anti-money laundering regulations, and by developing guidance for dealing with complaints following changes to the Legal Ombudsman Scheme Rules.

We streamlined the application process for our Conveyancing Quality Scheme within the new digital onboarding process, making it easier for members to apply and re-accredit, and launched a new Residential Property Accreditation setting the quality standard for legal professionals managing conveyancing.

From researching a specific case, to exploring a niche area of law or gaining access to the legal documents our members need, our expert librarians are here to support solicitors.

Over 4,000 members visited our library throughout 2022/23, an increase of 71% from 2021/22, and our library team handled 6,271 enquiries related to case law, precedents, and corporate archive and firm tracking, amongst other areas.

### Helping our members to navigate the future

Law Society members are part of a like-minded community of engaged professionals working together to grow as solicitors. Through our sections and networks, our members can stay connected, and learn from their peers and leading experts on topics related to their specialism or characteristics.

In 2022/23, 4,500 members accessed exclusive content, webinars, and events as part of our sections offer, helping us to grow membership to these communities over the year.

Our events team continued to build on their work to improve the member experience through our events, delivering 31 bespoke webinars led by our commercial partners, on topics such as data and cybersecurity, digital conveyancing, AI and recruitment and retention of staff.

We had 17,090 registrations for our events throughout 2022/23 and welcomed 3,500 participants across seven events focused on risk and compliance and anti-money laundering.

## Being an employer of choice for people who want to make a difference

### A strategic approach to human resources and organisational development

Our members uphold the rule of law and our justice system, both key principles underpinning the values of our society. We know our staff already feel passionately that this work makes a difference and are proud of their role and the part they play.

Our people strategy focuses on four key areas: to future proof the organisation, to develop our ways of working, to develop our employee experience, and to create and embed an inclusive culture.

In 2022/23, we continued to develop and communicate our employer brand to ensure we remain competitive to both retain and attract talent, to ensure we have the best people on board to deliver resources, products, and services for our members.

## Inclusive Employers standard assessment: won a silver award



### Investors in People: our highest score in seven years

We achieved a silver award in the Inclusive Employers standard assessment and our highest score in seven years in our Investors in People review.

We identified 90 individuals across job roles and departments to undertake a 'Leading with Impact' programme to develop their leadership skills and embed a leadership culture across the organisation.

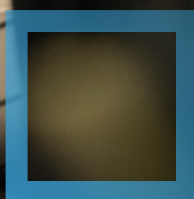
We have adopted a more strategic approach to talent acquisition, leveraging data to inform decision making and monitoring metrics to improve the process.

### Embedding equality, diversity and inclusion into our organisation

We believe a modern, diverse, and inclusive profession is a resilient one. This applies to our members and their firms, and to us as a professional body.

In 2022/23, we created and published our first equality, diversity and inclusion (EDI) annual report, which included our EDI goals and action plan. Key areas of focus are: to create further engagement, to implement metrics to measure the impact of EDI initiatives, and to decrease bias in the recruitment process.

We introduced anonymised recruitment to build applicants' confidence in the Law Society as an employer of choice, and supported hiring managers to embed inclusive recruitment practices and eliminate unconscious bias by running a series of workshops.





# Business review: Solicitors Regulation Authority

## A review of 2022/23

The Solicitors Regulation Authority (SRA) is the largest regulator of legal services in England and Wales, covering around 90% of the regulated market. We oversee more than 200,000 solicitors and around 9,400 law firms.

2022/23 was the final year of our 2020–2023 corporate strategy, which focused on three objectives: high standards for the profession and ourselves, supporting innovation and technology that can assist people to access legal help, and anticipating and responding to change.

## Key achievements

### Setting and maintaining high standards

#### Protecting the public

The vast majority of solicitors work to high standards. However, if solicitors fall short of what is expected, we step in to keep the public safe.

We brought 99 cases to the Solicitors Disciplinary Tribunal (SDT) in 2022/23. We also intervened into and closed 65 law firms where we felt there was a significant and immediate risk to clients and the public.

In July 2023, we closed down three solicitor firms named in an undercover newspaper operation involving immigration services. We stopped the firms from operating and took possession of all money held by them (including clients' money), and all documents and papers. The practising certificates of the solicitors were automatically suspended, so they can no longer practice as solicitors.

We can help members of the public and small businesses that have lost money in certain circumstances, for instance, due to a dishonest solicitor.

In 2022/23, we paid out £41m from the SRA Compensation Fund. The compensation fund is a

non-consolidated entity which is maintained and administered by the SRA under requirements set out in statute.

From October 2023, we took over management of the Solicitors Indemnity Fund (SIF), a special purpose entity providing run off professional indemnity cover to closed firms on claims arising from the work of solicitors prior to 1999. Following extensive consultation, our analysis showed that an SRA-run indemnity scheme was the most cost-effective and proportionate way to manage the residual relevant claims. This approach provides the same consumer protection as a regulatory arrangement.

We have appointed London insurance services provider Polo Works on an 18-month contract. It will handle new claims and work closely with the SIF panel firms handling open claims, to make sure of a smooth handover and continuity of service.

Following consultation and changes in legislation, our fining powers for traditional firms increased and we also introduced fixed penalties. This change should help us resolve cases more quickly, saving time, cost, and stress for everyone involved. We issued our first fixed penalties in autumn 2023, to three firms breaching the SRA Transparency Rules.

In August 2023 we suspended three directors at the law firm Axiom Ince for suspected dishonesty in relation to a suspected shortfall of more than £60 million on the firm's client account. In the best interests of clients, we then worked with the firm's remaining directors to achieve as orderly a closure as possible, before intervening into the whole firm in October.

We, and our intervention agents, are continuing to deal with the aftermath of the closure, including providing advice to former clients, reviewing claims to the SRA Compensation Fund, liaising with law enforcement, and progressing our own investigations.

We uncovered the suspected dishonesty and missing client money in late July, as a result of a visit by our forensic investigation team, and further digging behind what on the face of it looked like well-ordered accounts. The nature of the suspected dishonesty was sophisticated and included falsified bank statements and letters.

The Axiom case is the biggest intervention ever in England and Wales. We are also seeing an increasing number of large firms failing – we have intervened in Kingly and Metamorph in recent years. And, overall, the number of firms we have had to intervene into has increased in the 2022/23 year, with twice as many interventions as the year before. This follows a number of years with a downward trend in intervention levels.

In light of this changing landscape, in 2024 we are conducting a review of our arrangements for protecting consumers in the year ahead. The review will consider both whether the risk of harm to consumers from firms failing can be reduced and how to best protect consumers when there is a failure. We will act quickly where we can make changes that will benefit consumers, although some options may need detailed consideration and consultation and therefore take some time.

#### Money laundering and sanctions

Preventing money laundering is a priority risk for the legal sector. We have a rolling programme of inspections to ensure firms' compliance with the money laundering regulations.

We carried out 250 reviews and inspections in 2022/23. Through this and other proactive work, we have been able to provide advice and feedback to make sure law firms are complying with their obligations. When we find serious failings in this area, we take action. We handed out 23 fines totalling £61,600. The SDT handed out a further £75,802 worth of fines, as well as two suspensions.

In addition, we issued a warning notice to the profession regarding non-compliance with the Money Laundering Regulations. This reminded the profession of its obligations in this area. We also developed a template to help firms develop their own money laundering risk assessments, as a thematic review carried out in the year found that a significant majority had still not got theirs right.

We responded promptly to a fast-changing sanctions situation through a combination of updated resources and spot checks on firms exposed to the Russian market to make sure firms comply. During the year, we asked firms questions

about their approach to financial sanctions to better understand the risks in the sector.

#### The new Solicitors Qualifying Examination

2022/23 was the second year of running the Solicitors Qualifying Examination (SQE), the single rigorous assessment for all aspiring solicitors. It was introduced to give assurance of consistent, high standards at the point of admission.

Of the 8,818 individuals admitted in 2022/23, 17% came through the SQE route. This proportion will continue to grow in the years to come. The assessment consists of two parts: SQE1 which tests functioning legal knowledge and SQE2 which tests practical legal skills.

Five examination sittings took place in 2022/23 in test centres in the UK, and around the world. An independent review of the SQE found that, generally, the SQE had been delivered effectively.

#### Improving how we work

In January 2023, the Legal Services Board confirmed that we received the highest rating for four of the five standards it expects us to meet (well-led, regulatory approach, authorisation and supervision). For the fifth, enforcement, we received a 'partial' rating. We have taken a number of measures to improve our enforcement work through our continuous improvement programme.

Our wide-ranging continuous improvement programme took place throughout 2022/23. This work – looking across internal processes, ways of working, communication, and skills development – is a culture change programme intended to deliver long-term and sustainable change. It is supporting our staff to achieve a greater standard of customer service, improved case analysis and more effective and timely case progression.

Our balanced scorecard shows that we are generally meeting our service delivery targets. There are, however, some areas for improvement. This includes our commitment to further reduce the time it takes for us to conclude cases.

#### Promoting technology and innovation

##### Supporting innovation and innovators

We were awarded our third grant from the Regulators' Pioneer Fund (RPF). The aim of the grants is to fund projects designed to drive forward innovation, remove regulatory red tape and establish the UK as world leader in technologies of the future. We will use this grant to look at ways of increasing the use of technology-enabled dispute resolution.



This is with the overarching aim of helping individuals and businesses resolve legal issues without the need to go to court. We are running the project in a consortium including the Law Society and the Access to Justice Foundation. The grant was awarded during 2022/23 and received in 2023/24.

As part of our SRA Innovate programme, we supported 23 innovators (including law firms, start-ups, and more established tech providers) in 2023. We offered regulatory advice, help in navigating lawtech and signposted businesses to other regulators or organisations for support and information on investment.

We started work on developing our approach to regulating the use of artificial intelligence (AI) in light of the rapid development of AI systems and the government's proposed regulatory framework. We have been actively involved in a range of government-led programmes.

### Offering insights

We have shared practical tips and policy insights on innovation in the legal sector through a series of events and webinars, attracting around 1,600 participants. Our newsletter dedicated to news on legal technology and innovation, Lawtech Insight, has received just over 3,000 visits in the past year. We also exhibited and spoke at two Legal Geek conferences and LegalEx. These events attracted more than 6,500 legal and lawtech sector delegates,

providing a wide range of opportunities to show firms how we can support them.

Two dedicated Risk Outlook publications focused on the risks and opportunities of crypto technologies and the pros and cons of AI. Both of these aimed to help firms better understand how they can harness and optimise modern technology.

Research on unbundling legal services found that offering legal services in this way could make them more affordable for people who find them too expensive. It also found that law firms could also benefit, as it would increase their client base. As well as talking to firms as part of the research, we engaged with other legal regulators, technology innovators and professional indemnity insurers, and carried out a review of case law for negligence action arising out of unbundling.

### Better information for consumers

We provided consumer-focused information about advocacy standards – what to expect before, during and after you appear in court. A one-month campaign promoting this content resulted in around 300,000 visits to our website.

We continue to see increases in the number of visitors to our consumer-facing webpages. Our Solicitors Register is particularly popular, attracting 6.5 million views this year.

Legal Choices is the public-facing website and social media presence we manage on behalf of the legal regulators. Annual visits to the website exceeded 1.6 million.

Independent research into the effectiveness of the SRA's Transparency Rules, which were introduced in November 2019, found that they were having a positive effect. The rules mean law firms must proactively publish certain information on price, services and complaints procedures. The research found that more than half of individuals and small to medium-sized businesses who had recently engaged with a legal services provider had compared price and service information before selecting a provider.

### Anticipating and responding to change

#### Emerging issues and challenges

We consulted on and finalised our corporate strategy 2023–2026. We engaged with close to 17,000 people on our strategic objectives for the next three years: deliver high standards; strengthen our risk-based and proactive regulation; support innovation and technology; and be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.

In addition to the two tech-themed Risk Outlook publications mentioned above, we published a Risk Outlook on managing regulatory risk during economic uncertainty. We also published thematic reviews on strategic lawsuits against public participation, and the work of in-house solicitors and the challenges they face. We issued guidance on the new wellbeing at work rules, to help law firms and those who work in them to understand what the new rules in this area mean for them.

We carried out a significant amount of work in relation to immigration services providers. We carried out a thematic review and published guidance in November 2022. We also issued a warning notice in September 2023, reminding solicitors and firms of their regulatory duties.

After being approached by the Chartered Institute of Legal Executives (CILEX) in summer 2023, we consulted on regulating their members. We believe the change could simplify the regulatory landscape and offer tangible benefits to consumers. We will consider the responses to the consultation and take forward any changes in 2023/24.

We have encouraged interaction and debate about big issues affecting the legal sector through a series of insight pieces in the national and legal trade press. Topics included innovation, our fining powers and anti-money laundering (AML). Webinars have also looked at issues such as the financial sanctions regime, AML, and numerous sessions on reaching the high standards we expect before entering the profession via the SQE.

### Understanding and promoting diversity in the profession

We completed our latest firm diversity data collection in summer 2023 and achieved a response rate of nearly 100%. For a better understanding of diversity among the most senior people in law firms, for the first time we asked firms to report separately on full equity and salaried/partial-equity partners. The findings of this exercise were published in December.



We published our fourth annual report on the diversity profile of individuals within our enforcement work. The findings were similar to earlier years, showing an over-representation of men and solicitors from Black, Asian and minority ethnic backgrounds in the reports we received and took forward for investigation.

We continue to develop two significant equality, diversity, and inclusion research projects, with a view to publishing these in spring 2024. The first project looks at the differential outcomes in professional assessments for candidates from a Black, Asian and ethnic minority background. The second considers the over-representation of Black, Asian and ethnic minority solicitors in our enforcement work. The literature reviews for each of these were published in summer 2023. We will use the findings to increase our understanding of and inform our future work in these areas.

We refreshed our online information and resources concerning disability and LGBTQ+ inclusion within the profession. We also hosted a webinar on menopause and creating a supportive firm culture, which has been viewed almost 300 times.

We celebrated our own LGBTQ+ inclusion achievements, coming 25th in the Stonewall Top 100 employers list. We also brought together firms and regulators to celebrate Pride in Birmingham, Cardiff and London.





# How we are governed

## Chief executives

### The Law Society

Ian Jeffery was chief executive of the Law Society throughout the year.

### The Solicitors Regulation Authority

Paul Philip was chief executive of the SRA throughout the year.

## The evolution of Law Society governance

The last few years have seen significant evolution in our governance, affecting both the internal oversight of our functions (e.g. the creation of the Board in 2017) and, more recently, the structure and composition of our Council.

These changes are now becoming established, with delegations and reservations of decision-making,

## Accountability

The chief executives are responsible for the development of strategies for, and the performance of, their business operations and management of their staff. Each is responsible for a budget approved by Council through the relevant governing board:

- The chief executive of the Law Society is responsible to the Board, and, through the Board, to the Council; and
- The chief executive of the SRA is responsible to the SRA Board.

e.g. to the Board and committees becoming more familiar over time, and we have gained the benefit of all members of the Board, Council and the committees and sub-committees bringing their varied skills and experiences to our decision making.

This report sets out the position as it applied in the year November 2022 to October 2023.

The Law Society Council			
	The Law Society Board		
Committees of the Council	Committees of the Board		
Audit Committee	<ul style="list-style-type: none"><li>• Policy and Regulatory Affairs Committee (PRAC)</li><li>• Policy Advisory committees (reporting to PRAC)</li></ul>	<ul style="list-style-type: none"><li>• Finance and Investment (F&amp;I) Committee</li><li>• People and Remuneration (P&amp;R) Committee</li><li>• National Board for Wales (NBW)</li></ul>	<ul style="list-style-type: none"><li>• Membership and Communications Committee (MCC)</li><li>• Community committees (reporting to MCC)</li></ul>
Conduct Committee			
Council Membership Committee			
Equality, Diversity and Inclusion Committee			
Scrutiny and Performance Review Committee			

## Council

Our Council is our ultimate governing body with responsibilities derived from statute (mainly, the Legal Services Act 2007) and our Charter. The Charter and our bye-laws reserve certain matters to the annual general meeting (AGM) of members, e.g. those dealing with membership of the Law Society and of our Council. Following the reforms agreed in October 2020, there are now 97 seats on Council.

Under the current bye-laws, 46 seats represent constituencies defined geographically and 51 seats represent constituencies defined by practice area or demographic characteristic. There is a limit on the number of terms a Council member may serve, so that no one can serve more than three four-year terms, i.e. a total of 12 years.

The current list of Council constituencies and definitions can be found in Appendix 1 to our bye-laws which are available on our website.

Fifteen Council seats came up for election in October 2023 as members' terms ended. There were contested elections in six constituencies, a mixture of geographic and non-geographic seats, where there were more nominations received than seats vacant. It was pleasing to see the level of interest in joining Council.

Council members who held office during the period are shown on pages 84–85.

Our Council maintains strategic oversight but has delegated oversight of business planning, financial and governance matters to the Law Society Board. This is known simply as 'the Board' and references in this section to 'the Board' are to this body.

Regulatory matters continue to be delegated to the SRA. The SRA is now an independent company limited by guarantee and is a subsidiary of the Law Society. This separation gave effect to our commitment to deliver the increasing level of regulatory independence required by the Legal Services Board. Our Council continues to receive an annual report from the SRA that assures us it is carrying out its duties as required by law.

All organisational decision making is delegated to the SRA (together with, as has been the case since 2007, its decisions on regulatory matters in relation to individual solicitors).

## Office holders

We have three elected office holders: the president, vice president and deputy vice president, who each hold office for one year. Each year our Council elects the deputy vice president, the previous year's deputy vice president becomes the vice president, and the vice president becomes president. The handover takes place at the AGM.

The office holders are our main ambassadors and represent the organisation and the profession at home and abroad. The office of president is, effectively, a full-time appointment and the president is chair of Council.

## The Law Society Board ('the Board')

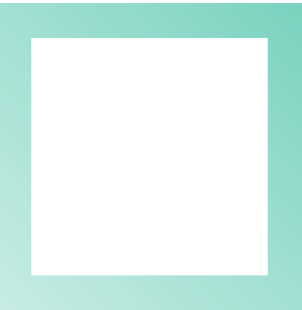
The Board acts under delegated authority from Council as the oversight body of the Law Society, responsible for managing the effective implementation of our strategy and annual business plan as approved by Council.

The Board recommends to Council our budget and business plan and oversees the work of our chief executive and their team. They also recommend to Council the amount to be collected through the practising certificate (PC) fee.

## Solicitors Regulation Authority Board

In accordance with the requirements of the Legal Services Act 2007, the Law Society Council delegated its regulatory functions to the SRA Board to ensure the independence of regulation from representation activities. The SRA Board determined the overall regulation strategy of the SRA and oversaw the work of the SRA's chief executive and his team.

Following the agreement to incorporate the SRA as a subsidiary entity, the SRA Board is no longer a Board of Council, but the Law Society discharges its ongoing duty of assurance in relation to the SRA by receiving an annual report on its work.





## How Council, Board and committee members are remunerated

Payments are made to the office holders or their firms or employers. Under bye-law 98(3), the president may be remunerated a maximum payment equivalent to that paid to a district judge in England and Wales. The vice president may receive up to 50% of this while the deputy vice president may receive up to 25%.

Details of remuneration in relation to Board and committee chairs and members are provided in Note nine to the consolidated financial statements.

## Group structure

From 1 June 2021, the SRA commenced operating as Solicitors Regulation Authority Limited, a separate entity and wholly owned subsidiary of the Law Society.

The consolidated (Law Society Group) financial statements include the results for all operation divisions and subsidiaries. The Law Society (legal entity) statements include the results for the Law Society only (Law Society Professional Body).





# Energy and carbon reporting

Both the Law Society and the Solicitors Regulation Authority Ltd have appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently verify its greenhouse gas (GHG) emissions in accordance with the UK government’s ‘Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance’.

The GHG emissions have been assessed following the GHG Protocol and ISO 14064-1:2018 standard using 2023 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based reporting approach for assessing scope two emissions from electricity usage. The financial control approach has been used.

## The Law Society

Reporting covers the main London (Chancery Lane) site. The Cardiff and Brussels sites have been excluded from the boundary of this calculation as data is not available and these sites do not have a material impact on overall emissions.

We are delighted to be able to show we have reduced our location-based greenhouse gas emissions by 17% since last year as expressed by total tonnes of CO2e and shown in the accompanying table under the Law Society Professional Body. This has been achieved by implementing several energy and carbon savings measures.

This year has seen final separation from the SRA in November 2022 meaning separation of our real estate services including environmental management and reporting. As a result, the focus has been on data consolidation, capture, reporting and targeting, allowing a baseline of carbon output

to monitor and plan our Net Zero obligations and targets.

The Law Society now receives formal monthly reports from the corporate real estate team which covers property performance metrics, consumption and occupancy. This also includes compliance metrics and monthly updates on carbon outputs leading to our annual total.

This year the Law Society agreed that it would operate to the Science Based Target Initiative (SBTI) metrics. We have not signed up to SBTi as an accreditation due to a long waiting list to join and the cost of so doing however we operate to the standard and have our figures independently validated by a third party in order to comply with SBTi requirements.

Operationally, the Law Society has secured a new year energy deal for both gas and electricity supply. The new deal provides cost certainty for two years, meaning the Law Society will continue to be supplied with clean, carbon neutral electricity that is Renewal Energy Guarantees of Origin (REGO) certified. Thereby meaning our electricity is generated from renewable sources. Whilst this has removed a significant portion of our carbon output, removal of it therefore places greater emphasis on other business carbon outputs, e.g. air travel, so focus on carbon reduction will shift to other areas.

With SBTi having targets related to every aspect of operations, from commuting and travel to energy use, there is a requirement for business-wide involvement in the scheme. The Law Society now operates a Net Zero working group which is made up of key departments in the organisation and will focus on target setting, Net Zero initiatives, performance, role modelling and advocacy.

From an Environmental Management System (EMS: ISO14001) we have successfully passed both annual independent audits with one auditor feeding back that our efforts and performance were “the best he had ever seen”. We are therefore strongly delivering on our environmental management and

performance following separation from the SRA and we expect this high performance to continue.

The Law Society is in the process of completing a detailed Energy Savings Opportunity Scheme (ESOS). This audit will examine our energy use and provide recommendations on how we can implement savings initiatives.

## The Solicitors Regulation Authority Ltd

The year-on-year comparison indicates that The Solicitors Regulation Authority Ltd has achieved

a material reduction in carbon emission through the reduction of required floorspace space at its Birmingham office.

## The Law Society Group

The table below summarises the GHG emissions for the reporting year 1 November 2022 to 31 October 2023. Emissions are presented separately for the Law Society and Solicitors Regulation Authority Ltd and also combined as a Law Society Group figure.

Scope	Activity	2023 Tonnes CO <sub>2</sub> e			2022 Tonnes CO <sub>2</sub> e			
		Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	% Change on previous year
Scope 1	Site Gas	207.67	2.50	210.17	221.98	-	221.98	-5%
Scope 2	UK Electricity	174.60	58.90	233.50	235.95	88.97	324.92	-28%
Scope 3	Employee-owned car travel	1.09	48.70	49.79	1.85	40.56	42.41	17%
	Hire Cars	-	1.20	1.20	-	-	-	-
Total tonnes of CO <sub>2</sub> e		383.36	111.30	494.66	459.78	129.53	589.31	-16%
Total tonnes of CO <sub>2</sub> e per employee		0.99	0.15	0.43	1.22	0.23	0.54	-20%
Total tonnes of CO <sub>2</sub> e per £M turnover		5.71	1.04	2.84	7.62	1.69	4.30	-34%

Scope	Activity	2023			2022			
		Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	% Change on previous year
Total energy consumed (kWh)		1,959,582	530,818	2,490,400	2,444,284	549,767	2,994,051	-17%
Total gross location-based emissions (tCO2e)		383.36	111.22	494.58	459.78	129.53	589.31	-16%



# Financial review

## Our business model

The 2023 financial statements include the results of the Law Society Group and the individual results of the parent entity, the Law Society.

The tables below set out the individual entities represented in the consolidated and individual primary statements. The notes to the financial statements also present results on a consolidated and individual basis, where applicable.

The consolidated financial statements (the Law Society Group)	
Statement	Entities
<ul style="list-style-type: none"><li>Consolidated income statement</li><li>Consolidated statement of comprehensive income</li><li>Consolidated statement of changes in equity</li><li>Consolidated balance sheet</li></ul>	Statements include: <ul style="list-style-type: none"><li>The Law Society Professional Body</li><li>Solicitors Regulation Authority Ltd</li><li>Indemnity Operations</li></ul>
The Law Society individual financial statements	
Statement	Entity
<ul style="list-style-type: none"><li>The Law Society income statement</li><li>The Law Society statement of comprehensive income</li><li>The Law Society balance sheet</li></ul>	Statements include: <ul style="list-style-type: none"><li>The Law Society Professional Body</li></ul>

## Practising certificate (PC) fee income and permitted activities business model

The majority of the Law Society Group's income is derived from the collection of PC fees from individual solicitors and from regulated entities. These are mandatory and must be paid in order for individuals and firms to practise as solicitors in England and Wales.

PC fees are used to fund the activities of the SRA (Solicitors Regulation Authority Ltd), those activities of the Law Society (The Law Society Professional Body) which are referred to as 'permitted activities' under section 51 of the Legal Services Act 2007 and the collection of Compulsory Statutory Levies (reported within The Law Society Professional Body). The fees are calculated by reference to the operating and capital budget requirements of the Law Society excluding the 'non-permitted' activities of the Law Society Professional Body which are required to be funded through the generation of commercial income.

There was an increase in PC fee income of £8.8m. The table below shows the level of PC fee income raised and its funding allocation, as discussed above.

PC fee breakdown	2023	2022
Compulsory statutory levies	£21.4m	£19.0m
Section 51 activities of the Solicitors Regulation Authority Ltd	£60.6m	£58.1m
Section 51 activities of the Law Society Professional Body and the associated central support functions of those activities	£32.9m	£29.0m
Total	£114.9m	£106.1m

We generally expect to achieve a balanced budget on permitted activities with neither a net income nor expense on a year-by-year basis. To the extent that a net income or expense is generated in any year from permitted activities, an adjustment may be made in the following year to reduce or increase the PC fees levied.

A net financial income or expense can occur as a result of specific events or decisions.

The PC fee collection process is managed by the SRA.

PC fees are invoiced from October to cover the following November to October period. Therefore, the PC fee income recognised in the 2023 and comparative 2022 financial years represents the 2022/23 and 2021/22 PC fee collections respectively.

The PC fee collection increased in 2022/23 from £106.1m to £114.9m. The PC fee collection was in line with the net funding requirement (NFR) for 2022/23.

For 2023/24, the base PC fee for a regulated individual has been set at £307 (2022/23: £286). Fees for entities vary and are related to the turnover of each entity. The number of regulated firms has reduced, while the number of regulated individuals has increased standing at 9,377 and 172,637 respectively at the end of October 2023 (2022: 9,636 and 166,684).

The 2023/24 PC fee renewal collection window opened on 1 October 2023 and officially closed on 31 October 2023. As new members join throughout the year they are invoiced. At 31 October 2023 £122.0m of invoices had been raised and recognised as deferred PC fee income for the 2023/24 renewal year (2022: £102.6m)

## The Law Society Professional Body

The operating result for 2023 was a net income of £2.4m (2022: net expense of £0.8m). Net investment returns before deferred tax gave rise to a gain of £1.8m in year (2022: loss of £2.8m). After deferred tax the above resulted in a net surplus and increase to reserves for the year ended October 2023 of £4.5m (2022: net deficit and reduction of £2.5m).

## Income

Total income increased by £6.8m to £67.1m in 2023 (2022: £60.3m). This was driven by an increase in PC fee income of £6.4m (13%) and supplemented by a £0.4m (3%) increase in other income.

The PC fee is split into two components, one part covers the Law Society share of the levy bodies operating expenditure and this increased by £2.4m (13%) in 2023 to £21.4m (2022: £19.0m). The second part covers the permitted activities of the Law Society and this increased by £3.9m (13%) in 2023 to £32.9m (2022: £29.0m). The PC fee for the Law Society had been held flat for several years, it was increased in line with our three-year plan to allow for further investment and during this period we have been exposed to increasing and fluctuating inflation compared to previous periods of stability.

Other income includes commercial income generated by delegate fees and sponsorship income from the provision of events, learning and development delegate fees, fees from accreditation services, licensing of Law Society legal forms, sections membership for our members, advertising and business partnership income. As at year ended 31 October 2023 commercial income amounted to £12.7m (2022: £12.0m). This increase can be largely attributed to improved performance in our sponsorship and accreditation income lines.

Other income also includes other non-commercial income which amounted to £0.1m (2022: £0.3m).

## Expenditure

Total operating cost increased by £3.6m to £64.7m in 2023 (2022: £61.1m).

This was driven by a £3.3m (17%) increase in the funding of external bodies (levies) in 2023 to £22.5m (2022: £19.2m).

The operating cost of the Law Society decreased by £0.5m to £42.5m in 2023 (2022: £43.0m). Although high inflation resulted in an increase in staff costs of £1.2m and an increase in non-staff costs of £0.6m, they were offset by lower spend on projects of £2.2m. The decrease is largely due to the closure of the 2016 Council approved major programme of investment in IT but also spend on investment projects was lower than anticipated due to a realignment of priorities and available capacity.

The Council approved investment programme which finalised in 2023 amounted to a total spend over the course of the programme, including associated staff costs, of £39.2m (2022: £38.3m).



In 2023, higher interest rates led to increased returns from short-term interest-linked current asset investment products. Improving market conditions in 2023 also reduced net realised and unrealised investment losses on the non-current asset investment portfolio. Before management fees this led to a total investment gain of £1.8m in 2023 (2022: loss of £2.8m).

## Property

The Law Society Professional Body holds the freehold to three listed properties in London. The fixed asset value includes cost and subsequent capital works to the buildings which are included in the financial statements at cost less accumulated depreciation.

A desktop valuation was performed on two of these properties, 113 Chancery Lane and 60 Carey Street, by independent surveyors as at 31 March 2021. The market value of the properties at that date was estimated to be £49.4m. Market valuations will be performed every 5 years unless an interim valuation is deemed necessary.

The desktop valuation is provided for information purposes only and is not incorporated within the financial statements. The net book value of freehold land and buildings in the consolidated balance sheet as at 31 October 2023 is £11.1m (2022: £11.8m).

Following a fire at 114 Chancery Lane on 1 February 2020 and subsequent damage to the building, a valuation has been delayed until reinstatement work has been carried out and completed.

In March 2022, a recommendation, subsequently adopted, was made by the Law Society Property Working Group to the Law Society Board and Council to reinstate 114 Chancery Lane to its condition and function prior to the fire. Necessary enhancements, improvements and mandatory changes to the building structure mean the project is more accurately one of reinstatement 'plus'.

As at October 2023, our project management partner forecast a total project cost from this date of £6.8m. £3.2m of this is considered reinstatement works and fully recoverable through our insurance policy. Within the accounts there is an insurance debtor balance of £3.2m reflecting this recoverable amount. £3.6m is considered enhancement work and these costs will be borne by the Law Society. A construction partner has been appointed with construction forecast to be completed in May 2025.

## Funding of external bodies (levies)

The Law Society is required to collect and pass on levies to fund four independent bodies: the Legal Services Board (LSB), the Office for Legal Complaints (OLC), The Solicitors Disciplinary Tribunal (SDT) and the Office for Professional Body Anti-Money Laundering (OPBAS).

The Legal Services Act provides for a levy to meet the expenditure incurred by the LSB, the OLC and the lord chancellor. The levy covers costs associated with the establishment of the LSB and OLC and the ongoing cost associated with the carrying on of

their functions (for OLC, amounts are paid via the Legal Ombudsman scheme). The amounts payable by the Law Society as a leviable body are set by the LSB under statutory instrument.

The Solicitors Disciplinary Tribunal (SDT) is funded under a Memorandum of Understanding with the SDT and LSB and is paid from a levy on solicitors and other regulated persons. The amount specified in the SDT's budget must be agreed with the Law Society and approved by the LSB and is paid by the Law Society to the SDT under Section 46A of the Solicitors Act (inserted by the Legal Services Act 2007).

OPBAS is housed within the FCA and its operations are entirely funded by the professional body supervisors that it oversees. Under the Money Laundering Regulations, OPBAS may impose charges on professional bodies to enable OPBAS to meet any expenses reasonably incurred by them in carrying out their functions under the Regulations. The OPBAS levy is a flat fee of £5,000 if the professional body supervises up to 6,000 individuals and a variable fee for every supervised individual above the 6,000 threshold.

In 2023, levy costs (funding of external bodies) totalled £22.5m, which represented 13.2% of the





Group’s total operating cost (2022: £19.2m, 14.0%). Levy income raised through the PC fee was £21.4m (2022: £19.0m) meaning there was an under recovery of levy costs in 2023 of £1.1m (2022: under recovery of £0.2m).

Further information on these payments can be found in Note 5.1.

Reserves

At the end of the financial period the balance sheet of the Law Society shows net assets of £62.8m (2022: £58.3m), of which £37.4m (2022: £32.6m) is free reserves once fixed assets and the investment in SRA are excluded.

In summer 2024 management are undergoing a review and revision of the Law Society’s reserve policy. This will set both targeted and minimum reserves level and will be reported as part of next year’s annual report.

Solicitors Regulation Authority Limited (SRA)

Income

The majority of our funding comes from annual fees set each year. We charge these fees to individuals (primarily the practising certificate fee) as well as to firms (recognised bodies and licensed bodies).

The amount recognised in the financial year was £60.6m (2022: £58.1m).

In addition to the practising fees a levy is collected on behalf of the Compensation Fund, a non-consolidated entity, which funds compensation claims against defaulting practitioners and the costs associated with its management by the SRA. This is paid by all individual practising certificate holders, except for those working for the Crown Prosecution Service, and by all firms holding client money. The above figures exclude invoices raised and cash collected on behalf of the Compensation Fund. Information on the Compensation Fund is available in its financial statements which are available via the SRA website.

Other income

Income recognised from the Compensation Fund for costs associated with the management and administration of the Compensation Fund by the SRA totalled £23.7m in the financial year (2022: £7.2m). Additionally, we collected £3.6m in administration fees for other applications from individuals and firms (2022: £2.6m).

Education and training

The main component within education and training income is the Solicitors Qualifying Examination (SQE). This is the assessment for all aspiring solicitors in England and Wales. The SQE is provided by Kaplan SQE Ltd., working with, and on behalf of, the SRA. During the financial year we recognised £19.1m (2022: £8.4m) in income related to the assessment and direct costs of delivery of £18.8m (2022: £8.2m) in addition to our internal costs associated with delivering the exam. We expect the SQE income and expenditure figure to continue to increase over coming years as more candidates sit the examination. Any surplus arising is segregated, to be invested solely in education and training, and not other areas of the SRA’s responsibilities.

Expenditure

Our total operating expenditure for the reporting period was £107.1m (2022: £75.2m) of which £41.5m (2022: £36.9m) was on staff related costs. The increase arose due to a combination of the increased costs of administering the Compensation Fund which as noted above were recovered from the Compensation Fund, and the increased SQE costs, which were recovered via SQE fees, also therefore leading to a related increase in income.

Fixed assets

Tangible assets have reduced in value from £2.0m to £1.4m, due to the depreciation of our asset base, with a modest investment in computer equipment of £0.1m.

The company’s investments value is unchanged from the prior year at £8.6m. Our investment holdings represent long term reserves and are not required to fund our day-to-day operations. They are invested with Cazenove, with the objective of achieving a long-term return on investment.

Debtors

Year-end trade debtors are at their highest following the annual practising fee renewals exercise, undertaken during October, and reduce rapidly in November each year.

Cash

Cash balances are also at their highest level following the annual practising fee renewals exercise in October 2023. The cash balance at the end of the year is therefore higher than at most times during the year. Cash flows continue to be positive in November and then gradually reduce through

the remainder of the financial year with a relatively smooth flow of annual expenditure until the next renewal period. Under our investment policy we aim for our cash balances to be actively managed to maximise returns as much as possible while limiting the risk to funds. The average cash balance held during the year was £51.7m (2022: £44m).

Provisions

The company provision for disciplinary proceedings and litigation costs at 31 October 2023 was £14.2m (2022: £1.9m). The provision represents the cost of legal fees to complete ongoing matters at the year end. Costs incurred during the reporting period in relation to interventions are recharged in full to the Compensation Fund.

During the year, two large interventions were undertaken, Metamorph in November 2022 and Axiom Ince in October 2023. The full cost of carrying out an intervention is provided for once reliable estimates of the cost can be obtained. These interventions have resulted in significantly increased provisions at the end of the year.

Reserves

Our reserves policy for the company outlines a requirement to hold between £17.7m and £25m of unrestricted reserves after tangible fixed assets are excluded. The policy is guided in part by guidance issued by the Legal Services Board (LSB) who regulate the SRA.

The reserves position is considered by the Board each year and was last reviewed and agreed by the Board in January 2024. We are required to outline our reserves policy and plans to move towards the minimum level of reserves if we are not at that level, as part of the annual approval of practising fees by the LSB. The fees for 2024/25 will be consulted on in the summer of 2024. As mentioned above unrestricted reserves (excluding fixed assets) stand at £16.5m. We expect these to be within the targeted reserves policy over the next two years.

Solicitors Indemnity Fund (SIF)

Interest and returns generated from the investment portfolio resulted in a loss of £0.08 million (2022: £2.3 million loss). The Fund incurred administrative expenses of £0.8 million (2022: £0.5 million). The activities of the Fund gave rise to a surplus before tax of £1.1 million for the year (2022: deficit £3.5 million). There was no tax charge for the year (2022: £14k charge), giving a net surplus after tax for the year of £1.1 million (2022: deficit £3.5 million).



The Fund’s results fluctuate as they are based on the development of claims and indemnity recoveries which may differ materially from year to year.

As at 31 October 2023, there were 97 open cases (2022: 156) a net decrease of 59 in the year. Claims costs incurred in year net of insurance and recoveries was an income of £2.0 million (2022: £0.6 million cost). This was driven by a net income in provision for claims of £2.7m (2022: £0.6m income), whilst claims payments, net of indemnity claim recoveries, and including claims handling costs, during the year were a net cost of £0.7 million (2022: £0.8 million). Amounts recoverable from insurers were nil (2022: £0.4 million cost).

Provision has been made within claims incurred but not reported (“IBNR”) for the total estimated future liabilities arising from the post six-year run off claims. This is estimated using external actuarial advice, based on all available information at that time including historic trends and recent development and amounts to £3.8 million (2022: £4.4 million). Further information is provided in Note 13.



# Group risks

## Risk governance and management

High level risks are documented on the Law Society and Solicitors Regulation Authority (SRA) strategic risk registers.

## The Law Society key risks

The Law Society's risk governance and management process is detailed in our internal control and risk framework. Alongside managing risk, internal controls are the procedures we have in place to help us manage and mitigate risk.

Our risk and internal control management procedures and governance arrangements have been designed to:

- promote orderly, economical, efficient and effective operations
- produce quality products and services consistent with our strategic aims
- safeguard our resources against loss due to waste, abuse, mismanagement, errors and fraud
- promote adherence to statutes, regulations and Law Society policies and procedures
- develop and maintain reliable financial and management data and accurately report the data in a timely manner

The internal control and risk framework was updated in June 2023 and shortly afterwards independently reviewed by our internal audit partner KPMG.

The key strategic and operational risks are documented on an electronic register which is accessible to all risk owners and the Leadership team. The register is updated on a regular basis with quarterly reports submitted in accordance with our governance arrangements to the leadership, Board, the immediate subcommittees of Board and the Audit Committee.

Key themes featured on the Law Society's strategic risk register this year include:

- The impact of inflation on the Law Society's financial operations
- The continuing risk of cyberattack on the Law Society's IT infrastructure
- Ensuring our strategic objectives are being delivered
- Matters related to access to justice, the rule of law and the perception of solicitors
- Consolidating and linking our data more effectively for the benefit of our members

At the year end, the Law Society had seven red rated risks. However, the Board and Audit Committee are satisfied the leadership have effective oversight and sufficient capacity and capability in place to manage these risks.

## The Solicitors Regulation Authority key risks

The SRA Risk Management Framework sets out the policy and framework for managing and obtaining assurance on all risks likely to adversely impact on the successful delivery of its strategic and regulatory objectives.

It provides the guiding principles within which the risk management process is managed and operated. In accordance with that framework, risk registers are maintained at three levels; high level risks are documented on a Strategic Risk Register. A Mid-Tier Risk Register brings together more significant or organisation-wide risks which are not at the strategic level, and both the Strategic and Mid-Tier Registers are underpinned by operational risk registers across the SRA.

To support the transparency of a structured risk reporting cycle, the Strategic Risk Register is presented to the SRA Audit and Risk Committee and SRA Board three times a year. The Audit and Risk Committee also reviews the Mid-Tier Risk

register. Management of both these registers sits with the directors team which monitors them regularly.

The SRA has continued to enhance risk governance and management systems during this period. This has included deep dives on strategic risks by our Audit and Risk Committee, a wider internal quarterly review of strategic and mid-tier risks and dedicated training and awareness sessions.

The SRA is ever mindful of the increasing risk posed by cyber security, as for most organisations. We are certified to the ISO:27001 standard in information security and apply all of the controls contained within.

The SRA continues to invest in our technical resources and capabilities to deal with existing and emerging risks as effectively as we can. This includes testing and scenario planning to prepare for incidents.

In 2023, we carried out the annual review of the strategic risk register. The risk register had been significantly reworked to reflect the Board's discussions on risks emerging in the light of the development of the new corporate strategy for 2023-26.

Having undertaken a review, we simplified our approach to appetite and tolerance, and adopted a new approach to prioritising actions based on the weighting of risk scores, allowing the organisation to better focus on the key risks.

The principal risks relate to delivery of crucial areas of work like investigation and enforcement and our approach to emerging technology, EDI and risk based regulation.

Overall, the Board is satisfied with how these risks are managed with appropriate mitigating controls in place including strong governance arrangements, close monitoring of delivery milestones, effective stakeholder engagement and longer-term planning. We work to the three lines of defence model with a strong control framework which is regularly updated and rigorously tested.





# Audit Committee statement

The responsibilities of the Audit Committee under the Law Society General Regulations are to:

- review and advise Council on the financial statements, related information and accounting policies, provide assurance that the statements are true and fair and in conformity with applicable accounting standards, and advise the Board as to whether the accounts should be approved;
- advise the Board on the appointment of the Law Society's external auditors, oversee their work, ensure they remain independent, and ensure their services represent value for money;
- oversee any action taken in the light of the external auditor's management letter and to report to the Council to enable the Council to perform its residual assurance role, any concerns arising from or relating to the Law Society's financial control environment; and
- ensure the Law Society has robust systems in place for financial control, internal audit and risk management, and to receive reports from our internal auditors and other review bodies as appropriate.

Responsibility for ensuring the operation of effective systems of financial control, risk management and internal audit is delegated by the Council to the SRA Board and to the Law Society Board, both of whom are required to submit a report annually to the Audit Committee on the operation of these systems. The Audit Committee considers these reports as part of its assessment.

The Audit Committee reports periodically to the Board, and annually to the Board and Council summarising how it has discharged its duties under the General Regulations.

During the financial period and up to the date of signing of the 2023 year-end financial statements the Audit Committee met six times. External auditors have attended each meeting and a private session between the external auditors and the

committee is held at least annually and additionally as required. The auditors also have direct access to the chair. The internal auditors have attended for parts of all meetings of the committee, and a private session between the internal auditors and the committee is held at least annually.

During the year, the Audit Committee has:

- reviewed the financial statements, having received a report from the external auditors on their review and audit;
- considered the management letter from the external auditors on their review of the effectiveness of internal controls;
- considered internal audit reports, monitored the progress of implementation of agreed internal audit actions and approved the internal audit plan for 2022/23;
- considered regular reports on the management of strategic and operational risk, and conducted a series of deep dives into areas of the register;
- received regular assurance reports on the implementation of a new core finance system;
- agreed the fees and terms of appointment of the external auditors, including their quality and effectiveness;
- considered the annual assurance reports from the Board and the SRA Board; and
- reported regularly to the Board and prepared its annual report to Board and Council summarising how it has discharged its duties under the General Regulations.

## External audit

The Audit Committee reviews and considers the quality, effectiveness and independence of the external auditor annually.

This includes a review of safeguards in place in relation to all non-audit services, in addition to any additional matters that the Auditor may raise with the committee. The Audit Committee also assess its services provided all non-audit services over £50,000 requiring pre-approval from the Audit Committee chair. In 2023, there were no non-audit services performed (2022: £Nil).

The Law Society's appointed external auditors are BDO LLP. Current policy is to tender the external audit every 5 years, with a formal review at year 3. To assess the effectiveness of the auditors the committee annually review:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- the auditor's report of major issues arising during the course of the audit; and
- the auditor's most recent transparency report and AQR report.

As a result of our assessment of their performance and our understanding of the current external audit market, in 2022 it was agreed to continue our appointment of BDO until the 2023/24 audit is concluded.

## Review of financial statements

Through discussion with management and the external auditor, the Audit Committee determined that the key judgements with risk of misstatement in our financial statements related to:

- management override of controls;
- revenue recognition across the group;
- provisions for SRA legal, disciplinary and intervention costs; and
- claim provisions and expected claim recoveries within the SRA's subsidiary the Solicitors Indemnity Fund (SIF).

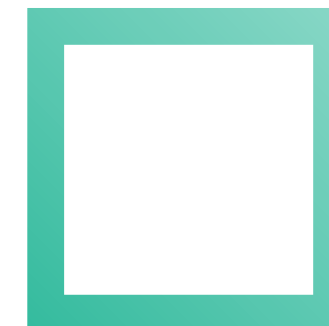
These issues were discussed with management during the year and with the auditor when reviewing and agreeing the audit plan, and also at the conclusion of the audit of the financial statements.

The committee has considered or else taken assurance from the SRA Audit Committee on the following:

- considered the provision for SRA case costs, assessed the sources of information available to management and considered the review processes performed by management and the external auditor;
- received audited accounts from SIF along with an overview of the case provision, associated insurance cover and high-level explanation for movements. The SRA Audit Committee also reviewed the basis of the calculation for the provision and the date of the most recent external actuarial valuation of the IBNR element including claims against projections in the intervening period;
- reviewed an analysis of PC fee and other income and received assurance regarding the movement in the PC fee debtor and deferred income; and
- considered the basis for calculating other key estimates and judgements within the financial statements that could be susceptible to management bias. This has included the assurance from the SRA regarding the recharge of costs to the Compensation Fund, a separate entity not included in the consolidated financial statements, where the committee has been assured there has been no change to the recharge methodology, and that a high-level analysis explaining the year-on-year movement in the total level of the recharge has been prepared by management and reviewed.

After reviewing the presentations and reports from management and consulting with the auditors, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both for the amounts reported and the disclosures.

The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.





The committee has also considered:

Going concern assumption

The Audit Committee receives a paper from management each year supporting the conclusion that the Law Society is a going concern for accounting purposes. This paper sets out monthly cashflow projections for at least 12 months from the date of signing the accounts, along with a range of sensitivity scenarios reflecting the potential impact of reduced revenues. The Audit Committee has reviewed and challenged these projections in the context of the principal and emerging risks of the organisation and in the context of the external economic environment and has concluded that the going concern basis of accounting remains appropriate. The committee has also confirmed that the Board considers going concern prior to approving the financial statements each year.

Accuracy and consistency of non-financial reporting

Along with the financial elements of the consolidated financial statements the committee has reviewed and challenged the narrative reporting to ensure these reports are fair and balanced. This review includes consideration of the governance and approval of these reports and a review for consistency of the reporting with the financial results, annual assurance reports and other information reviewed by the committee in the course of the year.

Underlying financial reporting environment

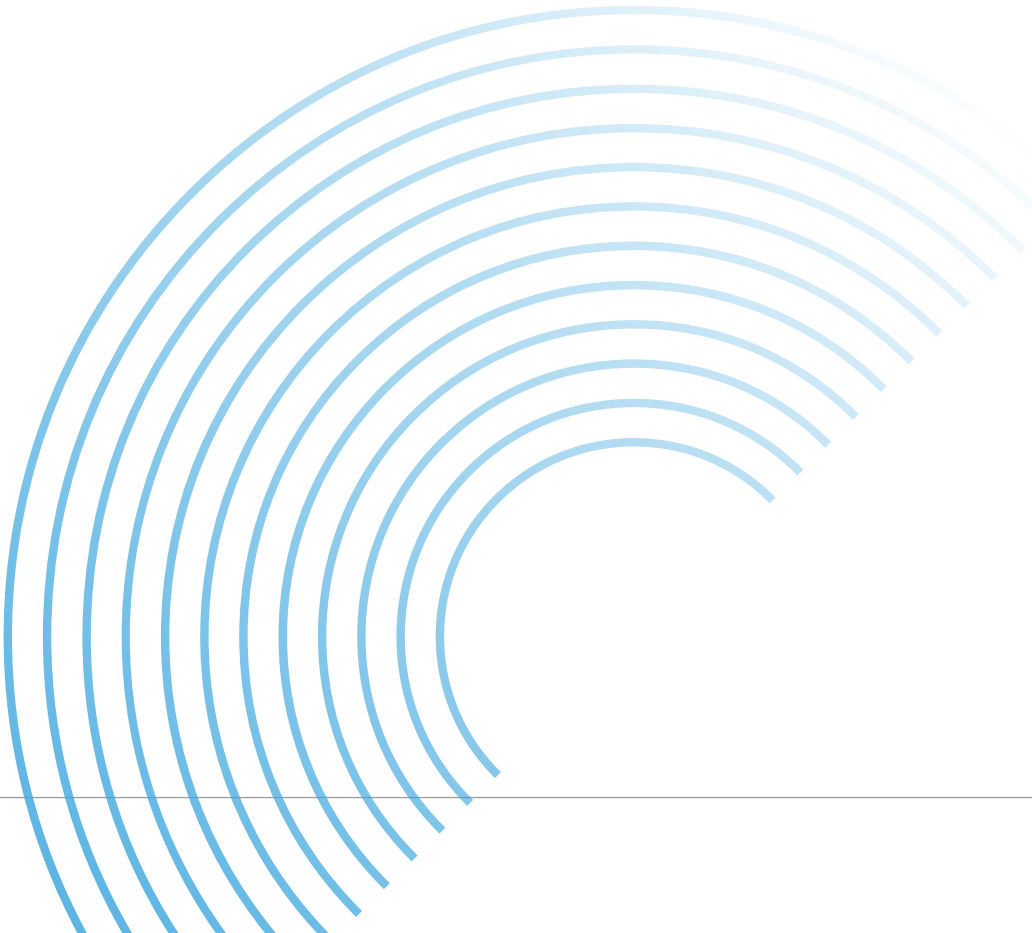
The Audit Committee has received annual assurance reports from the Board and the SRA Board confirming the adequacy and satisfactory operation of the systems of financial control, risk management and internal audit.

The Audit Committee has reviewed the one year and three-year internal audit plans to ensure appropriate coverage and has also reviewed the annual internal audit report summary, to evaluate the impact of any weaknesses identified on the integrity of the financial statements.

The Internal Auditor has attended each of the Audit Committee’s meetings during the year, and the committee has reviewed and discussed internal audit reports and their recommendations and reviewed the progress of implementation of previous recommendations.

Conclusion

As a result of its work during the year, the committee has concluded that it has acted in accordance with its terms of reference and has ensured (as far as it can) the independence of the external auditors.





# Statement of responsibilities

## Council

The Council is responsible for governance of the Law Society. Under delegated authority from the Council, the Board is responsible for the preparation of financial statements which give a true and fair view of the position of the Law Society at the end of the financial year and of any surplus or deficit for that period and for the requirements detailed below when preparing the financial statements.

## The Law Society Board

The Board is responsible for preparing the consolidated and individual financial statements in accordance with UK accounting standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Board must not approve the consolidated and individual financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Group and the Law Society and of the deficit of the Group and the Law Society for that year.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the consolidated and individual financial statements on the going concern basis unless it is inappropriate to assume that the Law Society will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Law Society's transactions and disclose with reasonable accuracy at any time the financial position of the Law Society. It is also responsible for safeguarding the assets of the Law Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is primarily responsible for reviewing both the system of internal controls and risk management, with the SRA Board sharing responsibility.

The Board is responsible for the maintenance and integrity of the Law Society's website. The SRA Board is responsible for the maintenance and integrity of the SRA's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board considers that the Annual Report and consolidated and individual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Law Society's performance and strategy.

Each member of the Board confirms that, so far as they are aware, there is no relevant audit information of which the Law Society's auditors are unaware and that they have taken all the steps that they ought to have taken as a Board member with delegated authority in order to make themselves aware of any relevant audit information and to establish that the Law Society's auditors are aware of that information.



## Going concern and long-term viability

The Board considers (on behalf of Council) that the Law Society will have sufficient resources to meet its liabilities as they fall due for the foreseeable future, at least over the next 12 months from the date of signing the financial statements. As a result, the Board has satisfied itself that the Law Society is a going concern.

The Law Society oversees a healthy and growing profession and there are currently no suggestions that this will change. In making its assessment of viability the Board has relied upon the Law Society's right, by statute, to levy the profession in order to fund permitted activities as required.

*N. P. Emmerson*

Nick Emmerson,  
Law Society president  
10/09/24

*Amerdeep Somal*

Amerdeep Somal  
Law Society Board chair  
10/09/24



# Independent auditors' report to the Council of the Law Society

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Law Society's affairs as at 31 October 2023 and of the Group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of the Law Society (the 'Society') and its subsidiaries (the 'Group') for the year ended 31 October 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, the Law Society Income Statement, Law Society Statement of Comprehensive Income, Consolidated Balance Sheet, Law Society Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group and the Law Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

## Other information

The Board are responsible for the other information. The other information comprises the information included in the annual report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Board

As explained more fully in the Board's Statement of responsibilities, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board are responsible for assessing the Group's and the Law 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 Board either intends to liquidate the Group or the Law 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 (UK) 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.

## Non-compliance with laws and regulations

Based on:

- our understanding of the Law Society and the sector in which it operates;
- discussion with management and those charged with governance including the Audit Committee; and
- obtaining and understanding of the Law Society's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK GAAP and tax legislation.

The Law Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law and data protection.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations; and
- review of financial statement disclosures and agreeing to supporting documentation.

## Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance, Audit Committee and internal audit regarding any known or suspected instances of fraud;
- obtaining an understanding of the Law Society's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.



- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- assessing significant estimates made by management for bias, including the valuation of investments, insurance claim debtor and group provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Council of the Law Society, as a body, in accordance with the terms of our engagement letter dated 21 September 2023. Our audit work has been undertaken so that we might state to the Council of the Law Society 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 Law Society and the Council of the Law Society as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Kyla Bellingall (Senior Statutory Auditor)  
For and on behalf of BDO LLP,  
Statutory Auditor, Birmingham.

12 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).





Consolidated income statement for the year ended 31 October 2023

	Note	2023	2022
		The Law Society Group	The Law Society Group
		£'000	£'000
Income:			
Practising fee income	2	114,949	106,065
Other income	2.1	59,251	31,105
Total income	-	174,200	137,170
Operating cost:			
The Law Society Group excluding funding of external bodies (levies)	4.1	(149,507)	(117,815)
Funding of external bodies	5.1	(22,483)	(19,157)
Indemnity operations <sup>1</sup>	3	1,072	(1,193)
Other operating income	6.1	281	1,100
Total operating cost	6.1	(170,637)	(137,065)
Operating result	-	3,563	105
Income and realised gains from investments and claims recoveries	7.1	4,125	537
Result before taxation	-	7,688	642
Tax (charge)/refund	8.1	(373)	1
Net result after taxation	-	7,315	643

Consolidated statement of comprehensive income/(expense) for the year ended 31 October 2023

	Note	2023	2022
		The Law Society Group	The Law Society Group
		£'000	£'000
Net result after taxation	-	7,315	643
Other comprehensive (expense)/income:			
Unrealised losses on fixed and current asset investments	-	(886)	(6,191)
Deferred tax on unrealised loss	8.1	271	1,055
Comprehensive income/(expense) for the year	-	6,700	(4,493)

The notes on pages 48 to 83 form part of these financial statements.

1 The presentation of the results of Indemnity Operations has changed in the prior year. Further information is provided in Note 1, accounting policies, page 56.

Consolidated statement of changes in equity for the year ended 31 October 2023

	The Law Society Group
	£'000
Balance at 1 November 2021	85,055
Net result after taxation	643
Net other comprehensive expense	(5,136)
Total comprehensive expense for the year	(4,493)
Balance as at 31 October 2022	80,562

	The Law Society Group
	£'000
Balance at 1 November 2022	80,562
Net result after taxation	7,315
Net other comprehensive expense	(615)
Total comprehensive income for the year	6,700
Balance as at 31 October 2023	87,262



The Law Society income statement for the year ended 31 October 2023

	Note	2023	2022
		The Law Society	The Law Society
		£'000	£'000
Income:			
Practising fee income	2	54,345	47,988
Other income	2.2	12,740	12,330
Total income	-	67,085	60,318
Operating cost:			
The Law Society excluding funding of external bodies (levies)	-	(42,461)	(43,048)
Funding of external bodies	5.2	(22,483)	(19,157)
Other operating income	6.2	281	1,100
Total operating cost	6.2	(64,663)	(61,105)
Operating result	-	2,422	(787)
Income and realised gain/(loss) from investments	7.2	2,751	(518)
Net result for the year	-	5,173	(1,305)

The Law Society statement of comprehensive income/(expense) for the year ended 31 October 2023

	Note	2023	2022
		The Law Society	The Law Society
		£'000	£'000
Net result after taxation	-	5,173	(1,305)
Other comprehensive (expense)/income			
Unrealised loss on fixed asset investment	-	(907)	(2,327)
Deferred tax on unrealised loss	8.2	196	1,141
Comprehensive income/(expense) for the year	-	4,462	(2,491)

The notes on pages 48 to 83 form part of these financial statements.

Consolidated balance sheet as at 31 October 2023

	Note	2023	2022
		The Law Society Group	The Law Society Group
		£'000	£'000
Non-current assets:			
Tangible fixed assets	11.1	13,425	14,397
Fixed asset investments	12.1	73,754	73,394
Total non-current assets	-	87,179	87,791
Current assets:			
Stocks – goods for resale	-	99	110
Debtors	14.1	51,905	44,390
Current asset investments	15.1	18,619	3,901
Cash at bank and in hand	-	109,064	101,614
Total current assets	-	179,687	150,015
Current liabilities:			
Creditors amounts falling due within one year	16.1	(156,525)	(143,211)
Total current liabilities	-	(156,525)	(143,211)
Net current assets	-	23,162	6,804
Total assets less current liabilities	-	110,341	94,595
Provisions:			
Gross indemnity claims provision	13	(7,873)	(10,813)
Group provisions	17.1	(15,206)	(3,220)
Total provisions	-	(23,079)	(14,033)
Total net assets	-	87,262	80,562
Represented by:			
Accumulated funds at the start of the year	-	80,562	85,055
Total comprehensive income/(expense)	-	6,700	(4,493)
Accumulated funds	-	87,262	80,562

The notes on pages 48 to 83 form part of these financial statements. The financial statements were approved by the Board of the Law Society and signed on behalf of the Council of the Law Society.

N. P. Emmerson

Nick Emmerson | President 10/09/24

Ajmal -

Amerdeep Somal | Law Society Board Chair 10/09/24



The Law Society balance sheet as at 31 October 2023

	Note	2023	2022
		The Law Society	The Law Society
		£'000	£'000
Non-current assets:			
Tangible fixed assets	11.2	12,057	12,445
Fixed asset investments	12.2	39,237	38,706
Investment in subsidiary	10	13,338	13,338
Total non-current assets	-	64,632	64,489
Current assets:			
Stocks – goods for resale	-	99	110
Debtors	14.2	39,268	34,493
Current asset investments	15.2	17,216	1,887
Cash at bank and in hand	-	18,458	25,482
Total current assets	-	75,041	61,972
Current liabilities:			
Creditors amounts falling due within one year	16.2	(76,487)	(67,532)
Total current liabilities	-	(76,487)	(67,532)
Net current liabilities	-	(1,446)	(5,560)
Total assets less current liabilities	-	63,186	58,929
Provisions:			
Society provisions	17.2	(390)	(595)
Total provisions	-	(390)	(595)
Total net assets	-	62,796	58,334
Represented by:			
Accumulated funds at the start of the year	-	58,334	60,825
Total comprehensive income/(expense)	-	4,462	(2,491)
Accumulated funds	-	62,796	58,334

The notes on pages 48 to 83 form part of these financial statements. The financial statements were approved by the Board of the Law Society and signed on behalf of the Council of the Law Society.

N.P. Emmerson

Nick Emmerson | President 10/09/24

Ajmal

Amerdeep Somal | Law Society Board Chair 10/09/24

Consolidated cash flow statement for the year ended 31 October 2023

	Note	2023	2022
		The Law Society Group	The Law Society Group
		£'000	£'000
Net cash inflow from operating activities	-	7,315	643
Adjustments for:			
Depreciation/impairment of tangible fixed assets	11.1	1,588	1,618
Income from investments and claims recoveries	7.1	(4,125)	(537)
Taxation	-	373	(1)
Loss on disposal of fixed assets	11.1	116	71
Decrease in stock	-	11	74
Increase in debtors	14.1	(7,965)	(18,250)
Increase in creditors < 1 year	16.1	12,941	73,505
Decrease in gross indemnity claims provisions	-	(2,940)	(611)
Increase/(Decrease) in provisions	17.1	12,258	(1,032)
Cash from operations	-	19,572	55,480
Income from bank interest and claims recoveries	-	349	45
Taxation refunded	-	-	43
Net cash generated from operating activities	-	19,921	55,568
Cash flow from investing activities:			
Purchase of tangible assets	11.1	(732)	(2,068)
Proceeds from sale of non-cash equivalent investments	-	1,439	1,932
Income from cash equivalent investments	-	2,151	91
Net cash generated from/(used in) investing activities	-	2,858	(45)
Net increase in cash and cash equivalents	-	22,779	55,523
Cash and cash equivalents at the beginning of the year	-	103,501	47,978
Cash and cash equivalents at the end of the year	-	126,280	103,501
		2023	2022
		£'000	£'000
Cash at bank and in hand	-	109,064	101,614
Short-term deposits (included in current asset investments)	-	17,216	1,887
Cash and cash equivalents	-	126,280	103,501



# Notes to the consolidated financial statements for the year ended 31 October 2023

## 1. Accounting policies

### Statement of compliance

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). As the Law Society is a body incorporated by Royal Charter it is not required to comply with the Companies Act 2006. However, the Law Society has complied with those elements of the Companies Act relevant to the financial statements that the Board believes are necessary to enable the financial statements to give a true and fair view.

### Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention with the exception of the valuation of investments. The most significant accounting policies adopted by the Law Society are described below and these have been applied consistently to all the years presented, unless otherwise stated.

### Going concern

The financial statements have been prepared on a going concern basis.

The executive and the Board continue to closely monitor all aspects of the Group's activities and financial performance. Sensitivity analysis relating to potential reductions in commercial income, the PC fee and investment values has been carried out. The liquidity of investments has also been considered to ensure that funds are sufficiently accessible should they be called upon.

Given the strength of the balance sheet and availability and liquidity of investments, the members of the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Law Society Group's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

### Basis of consolidation

Consolidated financial statements have been prepared which comprise the results of the Law Society and its principal subsidiary undertakings; these undertakings are disclosed in Note 10. These statements represent the activities of the Law Society Group.

The Solicitors Regulation Authority Ltd (SRA) has been consolidated as a subsidiary entity of the Law Society. In line with section 9.5 of FRS 102 the Law Society as sole member of the Solicitors Regulation Authority Ltd is presumed to have control over the entity. For independence purposes restrictions have been placed on the Law Society's input into the day-to-day operations of the regulator. This is not considered to constitute 'exceptional circumstances' noted within FRS102 section 9.5 as the Law Society still retains its statutory rights as a member which fulfils the presumption of control.

The Solicitors Indemnity Fund (SIF) has been consolidated as a subsidiary entity of the Law Society. Since 1 October 2023 SRA took responsibility for the management and administration of SIF. SIF is also governed by the SRA Indemnity Rules and it is these rules that give SRA the power to manage and administer the Fund. This includes the power to govern the financial and operating policies of SIF through the day-to-day management and through the Indemnity Rules. Under the terms of FRS 102 the Fund is considered to be a subsidiary by virtue of control through the Law Society being the sole member of the SRA, which controls the Fund. SIF is considered a special purpose entity in line with section 9.10 and 9.11 of FRS 102.

The Solicitors Indemnity Fund Ltd (SIFL) has been consolidated as a subsidiary entity of the Law Society. On 1 October 2023 the SRA took control of SIFL. Since 1 October 2023, SRA controls SIFL and is able to appoint the directors of the Company. Prior to 1 October 2023 the Law Society was considered the direct controlling party by virtue of it being able to appoint and remove the Company's directors. Under the terms of FRS 102 the Fund is considered to be a subsidiary by virtue of control through the Law Society being the sole member of the SRA, which controls the Company.

The consolidated Law Society Group results therefore include the SRA, SIF and SIFL results for the full twelve months in both the current and prior year. SIF and SIFL results are presented together as 'Indemnity Operations'<sup>2</sup>.

Individual financial statements have also been prepared for the Law Society only.

The Law Society Balance Sheet includes an amount for 'investment in subsidiary' relating to the investment in the Solicitors Regulation Authority Ltd. Investments in subsidiaries are recognised from the date of acquisition and accounted for at cost less impairment.

### Non-consolidated entities

In the opinion of the Board the following entities should not be consolidated into the financial statements as these entities are not considered to be subsidiaries, associates or joint ventures as defined by FRS 102:

- SRA Compensation Fund
- Statutory Trust Accounts
- The Law Society Educational Trust
- The Law Society Trustees Limited
- The Law Society Charity
- King's Counsel Appointments Limited

The results of the SRA Compensation Fund (the Fund) which is maintained and administered by the SRA under requirements set out in statute, are not included within these Law Society financial statements as the Fund is considered to be held on 'Trust' purely for the specific purpose for which the Fund is created and the Law Society does not have the right to access any of the Fund's assets for its own purposes and would not be liable to meet any liabilities created by the Fund if the Fund were unable to meet them. As the Law Society does not have control or significant influence and does not derive anything other than inconsequential indirect benefit the financial results and assets and liabilities of the Fund are not included in the financial statements of the Law Society. The financial statements of the Compensation Fund are available from SRA Information Compliance, The Cube, 199 Wharfside Street, Birmingham, B1 1RN.

The other entities noted above act independently from the Law Society. The Law Society cannot exert control over the activities of these entities so as to obtain economic benefit. Further, the Law Society

would not be liable to meet any liabilities of these entities if the entity itself were unable to meet them.

### Significant judgements and key sources of estimation

To be able to prepare the financial statements in accordance with United Kingdom accounting standards, management and the Board must make estimates and assumptions that affect the recorded assets and liabilities.

These estimates are based on historical experience and various other assumptions that management and Board believe are reasonable. The result of these form the basis for making judgements about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions however they are based on the Board's best estimate and all available information and after consideration of the sensitivity of key assumptions. All key accounting estimates have been included and explained in the relevant accounting policies which follow.

#### i. SRA Compensation Fund recharge

The SRA manages and administers the activity of the Fund on behalf of the Fund. The cost of this activity is recovered from the Fund. This income is recognised when actually calculated and notified to the Fund by the SRA on a monthly basis. The costs to be charged to the Fund are agreed annually by the SRA Audit and Risk Committee.

The amount recharged represents the work done directly on behalf of the fund as well as an agreed proportion of overhead costs allocated to the Fund. The Compensation Fund is associated to the Law Society through management of the Fund by the SRA but is not included in the consolidated financial statements as the Law Society has no significant control over the assets and liabilities of the Fund.

#### ii. Law Society recoveries

The Law Society as Approved Regulator will incur costs in protecting the public. These costs may be recoverable from solicitors in due course and any potential recovery will be recognised at the point there is reasonable expectation of recovery and provision is made for the likelihood of recovery.

The Law Society does not make provision for other potential future recoveries owing to the uncertainty of whether any amounts can be recovered.

Recoveries due to SIF are recognised on the same basis.

<sup>2</sup> The presentation of the results of Indemnity Operations has changed in the prior year, details are provided further down Note 1 on page 56.



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 1. Accounting policies (continued)

### iii. Claims costs

Claims costs comprise claims handling costs including the costs of panel solicitors, damages paid out, and other costs net of recoveries. Claims costs are accounted for based on estimates of expected costs where actual costs net against provisions as incurred. Recoveries are recognised at the point they can be reliably measured and there is a reasonable expectation of recovery.

### iv. Interest on claims recoveries

The Solicitors Indemnity Fund is entitled to interest on certain claim recoveries. Where the legal right to interest exists, and the interest can be accurately calculated and there is reasonable expectation of recovery, the interest receivable has been recognised within these financial statements as a receivable item within debtors. Further details are provided in Note 14.1.

### v. Claims provisions

Estimation techniques are used to determine the Gross Claims Provision which represents the estimated outstanding liabilities relating to all indemnity years.

Ultimate claim settlements are estimated by the use of statistical projections of historical data, together with case by case reviews of notified losses, and are based on information available at the time the estimates are made. There is uncertainty as to the quantum of the ultimate settlement of the liabilities which is inherent in the process of estimating such that, in the normal course of events, unforeseen or unexpected future developments could cause the ultimate cost of settling the outstanding liabilities to differ from that currently estimated. Any differences between provisions and subsequent settlements are dealt with in later accounting periods as actual costs and non-insurance recoveries are known. Claims provisions include the estimated future costs of panel solicitors and claims handling costs, including a proportion of overheads. Claims provisions are included at a discounted rate representing the present value of the amount expected to be required to settle the obligation.

### vi. Insurance provisions

Certain insurance policies are held to provide cover for the risk associated with uncertainties of claims settlements and costs. Claims are made against policies to the extent that criteria have been met. Amounts are recognised to the extent that management believe they are recoverable with provision made for any doubtful debts.

### vii. Law Society provisions

Provisions are recognised in respect of present obligations as a result of past events where it is probable that an outflow of resources will be required to settle the obligations and they can be reliably estimated. All provisions are made based on management's best estimate given past experience and available information.

The Law Society recognises provisions for the following items on the basis outlined below:

- Interventions, disciplinary proceedings and litigation – the Law Society recognises provisions for the unavoidable costs of completing proceedings in these areas based on earlier activity.
- Dilapidations – the Law Society recognises provisions for the unavoidable costs of restoring leased property to the same state as when the property lease was taken on by the Law Society.
- Ex gratia payments – the Law Society has a small number of ex-employees who are contractually entitled to payments. The Law Society recognises all costs expected to be payable under the contract.
- Other – provision is made for any other items where a liability is considered to be probable.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events. No reference is disclosed in the financial statements if they are remote or immaterial.

## Income

### Practising fees collected to fund operating activities

Revenue in relation to practising fees is recognised on an accruals basis, apportioned over the period to which the practising certificate relates (1 November

to 31 October, except where people join during the year). Income invoiced but not yet received prior to year-end is included in debtors and in deferred income to match the period to which it relates.

Practising fees collected by the Law Society are only used to fund permitted activities under section 51 of the LSA.

## Other income

There are a number of other income streams. For each, income is recognised on an accruals basis ensuring that revenue is recognised as the goods or services are delivered. For goods, recognition is the day of dispatch. For services, recognition is matched to the period of service delivery or recognition is the day the applicant becomes entitled to the services applied for. Further detail is provided below for the group's main sources of other income:

### i. Recognised body fees

Revenue in relation to recognised body fees is apportioned over the period to which the entitlement relates, which runs from 1 November to 31 October, except where recognised body status is granted to new entities during the year.

### ii. Legal practice course income

The SRA grants legal practice course (LPC) status to training companies entitling those companies to provide legal practice course training. Revenue in relation to legal practice course income is apportioned over the period to which the LPC status relates, which runs from 1 September to 31 August, except where LPC status is granted to a new training provider during the year.

### iii. Periods of recognised training

The SRA receives revenue in relation to Periods of Recognised Training which is apportioned over the period to which the training is undertaken, 2 years.

### iv. Accreditations

The Law Society accreditation schemes represent a recognition by the Law Society of the expertise of scheme members in a given area of law. Prospective members pay an application fee and subject to checks being undertaken and applications being successful members pay a membership fee to the Law Society covering the period of accreditation.

Revenue in relation to accreditation membership is apportioned on a straight-line basis over the membership period, which is typically either 1, 3 or 5 years.

### v. Forms

The Law Society grants usage of its legal forms to legal practitioners and firms in exchange for royalty payments. Royalty income is recognised on an accruals basis based on forms usage which is the point at which the Law Society is entitled to receipt.

### vi. Sponsorship

The Law Society partners with sponsors to support events. Sponsorship income recognition is matched to the date of the supported event.

### vii. Advertising and recruitment listing

The Law Society provides advertising space and recruitment listings within its Gazette publication, online platforms and online jobs board. Revenue generated from placements in these spaces is recognised in the period in which the placement appears.

### viii. Events

The Law Society runs a range of face-to-face and online events including admission ceremonies, conferences, exhibitions and seminars. Revenue generated from these events is recognised in the period in which the event takes place.

### ix. Learning and development

The Law Society also provides a range of educational e-courses, face-to-face events and webinars and podcasts. Revenue from face-to-face events is recognised on the date of the event and revenue from the provision of e-services is recognised on the date an order is placed.

### x. Sections membership

The Law Society offers membership to a number of 'sections', representing specific areas of legal practice and offering a range of member only benefits including e-newsletters, webinars, podcasts, events, magazines and online news feeds and community groups. Membership covers a 12-month period and revenue is recognised on a straight-line basis over this service period.



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 1. Accounting policies (continued)

### xi. Library

The Law Society offers a library enquiry service to research and provide the most relevant publication extracts, precedents, legal commentary and legislative references for a user's enquiry. The Lawdocs document delivery service is also available for same day delivery of legal documents. Revenue from provision of these services is recognised when the service is delivered.

### xii. Publications

The Law Society provides publications offering specialist knowledge and guidance from leading experts across a range of legal fields. Revenue from publication sales is recognised on the date of dispatch.

### xiii. Events hire and catering

The Law Society receives income for the hire of its internal event space and audio-visual facilities. Commission is also received from the sales of food and drink at these events. Revenue is recognised in the period the event takes place.

### xiv. The Solicitors Qualifying Examination (SQE)

The SRA offers the SQE assessment for all aspiring solicitors in England and Wales. Income from SQE entries is recognised on an accruals basis ensuring revenue is recognised as services are delivered.

## Funding of external bodies

The Law Society is required to fund four independent organisations, the Legal Services Board, the Legal Ombudsman, the Solicitors Disciplinary Tribunal and the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) with ongoing commitment to fund their operating costs or a proportion thereof.

The amounts levied by each entity each year are based on budgeted costs of those bodies and notified in advance. The Legal Ombudsman, the Legal Services Board and OPBAS have a year-end of 31 March with the Solicitors Disciplinary Tribunal having a year end of 31 December. The Law Society

is formally notified of variations to budget by the Legal Ombudsman, the Legal Services Board and OPBAS on an annual basis and by the Solicitors Disciplinary Tribunal on a quarterly basis.

These levy costs are accounted for in the period to which the Law Society is advised those costs relate. Any variations to budget are accounted for upon notification.

## Pension costs – defined contribution scheme

The Law Society makes contributions towards the defined contribution scheme up to a maximum of 12.25% of basic salary. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contribution 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.

## Pension costs – defined benefit pension (unfunded)

The unfunded scheme (also referred to as ex gratia or top-up scheme) was implemented by the Law Society in the 1980s. Under the scheme, the Law Society contracted with a small number of ex-employees to top-up/increase pensioners' payments. The amounts payable are reviewed regularly by the scheme administrators and valued periodically by a qualified actuary. Any change in value of the scheme is charged to the income statement.

## Foreign currency

Monetary assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. All foreign exchange differences have been taken to the income and expenditure account during the year.

## Taxation

The Law Society is liable for taxation on its commercial activities, investment income and investment gains. No tax is charged on income generated from membership fees and no tax relief obtained on associated overhead expenditure.

Commercial activities of the Law Society are liable for corporation tax on their profits for the year at the standard rate of United Kingdom Corporation tax.

The activities of the SRA are considered by its Directors to be non-trading activities and therefore any surplus not subject to Corporation Tax. Tax is payable on interest received and capital gains on investments once realised.

SIF is liable for Income Tax on its taxable surplus for the year at a rate agreed with HMRC of 20%.

## Deferred taxation

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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. All liabilities are recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leasehold property improvements are capitalised where there is future economic benefit arising from the improvements.

Depreciation is provided on a straight-line basis to write off the cost less estimated residual value over the useful economic life of the assets as follows:

i. In respect of freehold buildings, each building has been split into various categories. Each category is being depreciated over its estimated useful economic life as follows:

Building structure	50 years
External works	35 years
Services and fittings	15–25 years
Internal finishes	15 years

No depreciation is charged on freehold land; cost of repairs and maintenance are charged to the Income and Expenditure account in the year incurred.

ii. In respect of short leasehold property and improvements:

Premiums paid	over the period to the next open market rent review
Improvements	over the period of the lease

iii. In respect of furniture and equipment: 5–10 years

iv. In respect of computers and hardware: 3 years

Assets under construction are not depreciated until the asset is completed.



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 1. Accounting policies (continued)

### Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are recognised initially at the lower of the fair value of the asset or the present value of the minimum payments at the inception of the contract. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases and hire purchase agreements are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

The benefits of lease incentives are recognised as a reduction to the rental expense over the lease term on a straight-line basis.

### Heritage assets

The Law Society has a number of heritage assets which are held and maintained for their contribution to knowledge and culture. These include antique furnishings, works of art, and books and manuscripts. These items were acquired historically and have no value attributed to them in these financial statements as the Law Society has no practical method of reliably establishing the cost of each item. For insurance purposes an estimate is made of the market value which is not a material amount to these financial statements. There is no intention to acquire or dispose of any further heritage assets.

### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash at bank and in hand and short-term highly liquid investments. Current asset investments in the balance sheet include both managed investment funds and instant access deposit and other short-term financial products. The managed investment funds are not included in the definition of cash and cash equivalents as whilst they can be liquidated without penalty with 24 hours notice, there is a risk of change in the value of the investment. The instant access deposit and other short-term financial products are included in cash equivalents as they meet its definition per FRS 102.

### Investments

Fixed and current asset investments comprise of managed investment funds. Investments are stated at market valuation, where the market value represents the bid market price on the last trading day of the year. Investments held as part of treasury management are shown as short-term current assets; investments held to generate longer term income and capital growth are shown as non-current investments within fixed assets.

Realised gains and losses are charged to the income statement. Gains and losses on sales of investments are measured by reference to the carrying value. Changes in fair value are recognised as unrealised gains and losses in other comprehensive income. The fair value of investments are obtained at the balance sheet date based on net asset value readily available from an exchange, investment manager or pricing service.

Foreign currency transactions within the investment portfolio are recorded at the exchange rate ruling on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

### The Law Society Group prior period adjustment– investment asset reclassifications

Investment assets of the Law Society Group had previously been recognised in total as ‘current asset investments’. Following a review of this policy and the criteria in FRS102 for classification of assets as either current or non-current a revision to the accounting policy for classification of investment financial assets was made. Consequently, a prior period adjustment is required to re-state the comparative period.

Investment assets that are held for medium/long term growth and which are not held to assist in the cash flows of the Group’s normal operating cycle and for which any amount is not expected to be realised within a 12-month period from the reporting date are now classified as ‘non-current assets’. Investment assets held on a shorter-term basis as part of the Group’s treasury management will continue to be classified as ‘current asset investments’. Investment assets used and available in a similar way to cash at hand are classified as cash.

This change in policy has resulted in the following re-statement of the prior year’s balance sheet for the Law Society individual and consolidated financial statements and to the split between cash at bank and cash equivalents in the prior year consolidated cash flow statement.

	Note	2022			
		The Law Society Group	The Law Society Group	The Law Society	The Law Society
		Re-stated	As reported	Re-stated	As reported
		£'000	£'000	£'000	£'000
Non-current assets:					
Fixed asset investments	12.1/12.2	73,394	-	38,706	-
Current assets:					
Current asset investments	15.1/15.2	3,901	92,418	1,887	40,593
Cash		15,123	-	-	-



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 1. Accounting policies (continued)

### The Solicitors Indemnity Fund (SIF) – recognition of provisions and re-presentation of results

Following the transfer of responsibilities for administering and managing the fund from SIFL to SRA on 1 October 2023, a review of the accounting policies was undertaken. As part of this it was concluded that the Fund is not required to comply with Financial Reporting Standard 103 “Insurance Contracts”. In prior years, elements of this standard had been applied, specifically with respect to the calculation of provisions. Provisions were included on an undiscounted basis within the financial statements in prior years. Upon review it was determined that, as SIF does not provide insurance cover, it was no longer appropriate to apply this standard and a more appropriate calculation of the provision would be in line with FRS 102.21.1.1 on a discounted basis. This change in accounting treatment for SIF provisions has, in the consolidated financial statements, taken effect from the current year.

The above has also changed the way SIF’s results, as part of ‘Indemnity Operations’, are shown in the consolidated financial statements compared to prior years. Note 3 provides a full summary of this new presentation. Results in the comparative year have been updated to reflect the new presentation. There has been no change to the comprehensive expense recorded in the prior year.

### Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in the Income Statement.

### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of the ownership to another entity.

### Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction. Where this occurs and carries a material impact the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company’s contractual obligations are discharged, cancelled, or they expire.

### Financial instruments summary

The carrying value of the group and the Law Society’s financial assets and liabilities measured at fair value through the income statement are summarised by category below.

	2023	2022
	The Law Society Group	The Law Society Group
	£’000	£’000
Financial asset investments	73,754	73,394
Current asset investments	18,619	3,901
Total assets	92,373	77,295

	2023	2022
	The Law Society	The Law Society
	£’000	£’000
Financial asset investments	39,327	38,706
Current asset investments	17,216	1,887
Total assets	56,543	40,593

The group and Law Society’s income, expense, gains and losses in respect of financial instruments are summarised below.

	2023	2022
	The Law Society Group	The Law Society Group
	£’000	£’000
Interest and dividends received	2,322	1,169
Net realised gains/(losses) on disposals	586	(826)
Net unrealised losses	(886)	(6,191)
Total	2,022	(5,848)

	2023	2022
	The Law Society	The Law Society
	£’000	£’000
Interest and dividends received	1,766	615
Net realised gains/(losses) on disposals	638	(1,164)
Net unrealised losses	(907)	(2,327)
Total	1,497	(2,876)



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 2. Practising certificate fee income

### Consolidated

The process for the collection of the 2023/24 practising certificate fees commenced in October 2023, therefore the income received during October 2023 that relates to the 2023/24 period has been deferred for release in the year ended 31 October 2024.

The amount of deferred income within creditors at the year-end is £122.0m (2022: £102.7m). Practising certificate fees collected by the Law Society Group are predominantly collected from UK-based members with those coming from international solicitors being insignificant.

The table below details the group income from the 2022-23 collection period and the deferred income position for the 2023-24 collection period.

	2023	2022
	The Law Society Group	The Law Society Group
Consolidated income statement	£'000	£'000
PC fee income 2022-23 (prior year 2021-22)	114,949	106,065
Consolidated balance sheet	£'000	£'000
PC fee income 2023-24 deferred (prior year 2022-23)	122,047	102,651

### The Law Society

The amount of deferred income within creditors at the year-end for the Law Society is £57.5m (2022: £48.6m).

As SRA is the invoicing entity, debtor balances for practising certificate fees are recognised within Solicitors Regulation Authority Ltd and appear as trade debtors on consolidation at group level. Amounts due to the Law Society relating

to practising certificate fee income at the year-end are recognised within debtors as part of the intercompany balance with Solicitors Regulation Authority Ltd in the individual financial statements of the Law Society.

The following details the Law Society income from the 2022-23 collection period and the deferred income position for the 2023-24 collection period.

	2023	2022
	The Law Society	The Law Society
Law Society income statement	£'000	£'000
PC fee income 2022-23 (prior year 2021-22)	54,345	47,988
Law Society balance sheet	£'000	£'000
PC fee income 2023-24 deferred (prior year 2022-23)	57,539	48,554

## 2.1 Consolidated Other income

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Event delegate fees	631	652
Corporate sponsorship/partnership	1,548	1,622
Advertising and recruitment listing	1,959	2,069
Law Society Forms	1,444	1,337
Accreditation services	3,943	3,362
Publications	500	665
Learning and development services	20,531	9,708
Law Society sections membership	682	655
Compensation Fund income	23,701	7,229
Other income	4,312	3,806
Total other income	59,251	31,105

## 2.2 The Law Society Other income

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Event delegate fees	631	652
Corporate sponsorship/partnership	1,548	1,622
Advertising and recruitment listing	1,959	2,069
Law Society Forms	1,444	1,337
Accreditation services	3,943	3,362
Publications	500	665
Learning and development services	1,310	1,168
Law Society sections membership	682	655
Other income	723	800
Total other income	12,740	12,330



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 3. Indemnity operations

SIF and SIFL form the Indemnity Operations as presented in the consolidated financial statements. As the business activities of the Indemnity Operations are different to those of the rest of the Law Society group, additional information has

been included below to provide more detail on the income and expenditure amounts consolidated into these financial statements.

The following shows an overview of amounts recognised in the consolidated financial statements relating to all indemnity operations entities:

	2023	2022
	Indemnity Operations	Indemnity Operations
	£'000	£'000
Claims costs	2,486	(443)
Indemnity recoveries	(122)	233
Movement in amounts due from reinsurers	-	(389)
Administrative expenses	(809)	(459)
Finance cost (net unwinding of discount)	(335)	-
Investment expenses	(148)	(135)
Income statement – operating costs from indemnity operations	1,072	(1,193)
Net income/(expense) before tax and investment income	1,072	(1,193)
Realised (losses)/gains on investments	(96)	339
Interest from investments and claim recoveries	27	548
Unrealised gains/(losses) on investments	138	(3,187)
Taxation charge	-	(14)
Comprehensive income/(expense) for the year	1,141	(3,507)

## 4. Consolidated operating activities

The Law Society is not required to provide a breakdown of its group operations. However, information is included below to show how the Law Society group results relate to the different

operating activities. The operating activities have been determined by the group business structure and reflect the way in which management manage the business.

2023	Law Society Professional Body	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group
Consolidated income statement	£'000	£'000	£'000	£'000
Total income	67,085	107,115	-	174,200
Operating cost	(42,461)	(107,046)	-	(149,507)
Funding of external bodies (levies)	(22,483)	-	-	(22,483)
Indemnity Operations	-	-	1,072	1,072
Other operating income	281	-	-	281
Operating result	2,422	69	1,072	3,563
Income from investments and claims recoveries	2,751	1,443	(69)	4,125
Result before taxation	5,173	1,512	1,003	7,688
Taxation	-	(373)	-	(373)
Result after taxation	5,173	1,139	1,003	7,315
Unrealised loss on fixed asset investment	(907)	(117)	138	(886)
Deferred tax on unrealised loss	196	75	-	271
Comprehensive income for the year	4,462	1,097	1,141	6,700

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

2022	Law Society Professional Body	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group
Consolidated income statement	£'000	£'000	£'000	£'000
Total income	60,318	76,852	-	137,170
Operating cost	(43,048)	(74,767)	-	(117,815)
Funding of external bodies (levies)	(19,157)	-	-	(19,157)
Indemnity Operations	-	-	(1,193)	(1,193)
Other operating income	1,100	-	-	1,100
Operating result	(787)	2,085	(1,193)	105
Income from investments and claims recoveries	(518)	168	887	537
Result before taxation	(1,305)	2,253	(306)	642
Taxation	-	-	1	1
Result after taxation	(1,305)	2,253	(305)	643
Unrealised loss on fixed asset investment	(2,327)	(677)	(3,187)	(6,191)
Deferred tax on unrealised loss	1,141	(71)	(15)	1,055
Comprehensive expense for the year	(2,491)	1,505	(3,507)	(4,493)

There has been a change in the way the Solicitors Indemnity Fund's results, as part of 'Indemnity Operations', are shown in the consolidated financial statements compared to prior years. Note 1, page 56, provides further detail of this change. Results in the comparative year have been updated to reflect the new presentation. There has been no change to the comprehensive expense recorded in the prior year.

Total income is all externally generated. PC fee income has been allocated to the Law Society Professional Body and the SRA based on the proportion requested in the net funding requirement.

### Geographical analysis

The majority of the Group's operations are undertaken in the UK and all income is derived from the UK aside from an immaterial element.

### Consolidated net assets

The Law Society Group net assets comprise the combined entity assets and liabilities of the Law Society Professional Body (the Law Society), Solicitors Regulation Authority Ltd and Indemnity Operations.

	The Law Society	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group
	£'000	£'000	£'000	£'000
Net assets as at 31.10.23	49,459	17,841	19,962	87,262
Net assets as at 31.10.22	44,996	16,745	18,821	80,562

Of the £87,262k (2022: £80,562k) above only £67,301k (2022: £61,741k) is available for use by the Law Society Group as £19,961k (2022: £18,821k) relates to Indemnity Operations and those reserves are to be used solely in the management of the Solicitors Indemnity Fund. The Law Society can only access the funds once they have been released which requires formal approval from the SRA Board.

## 5.1 Consolidated – funding of external bodies

As disclosed in Note 1, the Law Society was required to fund the set-up costs and a portion of the ongoing operating costs of the Legal Ombudsman, the Legal Services Board, the Office for Professional Body Anti-Money Laundering Supervision and the Solicitors Disciplinary Tribunal. These costs can be analysed as:

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Legal Ombudsman operating cost	13,766	11,754
Legal Services Board operating cost	3,719	3,547
Solicitors Disciplinary Tribunal operating cost	4,259	3,159
Office for Professional Body Anti-Money Laundering Supervision operating costs	739	697
Total funding of external bodies	22,483	19,157

## 5.2 The Law Society – funding of external bodies

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Legal Ombudsman operating cost	13,766	11,754
Legal Services Board operating cost	3,719	3,547
Solicitors Disciplinary Tribunal operating cost	4,259	3,159
Office for Professional Body Anti-Money Laundering Supervision operating costs	739	697
Total funding of external bodies	22,483	19,157



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 6.1 Consolidated operating result

The operating result is stated after charging/(crediting).

		2023				2022
	Note	Law Society Professional Body	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group	The Law Society Group
		£'000	£'000	£'000	£'000	£'000
Employment costs	9	26,537	41,500	-	68,037	62,204
IT Transformation and other programme spend	-	473	-	-	473	2,678†
Depreciation/Amortisation	11.1	994	594	-	1,588	1,628
Impairment of fixed assets	11.1	-	-	-	-	(9)
Loss on disposal of fixed assets	11.1	14	102	-	116	72
Amounts payable under operating leases – land and buildings	-	118	919	-	1,037	1,093
Funding of external bodies	5.1	22,483	-	-	22,483	19,157
Indemnity operations	3	-	-	(1,072)	(1,072)	1,193
Insurance proceeds	-	(281)	-	-	(281)	(1,100)
Other operating costs	-	14,325	63,931	-	78,256	50,149†
Total operating costs	-	64,663	107,046	(1,072)	170,637	137,065

† These figures have been restated. In the prior year financial statements £1,941k of project employment costs analysed as 'IT Transformation and other programme spend' had already been included under 'Employment costs'. The impact of including project employment costs within 'IT Transformation and other programme spend' was to overstate this cost line by £1,941k and understate 'Other operating costs' by the same amount.

## 6.1 Consolidated operating result (continued)

Insurance proceeds stem from a fire which caused significant damage to an insured building on 01 February 2020. Restoration of this building is ongoing, and the Law Society is continuing to receive insurance proceeds to cover business interruption, IT and property reinstatement costs. In the year, fire related costs of £0.4m were incurred with £0.1m expensed and recognised in 'other operating costs' and £0.3m meeting the criteria for capitalisation and recognised as 'assets under construction' within fixed assets (see Note 11).

As of 31 October 2023, in year insurance receipts of £0.3m have been recognised as 'insurance proceeds'. A £3.2m (2022: £2.9m) provision for replacement of assets destroyed in the fire continues to be recognised as a receivable in 'other debtors', future reimbursement is expected when the restoration project moves to the construction phase (see Note 14).

The operating result is stated after charging.

	2023	2022
	£'000	£'000
Audit fees:		
Current year	475	381
Audit fees relating to the Law Society only are as follows:		
Current year	212	182
Non-audit fees:		
Current year	-	-
Non-audit fees relating to the Law Society only are as follows:		
Current year	-	-

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 6.2 The Law Society operating result

The operating result is stated after charging/(crediting).

		2023	2022
	Note	The Law Society	The Law Society
		£'000	£'000
Employment costs	9	26,537	25,349
IT Transformation and other programme spend	-	473	2,678 <sup>†</sup>
Depreciation/Amortisation	11.2	994	1,039
Loss on disposal of fixed assets	11.2	14	72
Amounts payable under operating leases – land and buildings	-	118	120
Funding of external bodies	5	22,483	19,157
Insurance proceeds	-	(281)	(1,100)
Other operating costs	-	14,325	13,790 <sup>†</sup>
<b>Total operating costs</b>	-	<b>64,663</b>	<b>61,105</b>

<sup>†</sup> These figures have been restated. In the prior year financial statements £1,941k of project employment costs analysed as ‘IT Transformation and other programme spend’ had already been included under ‘Employment costs’. The impact of including project employment costs within ‘IT Transformation and other programme spend’ was to overstate this cost line by £1,941k and understate ‘Other operating costs’ by the same amount.

## 7.1 Consolidated income and realised gain/(loss) from investments and claims recoveries

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Bank deposit interest	347	31
Managed investment funds income	3,645	1,169
Realised gain/(loss) on investments	581	(826)
Interest on claims recoveries	(448)	163
<b>Total gain</b>	<b>4,125</b>	<b>537</b>

## 7.2 The Law Society income and realised gain/(loss) from investments

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Bank deposit interest	347	32
Managed investment funds income	1,722	615
Realised gain/(loss) on investments	682	(1,165)
<b>Total gain/(loss)</b>	<b>2,751</b>	<b>(518)</b>



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 8.1 Consolidated taxation

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Tax at 22.52% (2022: 19%) based on result for the year	373	-
Adjustment in respect of prior years	-	(1)
<b>Current tax charge/(credit)</b>	<b>373</b>	<b>(1)</b>
Deferred tax charged within the Income statement	-	-
<b>Total tax charge/(credit) in the income statement</b>	<b>373</b>	<b>(1)</b>
Deferred tax credit within other comprehensive income	(271)	(1,141)
Deferred tax adjustment in respect of prior years within other comprehensive income	-	86
<b>Total tax charge/(credit)</b>	<b>102</b>	<b>(1,056)</b>
<b>Reconciliation of tax charges:</b>		
Result before tax	7,688	642
Tax at 22.52% (2022: 19%)	1,731	122
<b>Adjustments to tax:</b>		
Amend tax on SIF result to 20% (2022: 20%)	(25)	-
Expenses/(income) not deductible for tax purposes	204	(2)
Exempt activities	(1,308)	(403)
Movement in unrecognised deferred tax	(53)	(311)
Capital Allowances	-	(2)
Capital gains	89	449
Tax on unrealised (losses)	(361)	(1,473)
Deferred tax relating to other comprehensive income	271	1,141
Remeasurement of deferred tax	(14)	(199)
Other timing differences	3	14
Tax (income)/losses arising for which no deferred tax asset is recognised	(201)	664
Adjustments in respect of prior periods	37	-
<b>Current tax charge</b>	<b>373</b>	<b>-</b>

## 8.2 The Law Society taxation

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Tax at 22.52% (2022: 19%) based on result for the year	-	-
<b>Current tax charge</b>	<b>-</b>	<b>-</b>
Deferred tax: timing differences, origination and reversal	-	-
Deferred tax charged within the Income statement	-	-
<b>Total tax charge in the income statement</b>	<b>-</b>	<b>-</b>
Deferred tax credit within other comprehensive income	(196)	(1,141)
<b>Total tax credit</b>	<b>(196)</b>	<b>(1,141)</b>
<b>Reconciliation of tax charges:</b>		
Result before tax	5,173	(1,305)
Tax at 22.52% (2022: 19%)	1,165	(248)
<b>Adjustments to tax:</b>		
Expenses/(income) not deductible for tax purposes	70	(3)
Exempt activities	(1,104)	25
Movement in unrecognised deferred tax	(53)	(312)
Capital gains	98	449
Tax on unrealised losses	(361)	(867)
Deferred tax relating to other comprehensive income	196	1,141
Remeasurement of deferred tax	(14)	(199)
Other timing differences	3	14
<b>Current tax charge</b>	<b>-</b>	<b>-</b>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 24 May 2021) which received Royal Assent on 10 June 2021 to become Finance Act 2021.

The corporation tax rate applicable from 1 April 2023 is 25%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates based on the expected date of the reversal of timing differences.

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 9. Compensation, remuneration and staff numbers

This note discloses the total remuneration of those considered to be in positions of control, significant influence and/or key management roles across the group as well as the total employment costs of the group.

### Council, Board, committees and key management

As the Law Society has no statutory directors, this note discloses the total remuneration of those considered to be in similar positions of control, significant influence and/or key management across the group. This includes members of the Law Society Council and Board, the Law Society Audit Committee, the SRA Board and the Chief Executives and executive leadership teams of both the Law Society and the SRA.

### The Law Society

Non-remunerated council, board and committee members are entitled to an annual expense allowance. 2022/23 is the final year this allowance is available and represents the six-month period to February 2023. Council members are paid an annual expense allowance of £2,459 (2022: £4,919) when they Chair a Board or Committee unless the Board they sit on has stipulated a different payment. Council members who do not Chair a Board or committee are paid an annual expense allowance of £820 (2022: £1,640). Council members who sit on multiple Boards or committees may only claim one such allowance. Other committee members are paid an annual expense allowance of £409 (2022: £819).

The three elected office holders of the Law Society, the President, vice President and deputy vice President received emoluments, in aggregate, of

£205,282 (2022: £200,796) and expense allowance payments of £4,808 (2022: £2,989).

The Chair of the Law Society Board received emoluments of £45,050 (2022: £42,800).

Three non-executive members of the Board received emoluments, in aggregate, of £18,667 (2022: £21,000).

The Chair of the Audit Committee received emoluments of £10,000 (2022: £10,000). Two non-executive members of the Audit Committee received emoluments, in aggregate, of £10,000 (2022: £10,000).

### Solicitors Regulation Authority

The Chair of the SRA board received emoluments of £90,000 over the financial year (2022: £90,000).

Other members of the SRA Board receive £12,500 (2022: £12,500) per annum in respect of their role on the Board, with some members receiving additional fees if they Chair any other committees or hold position as a Senior Independent Director of £5,000. Other members of the SRA Board received emoluments, in aggregate, of £117,917 (2022: £116,106).

The table below discloses the total remuneration of the two Chief Executives and their executive leadership teams. During 2023, three members of the Law Society executive team were members of the Law Society stakeholder pension scheme, a defined contribution pension scheme. During 2023, three members of the SRA executive team were members of the Law Society stakeholder pension scheme.

	2023			2022		
	Law Society Professional Body	Solicitors Regulation Authority	The Law Society Group	Law Society Professional Body	Solicitors Regulation Authority	The Law Society Group
	£'000	£'000	£'000	£'000	£'000	£'000
Total for executive team	707	1,337	2,044	791	1,530	2,321
Highest paid member:						
Salary and benefits	256	392	648	226	375	601
Pension contributions	9	-	9	11	-	11
Total emoluments	265	392	657	237	375	612

## Consolidated employment costs

The amount paid to employees during the year, including those amounts paid to the Chief Executives and executive teams of the Law Society and the SRA, as well as the office holders and representing the employment cost of the group is:

	2023			2022		
	Law Society Professional Body	Solicitors Regulation Authority	The Law Society Group	Law Society Professional Body	Solicitors Regulation Authority	The Law Society Group
	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	21,721	34,213	55,934	20,735	30,231	50,966
Social security costs	2,430	3,630	6,060	2,460	3,391	5,851
Other pension costs	1,686	2,908	4,594	1,542	2,570	4,112
Other costs	700	749	1,449	612	663	1,275
Total employment cost	26,537	41,500	68,037	25,349	36,855	62,204

## The Law Society employment costs

The amount paid to employees during the year, including those amounts paid to the Chief Executives and executive teams of the Law Society and, in the prior year, the SRA before its separation from the Law Society, as well as the office holders and representing the employment cost of the Law Society is:

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Wages and salaries	21,721	20,735
Social security costs	2,430	2,460
Other pension costs	1,686	1,542
Other costs	700	612
Total employment cost	26,537	25,349

## Staff numbers

The average number of full-time equivalent staff was 1,155 (2022: 1,085).

	2023	2022
	The Law Society Group	The Law Society Group
Law Society Professional Body	389	377
Solicitors Regulation Authority	766	708
Total	1,155	1,085



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 10. Subsidiaries – The Law Society

The Solicitors Regulation Authority (SRA) separated from the Law Society on the 1 June 2021, continuing its operations as the Solicitors Regulation Authority Ltd, a subsidiary of the Law Society incorporated on 18 May 2020.

The separation of SRA net assets and a capital contribution at this date amounted to a total consideration of £13,338k, which represented the SRA share of group reserves. In the individual accounts of the Law Society and reflected in the Law Society balance sheet this transaction is recognised as an investment in subsidiary of £13,338k in line with the accounting policy of recognising investments in subsidiaries at cost less impairment.

The Law Society had the following principal subsidiary undertakings as at 31 October 2023. They are all incorporated in the United Kingdom and operate in England and Wales and are consolidated in the group results of these financial statements:

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Investment in Subsidiaries at cost	13,338	13,338
Total	13,338	13,338

Undertaking (nature of trade)	Issued share capital	% Ownership
Solicitors Regulation Authority Ltd (SRA)	Limited by guarantee	100%
(The) Law Society Services Limited (dormant)	£1	100%
+Solicitors' Indemnity Fund (SIF) (professional indemnity for solicitors)	Fund/Special purpose entity	100%
++Solicitors' Indemnity Fund Limited (SIFL) (acting as agent for the Solicitors' Indemnity Fund to 1 October 2023)	Limited by guarantee	100%

+ SIF is considered to be a subsidiary under the terms of FRS 102 by virtue of control through the Law Society being the sole member of the SRA, which controls the Fund. The Law Society is entitled to any surpluses of SIF upon approval by the SRA Board. A summary of SIF's income and expenditure is included within these financial statements, see Note 3.

++SIFL has ceased trading following the transfer of administration of SIF to the SRA on 1 October 2023. The company will be wound down and dissolved in 2024.

## 11.1 Consolidated tangible fixed assets

	Assets Under Construction	Leasehold Property	Freehold Property	Furniture and equipment	IT Hardware	Total
The Law Society Group	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 01.11.22	-	3,453	19,342	2,987	3,212	28,994
Additions	254	-	49	76	353	732
Disposals	-	(110)	(23)	(48)	(6)	(187)
As at 31.10.23	254	3,343	19,368	3,015	3,559	29,539
Accumulated depreciation						
As at 01.11.22	-	(2,831)	(7,574)	(1,884)	(2,308)	(14,597)
Charge for the year	-	(61)	(715)	(308)	(504)	(1,588)
Release on disposal	-	7	12	45	7	71
As at 31.10.23	-	(2,885)	(8,277)	(2,147)	(2,805)	(16,114)
Net book value						
As at 31.10.23	254	458	11,091	868	754	13,425
As at 01.11.22	-	622	11,768	1,103	904	14,397

Included within tangible fixed assets are assets held on finance leases. The net book value of assets held on finance leases is £246k (2022: £270k).

Freehold fixed assets relate to the historical cost at purchase and further freehold improvements to property owned by the Law Society. Leasehold property fixed assets relates to the cost of leasehold property improvements of properties leased by SRA Ltd.

Disposals of 'freehold property' categorised assets do not relate to the disposal of freehold buildings but rather internal services, fittings and finishes which are no longer in use in those buildings

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 11.2 The Law Society tangible fixed assets

	Assets Under Construction	Freehold Property	Furniture and equipment	IT Hardware	Total
The Law Society	£'000	£'000	£'000	£'000	£'000
Cost					
As at 01.11.22	-	19,342	1,369	746	21,457
Additions	254	49	76	241	620
Disposals	-	(22)	(48)	(6)	(76)
As at 31.10.23	254	19,369	1,397	981	22,001
Accumulated depreciation					
As at 01.11.22	-	(7,574)	(893)	(545)	(9,012)
Charge for the year	-	(715)	(151)	(128)	(994)
Release on disposal	-	11	45	6	62
As at 31.10.23	-	(8,278)	(999)	(667)	(9,944)
Net book value					
As at 31.10.23	254	11,091	398	314	12,057
As at 01.11.22	-	11,768	476	201	12,445

Freehold fixed assets relate to the historical cost at purchase and further freehold improvements to property owned by the Law Society.

Disposals of ‘freehold property’ categorised assets do not relate to the disposal of freehold buildings

but rather internal services, fittings and finishes which are no longer in use in those buildings.

## 12.1 Consolidated fixed asset investments

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Market value at start of period	73,394	80,033
Additions at cost	-	-
Interest and dividends received	1,445	980
Net realised gains/(losses) on disposals	588	(1,042)
Net unrealised losses	(938)	(5,914)
Withdrawals	(442)	(315)
Management fees	(293)	(348)
Market value at close of period	73,754	73,394

## 12.2 The Law Society fixed asset investments

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Market value at start of period	38,706	41,860
Additions at cost	-	-
Interest and dividends received	933	524
Net realised gains/(losses) on disposals	638	(1,164)
Net unrealised losses	(907)	(2,327)
Withdrawals	-	(4)
Management fees	(133)	(183)
Market value at close of period	39,237	38,706

Investment assets that are held for medium/long term growth and which are not held to assist in the cash flows of the Group's normal operating cycle and for which any amount is not expected to be realised within a 12-month period from the reporting date are classified as non-current fixed asset investments.

Part of the Group's and Society's investment assets are now classified as fixed asset investments following a change in accounting policy. Further detail on the change in policy and resulting prior period adjustment is provided within Note 1 to these financial statements, Accounting Policies, page 55.



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 13. Consolidated gross indemnity claims provision

### Claims reserves

The claims provisions are made in accordance with the accounting policies and carry a significant level of judgement and rely on estimation techniques based on experience and available information. There are three main aspects to the provision as follows::

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Gross claims reserves	2,230	4,811
IBNR	3,762	4,380
Claims handling costs	1,881	1,622
Total claims reserves	7,873	10,813

### Gross claims reserves

These provisions are for all known cases and are notified on a claims made and circumstances notified basis and fall within an indemnity year. Reserve estimates are made by specialist claims experts and panel solicitors of the likely damages and potential costs involved in settling the claim, as well as any expected indemnity recoveries to be made. These reserves are revised on a regular basis based on updated information as the claims progress. These provisions are sensitive to changes in the complexity of the case and the potential outcome and therefore cost of damages changing. Therefore, there is a risk that known claims may have been inadequately provided for or there may be a deterioration in the claim leading to adverse development.

Claims reserves are made up of all outstanding claims relating to the pre 1 September 2000

operational period and include claims made and circumstances notified against practices that had ceased without successor since 1 September 2000 but only in respect of those firms that had ceased prior, on, or before 31 August 2000. The claims reserves also include for all the claims arising from the post six-year run off protection provided by the Fund. This protection relates to claims made against firms that had ceased without successor on or after 1 September 2000 and after a lapse of the six-year run off cover provided by the prior market participating insurer. The development of the historic claims are almost complete and there remain a small number of cases left to resolve. The majority of claims reserves in value and volume relate to the post six-year run off protection provided.

The table below sets out the split of claims reserves by pre-2000 claims and post six-year run off claims.

	2023	2022	Movement
	The Law Society Group	The Law Society Group	The Law Society Group
	£'000	£'000	£'000
Pre 2000 claims	754	912	(158)
Post six-year run off claims	1,476	3,899	(2,423)
Total gross claims reserves	2,230	4,811	(2,582)

### Incurred but not reported (IBNR)

These claims arise where the event that triggers a claim has already happened i.e. an act of negligence has occurred at some time in the past but is presently unknown to the Fund because it has not been reported. When disclosed to the Fund it would still be subject to any statutory limitation provisions applying. An actuarial projection is made of this provision. The principal assumption underlying the actuarially calculated liability estimates is that the future claims development will follow a similar pattern to past claims development experience. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, one-off occurrence, changes in market factors such as public attitude to claiming, recession, cessation of firms and other market conditions. Judgement is further used to assess the extent to which external factors such as judicial decision and government legislation affects the estimates. Conveyancing claims make up the majority of claims by value and volume within the IBNR provision and are the single largest risk type by category.

Actuarial reviews are carried out on a triennial basis or when deemed necessary. The latest actuarial review was undertaken in 2023. The Directors of SIFL took a prudent approach when selecting the level of reserving from the range identified by the actuarial review, and the SRA have chosen to select the “best estimate” reserve, which represents the most reasonable estimate in the opinion of the Directors, taking into consideration the advice of professional advisors. Directors assess movements to determine an appropriate reserve in the intervening periods. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Fund, where more information about the claim event is generally available.

### Claims handling costs

Provision is made for all future costs that will be incurred in the direct management and administration of claims. There are a number of steps that need to be followed before settlement of any claim. Claims made are assessed for their validity, negotiated and then settled. These procedures carry administrative and operational costs for the Fund. Estimates are made of all future costs of the Fund and an analysis is carried out to

assess the extent to which these costs are directly attributable to claims handling.

### Sensitivity analysis

There is a wide range of possible outcomes in assessing claim provisions due to the uncertainty associated in estimating ultimate claims liabilities.

For known claim reserves and indemnity recoveries estimates, a range of outcomes are identified and a best estimate of the claims settlement or recovery value is used to raise a claim reserve or expected claim recovery.

For all actuarial projections, the final outcome will depend on the actual development of claims which in turn relies on the appropriateness of the historical data to predict the likely development of claims by type. Unforeseen changes may affect the suitability of that data and would be expected to have an impact on the accuracy of the results and increased uncertainty in the projections. Such changes could include unexpected claims inflation, shocks to the global economy, deep recession or a house market crash, changes in legislation or the emergence of new types of claim.

An estimate is made of future claims handling costs for both type of reserves. Estimates are made annually of all future costs of the Fund and an annual analysis is carried out to assess the extent to which these costs are directly attributable to claims handling and the proportion relevant to known claims and IBNR.

Sensitivity analysis is provided by the actuarial forecasts, which provide differing outcomes of the IBNR provision for post six year run off claims. Historically, The Directors of SIFL have taken a prudent approach when selecting the level of reserving for these financial statements and the SRA have selected the best estimate based on the actuarial analysis.

The directors secured an Insurance Agreement (“IA”) in 2020 that limits the Fund’s exposure to IBNR risk on the post six-year run off book of business to 30 September 2020, in as much as any deterioration in that book of business above what is estimated and provided for is covered by the IA up to an additional £11.6 million. This is significantly higher than the best estimate of payments in respect of these claims.

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

In 2021, SIFL entered into a supplementary Insurance Agreement to insure the Fund’s claim liabilities for the one year extension to post six-year run off claims to 30 September 2021. The supplemental Insurance Agreement provides protection in excess of £1.7 million and up to a maximum of £4.3 million, which is also in excess of the best estimate of claims payments.

In 2021, the Law Society provided an unconditional financial undertaking in relation to the one-year extension of the Fund’s liability for post six-year run

off claims to 30 September 2022. That undertaking was released on 1 October 2022 and in its place the SRA provided an unconditional financial undertaking in relation to the further extension to 30 September 2023. Following SRA taking control of the Fund on 1 October 2023, no further undertakings are considered necessary. Should the reserves of the Fund not be considered sufficient to provide for expected future claims, a levy would be raised from solicitors’ firms to provide additional security.

## 14.1 Consolidated debtors

	2023	2022
	The Law Society Group	The Law Society Group
	£’000	£’000
Trade debtors	31,794	30,903
Other debtors	3,706	3,480
Prepayments	5,547	3,651
Accrued income	4,995	5,140
Indemnity operations claims recoveries	349	524
Interest on claims recoveries receivable	242	692
Amounts due from other Law Society affiliated entities	5,272	-
Total debtors	51,905	44,390

Trade debtors includes £1m (2022: £0.9m) of debtors on payment plans which fall due in more than one year. Indemnity operations claim recoveries includes £0.3m (2022: £0.5m) falling due after more than one year. Interest on claim recoveries receivable includes £0.2m (2022: £0.7m) falling due after more than one year. All other amounts are considered due within one year.

Other debtors includes £3.2m (2022: £2.9m) of expected insurance reimbursements following fire damage suffered to an insured building.

## 14.2 The Law Society debtors

	2023	2022
	The Law Society	The Law Society
	£’000	£’000
Trade debtors	1,161	1,663
Other debtors	3,295	3,081
Prepayments	2,568	2,163
Accrued income	314	411
Intercompany – Solicitors Regulation Authority Ltd	31,930	27,175
Total debtors	39,268	34,493

Other debtors includes £3.2m (2022: £2.9m) of expected insurance reimbursements following fire damage suffered to an insured building.

## 15.1 Consolidated current asset investments

	2023	2022
	The Law Society Group	The Law Society Group
Current asset investments	£’000	£’000
Managed investment fund	18,619	3,901
Total investments – short-term	18,619	3,901

Amounts due to other Law Society affiliated entities are non-interest bearing and repayable on demand.

## 15.2 The Law Society current asset investments

	2023	2022
	The Law Society	The Law Society
Current asset investments	£’000	£’000
Managed investment fund	17,216	1,887
Total investments – short-term	17,216	1,887

Investments in short-term deposits and other instant access financial products, held as part of the managed investment fund, have been treated as investments. Furthermore, investment assets held as part of treasury management are classified as current asset investments.

Part of the Group’s and Society’s investment assets are now classified as fixed asset investments following a change in accounting. Further detail on the change in policy and resulting prior period adjustment to current asset investments is provided within Note 1 to these financial statements, Accounting policies, page 55.



# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 16.1 Consolidated creditors: amounts falling due within one year

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Trade creditors	3,129	2,751
PC fee deferred income	122,047	102,651
Amounts due to the Legal Ombudsman	8,272	7,379
Amounts due to the Legal Services Board	2,249	2,065
Amounts due to other Law Society affiliated entities	-	7,978
Other creditors	1,543	1,678
Accruals	14,830	13,699
Other deferred income	2,538	2,838
Taxation PAYE and NI	1,656	1,905
VAT	261	267
Total creditors	156,525	143,211

Amounts due to other Law Society affiliated entities are non-interest bearing and repayable on demand.

## 16.2 The Law Society creditors: amounts falling due within one year

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Trade creditors	1,358	883
PC fee deferred income	57,539	48,554
Amounts due to the Legal Ombudsman	8,272	7,379
Amounts due to the Legal Services Board	2,249	2,065
Other creditors	28	101
Accruals	4,235	5,335
Other deferred income	1,880	2,173
Taxation PAYE and NI	657	761
VAT	269	281
Total creditors	76,487	67,532

## 17.1 Consolidated provisions

	2022	Utilised	Added	Released	2023
	£'000	£'000	£'000	£'000	£'000
Interventions, disciplinary proceedings and litigation	1,898	(8,455)	21,005	(295)	14,153
Dilapidations	820	-	24	-	844
Ex gratia pensions for ex-employees	230	(21)	-	-	209
Deferred tax	272	-	-	(272)	-
Total provisions	3,220	(8,476)	21,029	(567)	15,206

The provision for interventions, disciplinary proceedings and litigation includes the costs of legal fees to complete ongoing matters at the year end. Costs in relation to interventions are recharged in full to the Compensation Fund when incurred. These provisions are likely to be utilised within the next 12 months.

The dilapidations provision represents the unavoidable costs of restoring leased property to the same state as when the property lease was taken on by the Law Society. Costs are calculated based on third party estimates of restoration costs per square foot for each property.

The ex gratia pension payments for ex-employees provision provides for the capital cost of ex gratia

pensions. This provision covers ex gratia pensions paid by the Scheme administrator and those paid by Legal & General. Calls upon this provision are expected to be spread over more than 10 years. The scheme was last reviewed by a qualified actuary in September 2013 with no significant changes to the principal actuarial assumptions used in this valuation since this date, as such no external valuation has been performed in the period.

The deferred tax provision relates to timing differences that have originated but not reversed at the balance sheet date. The provision primarily relates to deferred tax on unrealised investment gains. Deferred tax is calculated at 25% (see Note 8).

## 17.2 Law Society provisions

	2022	Utilised	Added	Released	2023
	£'000	£'000	£'000	£'000	£'000
Dilapidations	169	-	12	-	181
Ex gratia pensions for ex-employees	230	(21)	-	-	209
Deferred tax	196	-	-	(196)	-
Total provisions	595	(21)	12	(196)	390

# Notes to the consolidated financial statements for the year ended 31 October 2023 (continued)

## 17.3 Related party transactions

### SRA Compensation Fund

The Law Society Group is related to the SRA Compensation Fund as the Law Society has a responsibility through rules established under statute to maintain and administer a Compensation Fund. During the year the Law Society Group collected contributions on behalf of the Compensation Fund totalling £10,285k (2022: £15,650k) and the Law Society Group recovered costs from the Compensation Fund totalling £23,701k (2022: £7,229k). At the year end the amount owed by the Compensation Fund to the Law Society Group totalled £5,267k (2022: owed to the Compensation Fund £7,978k).

### Council, Board and committee members

Transactions that the Law Society has with members of the Law Society Council, Board and Audit Committee and SRA Board either individually or through an entity that the member has significant influence over are considered related parties.

Direct remuneration paid to members is covered in detail in Note 9. Members may also claim reimbursement for any expenses directly incurred on behalf of the Law Society, in line with the Council and Committee expense policy. The total value of expenses reimbursed to Council, Board and Committee members during 2023 was £41k (2022: £21k).

Solicitor members are required to pay an annual Practising certificate fee, which are charged on the same bases as all other members of the Law Society. Due to the nature of the Law Society's activities, such transactions with individual members, or their firms, have not been disclosed.

The Law Society also transacts with members, their firms or related entities in the normal course of business for legal, consultancy and recruitment services. The 2023 operating results include an aggregate cost of these related party transactions of £900 (2022: £149k) paid to and £25k (2022: £42k) received from entities that the member holds a significant influence over.

Also included in the operating result are amounts totalling £16k (2022: £17k) paid to and £10k (2022: £810) received directly from members for services rendered to the Law Society or its related entities.

### Other related entities

Income for the year includes £25k (2022: £37.5k) of management fees charged to King's Counsel Appointments Limited, and other sales made totalling £2.3k (2022: £1.9k).

## 18. Litigation

Legal matters will arise as a matter of course within the business due to the nature of operations, as solicitors will legally challenge decisions on action taken against them or their firms. The Law Society has a robust process of reviewing and managing high profile litigation matters. Provisions and accruals are made in the financial statements to reflect litigation costs as appropriate.

The Board does not consider there to be any litigation legal claims that require provision or disclosure.

## 19. Contingent gains and losses

There are a number of assets over which the Law Society has some title/claim which may lead to potential future recoveries. These potential assets are not recognised as part of the provisions for recoveries as, in the opinion of the Board, they are so uncertain that they cannot be practically measured and hence no estimate is included here.

## 20.1 Consolidated operating lease commitments

As at 31 October 2023, the Law Society Group had future minimum lease payments under non-cancellable operating leases for each of the following periods.

	2023	2022
	The Law Society Group	The Law Society Group
	£'000	£'000
Land and building:		
Leases expiring within one year	1,143	1,130
Leases expiring between two and five years	3,560	4,476
Leases expiring after five years	5,444	5,417
Total lease commitments	10,147	11,023

Operating lease commitments include for the Law Society lease payments on rented office space in Brussels and Cardiff of £402k. The main commitment is for the Solicitors Regulation Authority of £9,745k being a ten-year lease for The Cube offices in Birmingham. The lease costs shown above include a contractual in-built increase based upon a forecast RPI index realigned each year to actual RPI increases.

## 20.2 The Law Society operating lease commitments

As at 31 October 2023, the Law Society had future minimum lease payments under non-cancellable operating leases for each of the following periods.

	2023	2022
	The Law Society	The Law Society
	£'000	£'000
Land and building:		
Leases due within one year	107	94
Leases due between two and five years	268	146
Leases expiring after five years	27	-
Total lease commitments	402	240

## 21. Capital commitments

As at 31 October 2023, the Law Society Group had no capital commitments (2022: Nil).

In April 2024, the Law Society signed a design and build contract with its chosen construction partner to complete the reinstatement of 114 Chancery Lane.

This engagement represents a capital commitment of £6.8m. As noted in the financial review £3.2m of this is considered reinstatement works and fully recoverable through our insurance policy. Within the accounts is an insurance debtor balance of £3.2m reflecting this recoverable amount.



# Council, Board and committee membership

## Council

Council membership for 2022-23 comprised:

Sushila Abraham	Antonino Cuffaro	Melinda Giles
Richard Adams	Paul Cummins	Matthew Gingell from Oct 2023
Mark Anderson	Dana Denis-Smith	Jonathan Goldsmith
Jonathan Andrews	Allan Devine	Shama Gupta
Richard Atkinson deputy vice president to Oct 2023; vice president from Oct 2023	Brett Dixon	Stephen Head
David Barraclough	Josephine Duchenne	Philip Henson
Cordella Bart-Stewart	Louise Duckett	Russell Hewitson
Pat Beeching left Oct 2023	Alan East left Mar 2024	Charlotte Hill
Hannah Beko	Adrienne Edgerley Harris	Saima Hirji
Karen Bexley	Fiona Edmond	Steven Hudson
Suki Binjal	Nick Emmerson vice president to Oct 2023, president from Oct 2023	Graham Jones
Andrew Bishop	Mark Evans deputy vice president from Oct 2023	Nicola Jones-King
Kyle Blackburn	Nichola Evans	Shainul Kassam from Oct 2023
Cobi Bonani left Jul 2023	Nina Ferris	Mary Kaye from Oct 2023
Scott Bowen	Tony Fisher	Muntech Kaur
Ben Brown left Mar 2024	Daniel Fitzpatrick	Rosemin Keshvani from Oct 2023
Mark Brown	Nick Fluck	Nawaz Khan left Feb 2023
Helen Chen	Michael Frape	Kathryn King
Amy Clowrey from Jun 2023	Mohammad Gaffar	Carolyn Kirby
Danielle Cohen	Matthew Gauntlett from Jun 2023	Pavel Klimov left Jan 2024
Salome Coker left Oct 2023		Steven Kuncewicz
		Linda Lee left Oct 2023

Denise Lester	Eunice Shang-Simpson left Oct 2023
Jeff Lewis	Johnny Shearman
Ngaryan Li	Lubna Shuja; President from Oct 2022 to Oct 2023
Lizzy Lim	Christoph Sicking
Alastair Logan left Oct 2023	Paul Singh left Apr 2023
Claire Logan	Bal Singh Atwal
Salma Maqsood	Ravinder Singh Chumber left Oct 2023
Stephen Mather from Oct 2023	Danny Smith from Oct 2023
Hannah McCrindle	Clive Sutton
Akilah McEwen	Donna Taylor
Mark Newby	Clive Thomas
Caroline Newman	Shannett Thompson
Christopher Noon left Sep 2023	Laura Uberoi
David Patient	Nehal Vasani
David Richards	Christopher Vigrass
Peter Rodd	Peter Watson-Lee
Simon Rollason	Jonathan Wheeler
Nicola Rubbert	Alexandra Wilson
Asma Ruksar	Clare Wilson
Sarah Sargent	Eleri Wones
Paul Sharma	

Peter Young from Oct 2023
Jessica Yu
<b>The following members joined Council after the 2022-23 financial year:</b>
Guy Goodings from Nov 2023
Daria Dybov from Dec 2023

Boards and Committees

The membership records for the Board, SRA Board and Audit Committee are shown below.

The Board

Eight meetings took place from November 2022 to October 2023. Details of attendance and composition of the Board was as follows

Attended	Meetings	Name	Position/other roles
8	(8)	Robert Bourns	Chair
6	(8)	Richard Atkinson †	Deputy vice president from October 2022, vice president as of October 2023
6	(7)	Bill Butler (Left August 2023)	Chair of Finance and Investment Committee to August 2023
7	(7)	Judy Craske (Left August 2023)	Chair of People and Remuneration Committee to August 2023
5	(6)	Mark Davies (From December 2022)	Chair of the National Board for Wales
8	(8)	Nick Emmerson †	Vice president from October 2022, president as of October 2023
0	0	Mark Evans †	Deputy vice president from October 2023
1	(1)	Michael Frape (From September 2023)	
8	(8)	Jonathan Goldsmith †	Chair of Policy and Regulatory Affairs Committee
1	(1)	Kenneth Hogarth (From September 2023)	Chair of People and Renumeration Committee
1	(1)	Larissa Joy (From September 2023)	
7	(7)	Vicky Lockie (Left August 2023)	
1	(1)	Eileen Schofield (From September 2023)	
6	(8)	Lubna Shuja †	President from October 2022 to October 2023
6	(7)	Laura Uberoi † (Left August 2023)	
1	(1)	Krishna Vishnubhotla (From September 2023)	Chair of Finance and Investment Committee.
7	(7)	Penelope Warne (Left August 2023)	
8	(8)	Peter Watson-Lee †	Chair of Membership and Communications Committee

The numbers in brackets denote the maximum number of meetings a person could have attended, allowing for the period in which they were a Board or committee member, if less than a full period.

†Council member

The following members joined the Board after the 2022-23 financial year:

Amerdeep Somal, chair of the Board, from Jan-24

SRA Board

SRA Board membership and attendance from November 2022 to October 2023 was as follows:

Attended	Meetings	Name	Position
9	(9)	Anna Bradley	Chair
6	(8)	Claire Bassett (From 1 January 2023)	
8	(9)	Ann Harrison	
9	(9)	Paul Loft	
9	(9)	Lisa Mayhew	
6	(6)	Rob McWilliam (From 1 March 2023)	
8	(9)	Vikas Shah	
9	(9)	Elizabeth Smart	
7	(9)	Selina Ullah	
9	(9)	Nicola Williams	

Committees

Audit Committee

Four meetings took place from November 2022 to October 2023. Details of attendance and composition of the committee was as follows:

Attended	Meetings	Name	Position/other roles
4	(4)	Joanne Stimpson	Chair
3	(4)	Bill Butler (Left August 2023)	Board Member to August 2023
4	(4)	Heather Butler	Independent Member
3	(4)	Hilary Daniels (Left March 2023)	Independent Member
1	(1)	Michael Frape (Joined September 2023)	Board member
2	(2)	Charlotte Moar (Joined March 2023)	Independent member
1	(1)	Krishna Vishnubhotla (Joined September 2023)	Board member

The following members joined the Audit Committee after the 2022-23 financial year:

Nicola Sawford, chair of Audit Committee from April-24

Keith Smithson from April-24

Law Society Registered Office

The Law Society, 113 Chancery Lane, London WC2A 1PL



# Notes

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[www.lawsociety.org.uk](http://www.lawsociety.org.uk)