



# The Law Society Group

Annual report and consolidated  
financial statements for the  
year ended 31 October 2022

# Contents

Foreword	4
Who we are	6
Business review: The Law Society	7
Business Review: Solicitors Regulation Authority	14
How we are governed	18
Energy and carbon reporting	22
Financial review	24
Group risks	30
Audit Committee statement	34
Statement of responsibilities	38
Independent auditors' report to the Council of the Law Society	40
Consolidated income statement	44
Consolidated statement of comprehensive income	45
Consolidated statement of changes in equity	45
The Law Society income statement	46
The Law Society statement of comprehensive income	47
Consolidated balance sheet	48
The Law Society Balance Sheet	49
Consolidated cash flow statement	50
Notes to the consolidated financial statements	51
Council, Board and committee membership	88



# Foreword

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

After the events of 2020, many of us hoped for a return to more certain times, however 2021/22 was another 12-month period filled with the unexpected.

From the tail end of COVID-19 restrictions to the war in Ukraine, economic upheaval and now a cost-of-living crisis, solicitors and legal businesses are continuing to operate under especially challenging circumstances.

Both the Law Society and the Solicitors Regulation Authority (SRA) strive to safeguard the rule of law and ensure access to justice for all. We do this by driving excellence in the profession, maintaining the highest professional standards, and helping solicitors continue to provide a high-quality service.

This report covers some of the steps we have taken to guide and regulate solicitors through this period. This included making sure they had the resources and support they needed to uphold the values and standards expected of a world-class profession, and that they could continue to practise and deliver their vital work, despite economic and political instability.

**More information on our work is available on our websites and social media channels.**



Ian Jeffery  
Law Society  
Chief Executive

A handwritten signature in black ink, appearing to read 'Ian Jeffery'.



Lubna Shuja  
Law Society  
President

A handwritten signature in black ink, appearing to read 'Lubna Shuja'.



# Who we are



1. The Law Society Group consolidates the activities and results of the legal entities shown above. 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 and Solicitors Indemnity Fund Limited.

## Principal activities

**The Law Society:** The Law Society is the independent professional body for solicitors in England and Wales. Founded in 1825, and granted its Royal Charter in 1845, the Law Society exists to be the voice of solicitors, drive excellence in the profession, safeguard the rule of law, work to make sure no-one is above the law, and protect everyone's right to access to justice.

**Solicitors Regulation Authority Ltd:** The Solicitors Regulation Authority Ltd 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 of the education and training requirements necessary to enter the profession and practise as a solicitor.

**Indemnity Operations:** Solicitors Indemnity ('The Fund') provided indemnity in respect of the practices of solicitors, recognised bodies and registered foreign lawyers carried on wholly or in part in England and Wales, with up to £1 million of cover per claim (£1.5 million for recognised bodies) until 31 August 2000, when the Council of the Law Society decided to require firms to purchase indemnity insurance in the open market. The Fund therefore went into run-off from 1 September 2000. In 2004, the indemnity limit increased for new claims arising within existing practices to £2 million and to £3 million for recognised bodies.

# Business review: The Law Society

The Law Society was founded in 1825 as the independent 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 mission is to promote the value of the profession, protect the justice system and support our members with a compelling offer. Our work is guided by the values expected of a world-class profession – clarity, trust, respect, and excellence.

Solicitors are at the heart of all we do, and we provide them with a powerful collective voice on the issues they've told us matter most. We now have over 200,000 members, who help the legal sector contribute £60bn to the UK economy. We are proud to represent this dynamic and diverse profession, and their unrivalled expertise.

In October 2022, we reached the end of our 2018-22 five-year strategy, which was focused on four key objectives:

- 1 promoting the profession by building the reputation of members and their businesses, and promoting the value of solicitors to the public;
- 2 influencing for impact by safeguarding the rule of law and promoting the value of English and Welsh law to the worldwide economy;
- 3 driving excellence in the profession by helping members develop their careers through life-long learning, and stay up to date with targeted and relevant news and information, and;
- 4 enhancing member value through organisational efficiencies, growth and developing our people.

Over the last five years, we have invested in new digital platforms to improve the member experience and offer our members more opportunities to learn and grow. This includes launching our new website



in 2020 and developing a range of practice notes and guidance, as well as expanding our learning and development offer through Law Society Learning. Our influencing work saw us engage with governments and other key stakeholders, at home and abroad, through our Global Legal Centre campaign which promoted the value of using English and Welsh law for doing business around the world. We also launched our online portal, MyLS, providing opportunities for members to personalise their member experience and ensure they receive the news and resources that are most relevant to them and their careers.



## The value of your Law Society membership

The Law Society is where solicitors can connect, thrive, and belong. As well as advocating for solicitors at the highest levels, we help them save time, money, and limit exposure to risk with a comprehensive package of support that includes trusted resources, training, events and networks.

As part of our previous five-year strategy, we developed six values, describing the main ways we work for our members: represent and advocate, community and a sense of belonging, trusted resources, professional development, a valued profession and navigating the future. These six values underpin our activities and help us to make sure the work we carry out adds value to solicitor's day-to-day practice and promotes the important role they play in our society.

We are here to support solicitors to provide the best possible service at every stage of their career, from qualification through to retirement.

## A review of 2021/22

### Supporting our members through challenging political and economic times

Although national lockdowns and COVID-19 restrictions were largely behind us by November 2021, the legal profession continued to face challenges. High inflation and political instability meant the business landscape remained uncertain for both our members, and for us as an organisation.

Despite this, we continued progressing our agenda on behalf of members. We worked to improve our member offer and member experience, and to support our members practice through trusted resources, and the expansion of our learning and development offer. In addition, we continued to defend them against political attacks.

We also continued to advocate for members on the issues they've told us matter most, championing their interests and making sure their views were heard by decision makers at the highest levels. This work included lobbying the government on key legislation and reform and engaging with regulators.

During 2021/22, we successfully transitioned our Wales committee to a new National Board for Wales. The creation of this new body allows for effective and empowered decision making against the

backdrop of the increasing devolutionary pressures and divergence in law between England and Wales.

We recognise the need to ensure that we address the differing challenges faced by our members across England and Wales, which involves working with two governments, two sets of ministers and two languages.

The National Board for Wales will review and promote improvements to the practice and procedure of law in Wales, maintain a strong policy and political presence with the Welsh government and other key stakeholders, and oversee the work of our Wales office.

## Key achievements

### Community and engagement

 Over **30,000** members registered for our events

It was a challenging year for our events team as they continued to recover from the impact of the pandemic and adapt to a new hybrid environment. Despite this, the total number of registrations for our events was 30,884 over the year.

Our biggest conference of the year, the Anti-money Laundering and Financial Crime Conference, was held as a hybrid event which saw 519 members attend – 238 online and 281 in-person.

As well as delegates to our in-person and hybrid events, solicitors made the most of the learning opportunities provided through our events, tailored to suit their schedules, with our on-demand event recordings viewed over 11,000 times.

 Highest ever **PC fee consultation responses**

Through our practising certificate (PC) fee consultation, we offer members an opportunity to shape our future plans and contribute to our strategic and business goals.

For the second year in a row, we received the highest ever number of responses for the consultation with 1,461 solicitors taking part – 57% more than the previous highest response of 927 in 2020/21.

The responses achieved in the survey were secured by targeting different sections of our membership with tailored email communications and social media video content, featuring our President, vice President, Chair of the Board, Chief Executive and multiple members of our governing Council.

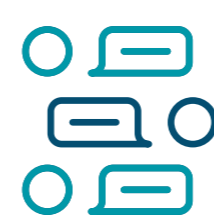


In-person engagements: **700+ members** **15 locations nationwide**

### Engaging with members across the country

We continued to roll out the President's programme of regional in-person engagements, which involved over 700 members in 15 different locations across the country. Through talks, roundtables, networking receptions and meetings, I. Stephanie Boyce met with law firms, in-house counsel, aspiring lawyers and other stakeholders.

With over 200,000 members across England and Wales, an important part of our work involves being astute to the issues solicitors across the country are facing, and connecting with our members regardless of location, practice area or the type of legal business they work in.

 **2,000+ members** connected via **Connect, our online forum**

### Growing our online forum for small firm members to connect with their peers

Over 2,000 members connected with each other on Connect, our online forum for solicitors working at small firms and as sole practitioners. The forum provides opportunities to exchange ideas with peers, discuss problems and support each other with the issues affecting them and their businesses.

### Continuous improvement of our newsletters

We more than doubled the number of readers of our flagship all-member weekly newsletter,

*Professional Update*. We've created more tailored and relevant communications that are increasing our engagement with different groups of members. We will continue to overhaul our approach to email communications in response to members' feedback.

## Trusted resources and professional development



**33,000+** members signed up for tailored resources & learning

33,262 new members signed up to make the most of their membership through MyLS. Since its launch in July 2020, over 95,000 solicitors have registered on the platform and 94% continue to be active users.

MyLS enables members to personalise and streamline their member experience to their practice area and interests, and get exclusive and tailored access to the news, practice notes and guidance they need to succeed.

2021/22 was also a successful year for Law Society Learning, our learning and development platform, with registered users increasing by 55% to a total of 7,421 throughout the year.

Our learning and development offer provides our members with the tools they need to develop their practice at every stage of their careers, through courses, credentials and accreditations.

### Supporting our members through our Support Centre and Practice Advice Service

By the end of October 2022, our Support Centre and Practice Advice Service teams achieved an average combined satisfaction rating of 85%, with an overall average satisfaction score of 74%.

Our Support Centre and Practice Advice Service provide free and confidential support to our members and their firms about queries they may have about their membership to the Law Society or legal practice issues respectively.

### Keeping our members up to date with the Law Society Gazette

Our weekly digital magazine, the Law Society Gazette, received over 200,000 visits during the year, with the majority being from new visitors.



## We launched our Diversity and Inclusion (D&I) Framework

### Strengthening diversity and inclusion in the profession

We launched our Diversity and Inclusion (D&I) Framework - a practical three-step guide that helps members develop a strategic approach to D&I. Alongside the framework, we also launched a new D&I hub on our website, providing members with the resources and guidance they need to deliver on their organisational D&I goals and build more inclusive workplaces.

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

#### Campaigning to protect criminal legal aid

We continued to push for fairer funding for legal aid. We engaged closely with the government as they undertook a review of criminal legal aid and stood firm in our position that the government must implement the full 15% increase to legal aid rates recommended by Lord Bellamy's independent review.

We have worked closely with members to shape our submissions to government and highlight the unsustainability of the current model. We have also campaigned to raise awareness of the challenges criminal practitioners face in their day-to-day practice and the impact of the court backlog.

#### Securing a solution to the closure of the Solicitors Indemnity Fund

The closure of the Solicitors Indemnity Fund (SIF) was announced in 2020, following a decision from the SRA Board. Acting on concerns expressed by our members, and to ensure their post-six year run off cover needs were met, we worked with other stakeholders to encourage the SRA to rethink their proposals, owing to the risk it could pose to consumer protection.

The closure of SIF was initially deferred until September 2023 to allow time for a suitable alternative to the fund to be found.



Our lobbying approach focused on constructive, behind-the-scenes influencing of those in government and the Conservative Party. Having built a strong coalition of support for our position on the presumption, we were able to convince the government to concede on that issue.

We have led the opposition to the proposed Bill of Rights Bill following its publication in June 2022, working closely with sector stakeholders. The Bill was temporarily shelved by Liz Truss during her time as prime minister but may return with Dominic Raab back in post as lord chancellor in Rishi Sunak's administration. The Bill is controversial and opposed by many across the justice and rights sector. During the summer we hosted a Bill of Rights Bill roundtable with city stakeholders, firms and members, which discussed the impact of the Bill on legal certainty and our competitiveness.

Our views on the Bill of Rights Bill were cited by more than 1,000 media outlets worldwide. We continue to be cited as a lead voice on this issue.

In 2021/22, we also had success in securing an exemption for legal professional privilege as part of proposals for a foreign influence registration scheme included in the National Security Bill before Parliament.

### A valued profession Defending the profession against political attacks

During the year, we saw several attacks on members of the legal profession, in the media and from political leaders, for challenging government plans to send asylum-seekers to Rwanda. In response, our then President, I. Stephanie Boyce, made strong statements warning against criticising solicitors for doing their jobs. We also raised concerns directly with senior ministers.

Our then vice President, Lubna Shuja, was interviewed on BBC Newsnight.

We released a joint statement with the Bar Council in June 2022 warning of the dangers of misleading statements being made about lawyers and the profession by political leaders.

Our joint statement with the Bar Council was picked up by more than 100 different media outlets.

We remain vigilant to these attacks on the profession and will continue to defend and advocate for our members.

During this time, the SRA considered the evidence against closing SIF and re-thought their plans. In September 2022, it was announced the SRA will be taking over the administration of SIF with effect from 1 October 2023.

### Influencing legislation and policy development

The past year has been marked by political instability. Throughout that volatile period, we have maintained effective working relationships with government ministers and officials in government departments, and parliamentarians of all colours.

We continue to be seen as influential and persuasive on justice policy and have given evidence in parliament several times in the past year on subjects such as legal aid and legal services exports. In June 2022, we co-hosted a reception in parliament with the Bar Council and CILEX which was well attended by key political stakeholders in the justice policy area. In the Autumn, we held a successful party conference programme, with well attended events coupled with direct engagement with politicians.

We achieved a major influencing success on the Judicial Review and Courts Act 2022 by persuading the government to drop a statutory presumption that would have directed judges to use particular remedies in judicial review cases – a provision that we had argued would fetter judicial discretion.

### Looking ahead: 2022-2025 Corporate Strategy

Our previous five-year strategy focused heavily on transforming the Law Society by investing in new digital platforms and capabilities to improve the member experience. We also modernised 113 Chancery Lane and created a clearer operating model to focus the organisation on the needs of members and on our public interest responsibilities.

Our new three-year corporate strategy is ambitious, member focused, and aims to increase our value to our members.

Our focus will be on increasing member awareness and engagement with our work, recognising that our diverse membership requires different types of support to enhance their sense of belonging to the Law Society. Alongside this, we will continue to be an active champion for the justice system and the rule of law.

Our 2022-2025 strategy is focused on four core objectives:

- 1 We will promote the value of the profession and provide a compelling member offer.
- 2 We will protect the justice system and make sure it applies to everyone equally.
- 3 We will maximise our potential by growing our commercial reach, by being efficient and sustainable.
- 4 We will be an employer of choice for people who want to make a difference.

We look forward to reporting on our achievements in the first year of our new business plan, and on the progress we make towards meeting our overall corporate strategy objectives over the next three years.



# Business Review: Solicitors Regulation Authority

## Review of the year

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 210,000 solicitors and around 9,600 law firms.

2021/22 was the second year of the implementation of our 2020-2023 strategy, which focuses 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.

We cover some of our key achievements in delivering these three strategic priorities.

## 1. 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 76 cases to the SDT this year (2021 5-month period: 47 cases). We also intervened into and closed down 25 (2021 5-month period: 11) law firms where we felt there was a significant and immediate risk to clients and the public..
- We can help members of the public and small businesses that have lost money in certain circumstances, for instance due to a dishonest solicitor. This year we paid out £15 million from the SRA Compensation Fund, compared to £27 million last year. The Compensation Fund is a non-consolidated entity which is maintained and administered by the SRA under requirements set out in statute.
- Following consultation, we have decided to maintain consumer protection for post six-year negligence as a regulatory arrangement, with the same level of cover as the current Solicitors

Indemnity Fund. Analysis shows that an SRA-run indemnity scheme is the most cost effective and proportionate way to do this. From October 2023, the Solicitors Indemnity Fund will be managed and administered by the SRA, rather than the Solicitors Indemnity Fund Limited as it is currently.

- Following consultation – and changes in legislation – our fining powers for traditional firms have been increased. This should help us resolve cases more quickly, saving time, cost and stress for everyone involved.

### 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 273, up from 107 in 2020/21, reviews and inspections and brought 140 firms from partial compliance into full compliance.
- When we find serious failings in this area, we take action. We handed out 34 fines, an increase from 11 in 2020/21 – either through our own processes or prosecutions at the Solicitors Disciplinary Tribunal.
- On sanctions, we have responded promptly to a fast-changing situation through a combination of updated resources and spot checks on firms exposed to the Russian market to make sure firms comply.

### The new Solicitors Qualifying Exam

- We have introduced a new single, rigorous assessment – the Solicitors Qualifying Examination (SQE). Four assessments took place this year. The Independent Reviewer confirmed that both the SQE1 and SQE2 were fair, valid, reliable assessments, and that operationally they generally went well.

### Improving how we work

- In December 2021, the Legal Services Board confirmed that we met all 27 of its performance outcomes, including on being well led. This matched our performance in 2020.
- 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, especially cases that have been open for a long time.
- We made significant cost savings through reducing our office footprint in Birmingham, and moving to a new, more accessible office in London. We have opened a new office in Cardiff. As well as providing a base for our staff living in Wales, the office will help us further build relationships with stakeholders in Wales.

## 2. Promoting technology and innovation

### Supporting innovation and innovators

- Following a grant award by the Department for Business and Energy (BEIS) through the Regulators Pioneer Fund, we carried out work to help connect those using new legal technologies with those who need their services. The project involved working with universities, councils and advice agencies and communities in south Wales and the south-west.
- We published a report on the findings from the first part of this work. As part of the second phase of work, we ran a series of justice innovation challenges to show where targeted application of legal technology can help those who need access to legal advice.
- As part of our SRA Innovate programme, we supported 25 start-ups in 2022, with more than half of these receiving regulatory advice.

### Offering insights

- We have shared practical and policy insights on innovation in the legal sector through a series of events and webinars, attracting around 3,200 participants, as well as through our new newsletter, Lawtech Insight.
- The SRA is leading on a professional services LawTech Working Group where we have

partnerships in place with Canada, the UAE and support from observation groups in Singapore, Denmark and Italy.

- We ran a programme of work with law firms looking at the opportunities, as well as challenges, in offering unbundled services. By enabling the client to complete more simple tasks, unbundled services have the potential to make legal services more affordable. Next steps will include guidance for firms and information for consumers to help them understand the opportunities and what to consider in this area.

### Better information for consumers

- We provided consumer-focused information on potentially using technology to access legal services. A one-month campaign promoting this content resulted in around 125,000 visits to our website.
- We continue to see increases in the number of visitors to our consumer-facing pages. Our Solicitors Register is particularly popular, attracting more than four 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 1.3 million.

## 3. Anticipating and responding to change

- We consulted and finalised our business plan and budget for 2022/23. We engaged with close to 15,000 people.
- We published a new look risk outlook in November, focused on the challenges and opportunities with the sector emerging from COVID-19. We also published two targeted risk outlooks on the issues of cybercrime and innovation.
- Research we concluded included the first-year evaluation of our Standards and Regulations, and a review of both law firms' and consumers views on comparison websites. We completed a collaboration with the Legal Services Board (LSB) to research the social acceptance of technology to help the market to understand and compare how receptive consumers and the profession are to using technology in different circumstances.



- We aim to encourage interaction and debate about big issues affecting the legal sector. We have done this through a series of webinars, and insight pieces in the national and legal trade press on topics such as transparency and changes in regulation.

### Understanding and promoting diversity in the profession

- We completed our analysis of the firm diversity data collected in summer 2021. Following a focused project to engage with law firms which had not reported their data to us we achieved a response rate of nearly 100 per cent.
- We published our third annual report on the diversity profile of individuals within our enforcement work this year. The findings were similar to earlier years with overrepresentation for men and solicitors from a Black, Asian and minority ethnic background in reports received and in those we take forward for investigation. We have appointed a consortium of experts from the Universities of York, Lancaster and Cardiff, to better understand the reasons for these patterns, which have been seen in the profession and in wider society over many years.
- We commissioned the University of Exeter's Schools of Law and Business to carry out a major piece of research on what causes differing levels of attainment for Black, Asian and minority ethnic groups in professional legal assessments. We have sought feedback on the high-level findings from the first phase of research from stakeholders, ahead of sharing those findings in 2023.
- We consulted on proposals to add to our Codes of Conduct, an explicit obligation to treat colleagues fairly and with respect, and not to bully, harass or unfairly discriminate against them. We will implement these in the coming year with further guidance.
- We also continued to promote diversity in the profession through partnership working and providing resources for law firms, including a report into barriers to parents in the workplace, webinars on inclusion for neurodivergent lawyers and non-binary people, and we had a presence at three Pride parades.



# How we are governed

## 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, 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 2021 to October 2022.

## 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.

38 Council seats came up for election in August 2022 as members' terms ended. There were contested elections in 11 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 88-89.

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.

## Chief executives

### The Law Society

Paul Tennant was Chief Executive of the Law Society until December 2021. Gerry Walsh served as interim Chief Executive from January 2022 to September 2022. Ian Jeffery took up his post as the new (permanent) Chief Executive in September 2022.

### The Solicitors Regulation Authority

Paul Philip was Chief Executive of the SRA throughout the year.

## Accountability

The Chief Executives are responsible for the development of strategies for, and the performance of, their business operations and for the 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.

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</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</li> </ul>
Conduct Committee			
Council Membership Committee			
Equality, Diversity and Inclusion Committee			
Scrutiny and Performance Review Committee			

## 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 also recommends to Council our budget and business plan and oversees the work of our Chief Executive and their team. The Board also recommends to Council the amount to be collected through the practising certificate 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.

## National Board for Wales

The Law Society had a long-established Wales Policy Advisory Committee, which reported to the Policy and Regulatory Committee (PRAC). We have an office in Wales and active representation of Wales on Council.

Devolution to Wales has meant that there is an increasing volume of matters in relation to which Wales's legal system, national regulations, policies and political considerations are diverging from those of England. The profession in Wales may accordingly have distinct concerns, views and ideas. It was increasingly important that the Board should be closely informed of, and the organisation should respond to, distinctively Welsh issues. Accordingly, on the Board's recommendation, Council at its meeting in July 2022 approved amendments to the General Regulations (GRs) to constitute the National Board for Wales (NBW)/Bwrdd Cenedlaethol Cymru (BCC) as an independent committee of the Board. Mark Davies became the National Board for Wales's interim Chair pending their first formal meeting, held in December 2022. The Chair of the National Board for Wales under GR 18(e) becomes an ex officio member of the Board. NBW's structure and Terms of Reference are set out at GR 47A-C. The NBW will oversee the activities of our Wales office and advise on the ongoing development of devolution, among other work, and will report to the Board.

## 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 9 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

## The Law Society

The Law Society has 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 ISO 14064-1:2018 standard and have used the 2022 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 approach for assessing scope 2 emissions from electricity usage. The financial control approach has been used and 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.

There have been no specific measures taken during the financial year with regards to energy efficiency.

## The Solicitors Regulation Authority

The 2021/22 financial year represents the first full year of reporting for the Solicitors Regulation Authority Ltd and also the first year that total energy consumption figures are available. During the last year several energy and carbon savings measures have been implemented. These include disconnecting all external perimeter lighting within the Birmingham office. Floor space has also been reduced by 40% as part of a shift to hybrid working. We have been awarded 'Gold' Ska rating from RICS for the office refurbishment and regularly release communications to raise staff awareness.

The greenhouse gas emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2022 emission conversion factors published by Defra and the Department for BEIS. The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used. This includes the Birmingham office only as data was unavailable for Cardiff and London. These sites do not have a material impact on overall emissions as they are serviced offices with a small number of desks.

## The Law Society Group

The table below summarises the GHG emissions for the reporting year 1 November 2021 to 31 October 2022. The Law Society changed organisational structure and split from the Solicitors Regulation Authority from 01 June 2021. This is the first assessment of emissions being reported separately for the Law Society and Solicitors Regulation Authority, and this will set the baseline for future assessments. In the prior year, assessment of emissions was done on a combined basis and in the current year a group figure is provided to aid comparison.

Scope	Activity	2021/2022 Tonnes CO <sub>2</sub> e			2020/2021 Tonnes CO <sub>2</sub> e	
		Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	Law Society Group	% Change on previous year
Scope 1	Site Gas	221.98	-	221.98	187.02	+19%
Scope 2	UK Electricity	235.95	88.97	324.92	339.71	-4%
Scope 3	Employee-owned car travel	1.85	40.56	42.41	16.99	+150%
Total tonnes of CO <sub>2</sub> e		459.78	129.53	589.31	572.93	3%
Total tonnes of CO <sub>2</sub> e per employee		1.22	0.23	0.54	0.5	8%
Total tonnes of CO <sub>2</sub> e per £M turnover		7.62	1.69	4.30	4.55	-6%

Activity	2021/2022			2020/2021	
	Law Society Professional Body	Solicitors Regulation Authority Ltd	Law Society Group	Law Society Group	% Change on previous year
Total energy consumed (kWh)	2,444,284	549,767	2,994,051	2,478,148	+21%
Total gross location-based emissions (tCO <sub>2</sub> e)	459.78	129.53	589.31	572.93	+3%

# Financial review

## Our business model

The 2021/22 financial statements include the results of the Law Society Group and the individual results of the parent entity, the Law Society.

In 2020/21 the Law Society legal structure changed. On the 1 June 2021, all activities of SRA were transferred to the incorporated entity, Solicitors Regulation Authority Ltd.

At that point the regulatory body became a separate legal entity from the professional body.

The change in legal structure resulted in a change to the primary statements and notes of the financial statements. The impact of this for the group and individual statements in the current and prior year is set out in the table below:

The consolidated financial statements (the Law Society Group)		
Statement	2021/22	2020/21
<ul style="list-style-type: none"> <li>Consolidated income statement</li> <li>Consolidated Statement for 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>	Statements include: <ul style="list-style-type: none"> <li>The Law Society Professional Body</li> <li>SRA as a division for 7 months to 31 May 2021</li> <li>Solicitors Regulation Authority Ltd for 5 months to 31 October 2021</li> <li>Indemnity Operations</li> </ul>

The Law Society individual financial statements		
Statement	2021/22	2020/21
<ul style="list-style-type: none"> <li>The Law Society income statement</li> <li>The Law Society statement of comprehensive income</li> </ul>	Statements include: <ul style="list-style-type: none"> <li>The Law Society Professional Body</li> </ul>	Statements include: <ul style="list-style-type: none"> <li>The Law Society Professional Body</li> <li>SRA as a division for 7 months to 31 May 2021</li> </ul>
<ul style="list-style-type: none"> <li>The Law Society Balance Sheet</li> </ul>	<ul style="list-style-type: none"> <li>The Law Society Professional Body</li> </ul>	<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.

PC fees are used to fund the activities of the SRA, 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' (essentially commercial) activities of the Law Society Professional Body which are required to be funded through the generation of commercial income.

There has been a small increase in PC fee income of £1.2m. The table below shows the level of PC fee income raised and its funding allocation, as discussed above.

PC fee breakdown	2021/22	2020/21
Compulsory statutory levies	£19.0m	£17.9m
Section 51 activities of the SRA (2020/21 up to 31 May, thereafter Solicitors Regulation Authority Ltd)	£58.1m	£57.2m
Section 51 activities of the Law Society Professional Body and the associated central support functions of those activities	£29.0m	£29.8m
<b>Total</b>	<b>£106.1m</b>	<b>£104.9m</b>

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 2022 and comparative 2021 financial years represents the 2021/22 and 2020/21 PC fee collections respectively.

The PC fee collection increased in 2021/22 from £104.9m to £106.1m. The PC fee collection was in line with the net funding requirement (NFR) for 2021/22. This increase did not result in a higher PC fee for regulated individuals, the increase in income was owing to an increased number of members.

For 2022/23 the base PC fee for a regulated individual has been set at £286 (2021/22: £266). 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 9,636 and 166,684 respectively at the end of October 2022 (2021 9,860 and 162,782). Following the UK's exit from the EU, most exempt European lawyers (EELs) are no longer treated as legally qualified in England and Wales. All non-UK EELs are now registered foreign lawyers.

The 2022/23 PC fee collection window opened on 1 October 2022 and officially closed on 31 October 2022. At 31 October 2022 £102.6m of invoices had been raised and recognised as deferred PC fee income for the 2022/23 renewal year (2021: £41.2m). Of this £25.7m was still to be paid and is disclosed as a PC fee income debtor (2021: £14.6m). Both the PC fee deferred income and year end debtor balance has increased on the prior year as the collection window for 2022/23 opened and closed earlier than it did in the previous year. The 2022/23 collection window successfully met the expected delivery timeframes.

## The Law Society Professional Body

Results for the Law Society Professional Body in 2022 are for the professional body alone, results for the 2021 comparative include results for the SRA for seven months to 31 May 2021, before its separation. The year ended October 2022 resulted in a reduction to reserves of £2.5m (2021: increase of £2.8m). Total net investment returns before deferred tax gave rise to a £2.8m loss in year (2021: gain of £7.3m). The operating loss in year was owing to continued investment on the IT investment programme and an under recovery in levy expenditure.

Other income includes delegate fees and sponsorship income from the provision of events, learning and development delegate fees, fees from accreditation services and sections membership for our members, advertising and business partnership income. As at year ended 31 Oct 2022 other income amounted to £12.3m (2021: £11.1m). Whilst we have not returned to pre-COVID-19 levels of activity, we have seen an increase on prior year.

In July 2016 Council approved a major programme of investment in IT of £26.7m. Council has subsequently approved additional funds of £6m for property refurbishment and conditionally approved further investments in the Law Society's systems to improve the learning offer to members, eCommerce, CRM and finance systems bringing total expected expenditure to £41.2m.

This programme spend began in 2017 and is largely expected to complete by 2023. In order to smooth out the cost and not cause a spike in PC fees in any year Council agreed to funding part of this activity initially from historical reserves. Approved total programme spend incurred up to the year ended 31 October 2022, including capital expenditure, amounted to £38.3m (2021: £33.7m). We are now actively working on a re-prioritisation plan for all projects.

## 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.

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.

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 2022 is £11.8m (2021: £12.5m).

In March 2022 a decision was made by the Law Society Property Working Group to re-instate the property 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 re-instatement 'plus'.

As at November 2022 our project management partner forecast a total project cost from this date of £5.4m. £2.9m of this is considered re-instatement works and fully recoverable through our insurance policy. Within the accounts is an insurance debtor balance of £2.9m reflecting this recoverable amount. £2.5m is considered enhancement work and these costs will be borne by the Law Society. A construction partner is expected to be appointed in springtime 2023 with construction forecast to be completed in February 2024.

## 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 2022 levy costs recognised totalled £19.2m, which represented 13.8% of the Group's total operating cost (2021: £18.9m: 14.7%). Levy income raised of £19m (2021: £17.9m) means there is an under recovery of levy costs of £0.2m (2021: under recovery of £1.0m).

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

## Reserves

At the end of the financial period the balance sheet shows net assets of £58.3m (2021: £60.8m), of which £32.6m (2021: £34.1m) is free reserves once fixed assets and the investment in SRA Ltd are excluded.

## Solicitors Regulation Authority Limited (SRA)

In 2022, results included in these statements for the Solicitors Regulation Authority are for a full year as a separately incorporated legal entity, Solicitors Regulation Authority Ltd. For the prior year, results for SRA are for seven months as a division of the Law Society and five months, from 1 June 2021, as the above separate legal entity. During the financial year the SRA generated an increase in reserves of £1.5m (2021: £5.3m). The surplus was largely owing to higher than-expected levels of practising fee income through an increased number of solicitors, and underspends in staffing, owing to higher than anticipated vacancy levels.

The majority of our funding comes from annual fees set each year. We charge these fees to individuals (e.g. Practising certificate fee) as well as to firms (recognised bodies and licensed bodies). These are mandatory and must be paid in order for individuals and firms to practise.

In addition to the practising fees a levy is collected on behalf of the Compensation Fund (the 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. Income recognised from the Fund for costs associated with the management and administration of the Fund by the SRA totalled £7.2m in the financial year (2021: £7.3m). Additionally, we collected £3.0m (2021: £3.2m) in administration fees for other applications from individuals and firms.

The Solicitors Qualifying Examination (SQE) is the assessment for all aspiring solicitors in England and Wales. It is designed to assure consistent, high standards for all qualifying solicitors. The SQE is split into two assessments – SQE1 and SQE2 with multiple sittings of each assessment taking place during the year. The first sitting of the SQE took place in November 2021. The SQE is provided by Kaplan SQE Ltd., working with, and on behalf of, the SRA. During the financial year we recognised £8.4m in income related to the assessments and direct costs of delivery of £8.2m (2021: £Nil – this was the first year the examination has taken place). We expect this figure to increase over coming years as more candidates sit the examination.

Our total operating expenditure for the reporting period was £74.8m (2021: £60.3m) of which 49% (2021: 58%) was on staff related costs.

### Legal and intervention costs

The provision for disciplinary proceedings and litigation costs at 31 October 2022 was £1.9m (2021: £1.4m). 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 Fund.

### Reserves

At the end of the financial period the balance sheet shows net assets of £16.7m (2021: £15.2m), of which £14.8m (2021: £14.6m) is unrestricted reserves once fixed assets are excluded.

### Solicitors Indemnity Fund (SIF)

The activities of the Fund gave rise to a deficit of £3.5 million for the year (2021: deficit £0.2 million). Interest and returns generated from the investment portfolio resulted in a loss of £2.3 million (2021: £3.4 million gain); and the Fund also incurred administrative expenses of £0.5 million (2021:

£0.6 million). The tax credit for the year was £1k (2021: credit £54k).

The result of the operations will fluctuate as they are based on the development of claims and indemnity recoveries which may differ from expectation.

As at 31 October 2022, there were 156 open cases (2021: 163) a net decrease of 7 in the year. The increase in claims incurred net of insurance was £0.6 million (2021: increase of £3.0 million), driven by a decrease in net provision for claims of £0.5 million (2021: increase £1.6 million), no payment of insurance premium (2021: £0.8 million), whilst claims payments, net of indemnity claim recoveries, and including claims handling costs, during the year

were a net cost of £0.8 million (2021: £1.0 million). Amounts recoverable from insurers decreased by £0.4 million (2021: £0.4 million increase) in the year, whilst insurance recoveries in the year were £nil (2021: £1k).

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 £4.4 million (2021: £3.3 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 risk register and reporting procedures have been reviewed in 2021/22 and key risks and moderation activity is presented to the Executive Leadership Team (ELT), and the Law Society Audit Committee quarterly. Reports on Law Society risk are also provided quarterly to the Law Society Board.

Operationally, risk is monitored by a series of risk owners and risk moderation is benchmarked against a range of approved risk appetite levels set out in the Law Society and SRA risk management frameworks. To further support risk management activity, the Law Society has continued to enhance risk governance and management systems during this period, for example by leveraging Microsoft 365 tools to enhance the visibility of risk and risk moderation activity.

The key risks featuring on each strategic risk register are detailed below.

## The Law Society key risks

Risk	Mitigating actions
The risk that our current IT infrastructure fails to support the organisation's strategic and operational requirements, or the Law Society's IT modernisation programmes fail to deliver the anticipated organisational and operational benefits within the planned time frame.	In the Law Society, the IT transformation programme has continued to deliver against agreed milestones, for example migration of core data into Microsoft 365, the introduction of a new finance system and development work to implement a new eCommerce in 2022/23. There is a high-level governance process in place to ensure there is regular scrutiny at executive and board level with regular reporting to the Board in relation to budget management, programme delivery and risk moderation, including potential inflationary impact on longer term project plans and deliverables.
The risk that the Law Society is unable to deal with a major incident and this affects the delivery of core services.	Business continuity arrangements are subject to regular testing and scrutiny by the Law Society operational and executive leadership teams and are supported by independent internal control auditing. The ongoing development of the Law Society's IT systems and cloud-based applications has had a significant positive impact on business continuity resilience. The enhanced functionality and mobile working facilities have enabled the Law Society to provide a flexible and innovative approach to deliver services to members post-COVID-19.

Risk	Mitigating actions
The risk that legal action is taken against the Law Society or our reputation is damaged because of an individual's or the organisation's action or inaction.	The Law Society has an established timetable of independent internal audits to assess key areas where legal and/or control risks may exist. The independent internal audit programme has included a review of the Law Society's cyber security, IT systems strategy, procurement and anti-bribery and corruption key controls. To further monitor compliance with key internal controls, we also operate a separate quarterly internal control and assurance programme (ICAP) which scrutinises the effectiveness of key controls contained within the corporate policy suite. Outcomes identified from both audit and internal control review procedures are reported on a quarterly basis to the executive, Board and Audit Committee.
The Law Society does not make best use of its data to achieve its strategic goals or has a significant data incident that is reportable to the Information Commissioner's Office.	The 'Shaping our Future' programme includes workstreams to maximise the use of the Law Society's data to benefit the membership, at the same time enhancing security and data compliance requirements by utilising secure cloud-based solutions and cleansing data prior to migration.  Key advantages are now being taken as data has been migrated into the Microsoft 365 Teams environment which is enabling more effective links; for example, in respect of developing more agile and member focused services.
The possibility that a legislative change is made to the 2007 Legal Services Act that significantly impacts on the Law Society's existing governance, strategic and operational planning arrangements and/or Law Society internal financial forecasts fall significantly outside of expected targets.	The Law Society has an established programme of financial forecasting and reporting. Data is provided on a monthly basis to budget holders together with aggregated reports to the executive leadership team which are also overseen by the Board. In terms of wider funding arrangements, a range of scenario-based options and outcomes have been developed in order to gain a better understanding of what potential impact(s) a legislative change may have upon the existing governance, strategic and operational plans. However, it should be noted that other key events from prior and the current year continue to place significant demands upon parliamentary time. In view of this the probability of this risk occurring in the short term remains low, but monitoring continues. Periodic reviews of the internal governance structure, including the General Regulations and committee terms of reference is undertaken by the governance team and general counsel.
Inflationary pressures become insurmountable and have an adverse impact on the Law Society's business operations and commercial activity	The Law Society's established key budgetary and financial management procedures have enabled the close control of finances throughout the financial year without inflation impacting on member services. These procedures have been enhanced by utilising the new finance system and a series of regular 'in-year' budget reviews. Financial reporting is provided monthly to budget holders together with aggregated reports to the leadership which are also overseen by the Board. A range of scenario-based inflation-impact scenarios and outcomes have been developed to understand the long-term impact and this has been used in medium and long-range forecasting used in the development of the new strategic plan.





## 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 on a quarterly basis. The Audit and Risk Committee also reviews the Mid-Tier Risk register. Management of both these registers sits with the Senior Management Team which monitors them regularly.

To further support risk management activity, 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 training for all managers on internal controls.

The SRA are ever mindful of the increasing risk posed by cyber security, as for most organisations. We apply the controls in the ISO:27001 framework, in line with recognised best practice, and on 23 December 2022 received confirmation of our certification to this standard.

The SRA continue to invest in technical resources and capabilities to deal with existing and emerging risks as effectively as possible. This includes engaging additional cyber security partners to assist with incident management and response.

In 2022, the annual fundamental review of the strategic risk register was carried out. The principal risks have been captured on this register and cover the following risks:

- Risks around delivery of crucial areas of work – specifically the SQE, Investigation and Enforcement work, and anti-money laundering agenda.
- Risks around the adequacy of the response to legislative and policy changes, developments in the legal services market, and the equality, diversity, and inclusion agenda.

At the time of writing, five of the six strategic risks sit within the Board's risk tolerance. One risk 'a failure to deliver an effective investigation and enforcement casework function, resulting in significant adverse publicity and/or outcomes which fail to protect the public interest' is currently outside of tolerance. This is mainly due to an increase in the median time to conclude cases. The Board is monitoring this risk closely and has agreed three further controls – short- and longer-term actions to address the concern. Based on current planning the SRA is aiming to deliver the further controls by the end of 2023 and expect the risk to return within tolerance at that stage.

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 2022 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;
- commissioned an internal audit report into the Law Society's financial planning and budgeting processes and overseen the progress of the resultant actions;
- considered internal audit reports, monitored the progress of implementation of agreed internal audit actions and approved the internal audit plan for 2021/22;
- 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 annually the level of non-audit services provided by the external auditors with all non-audit services over £50,000 requiring pre-approval from the Audit Committee Chair. In 2022 there were no non-audit services performed (2021: £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 2021 it was agreed to appoint BDO for a further year.

## 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:

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

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 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 from the SIF management team. The committee also confirmed the basis of the calculation for the provision and the date of the most recent external actuarial valuation (2020) 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 recharge of costs to the Compensation Fund where the committee has been assured there has been no change to the recharge methodology, and has reviewed a high-level analysis explaining the year-on-year movement in the total level of the recharge prepared by management.

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

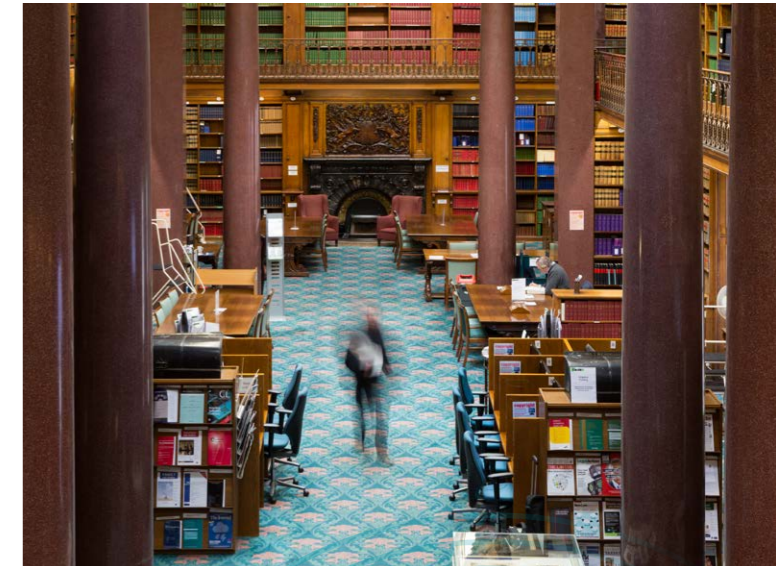
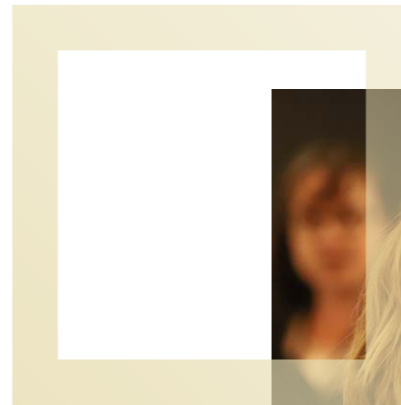
The Audit Committee has received annual assurance reports from the Board and the SRA Board confirming the adequacy and satisfactory operation of the systems of financial control, risk management and internal audit.

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.

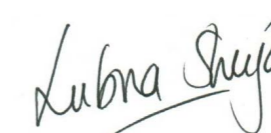
The Board considers that the Annual Report and consolidated and individual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Law Society's performance and strategy.

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.



Lubna Shuja,  
Law Society President  
12/07/23



Robert Bourns  
Law Society Board Chair  
12/07/23



# 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 Society's affairs as at 31 October 2022 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 2022 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, Law Society Statement of Changes in Equity, 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 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 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 intend to liquidate the Group or the 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 Society and the sector in which it operates;
- Discussion with management and those charged with governance including the Audit Committee;
- Obtaining and understanding of the 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 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;
- 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 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;

- 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;
- 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 29 November 2022. 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:

*Kyla Bellingall*

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

21 July 2023

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 2022

	Note	2022	2021
		The Law Society Group	The Law Society Group
		£'000	£'000
<b>Income:</b>			
Practising fee income	2	106,065	104,945
Other income	-	31,105	21,365
Indemnity operations	3	832	139
<b>Total income</b>	-	<b>138,002</b>	<b>126,449</b>
<b>Operating cost:</b>			
The Law Society Group excluding funding of external bodies (levies)	4.1	(117,815)	(106,250)
Funding of external bodies	5.1	(19,157)	(18,946)
Indemnity operations	3	(2,025)	(3,870)
Other operating income/(cost)	6.1	1,100	(162)
<b>Total operating cost</b>	<b>6.1</b>	<b>(137,897)</b>	<b>(129,228)</b>
<b>Operating result</b>	-	<b>105</b>	<b>(2,779)</b>
Income and realised gains from investments and claims recoveries	7.1	537	5,515
<b>Result before taxation</b>	-	<b>642</b>	<b>2,736</b>
Tax refund	8.1	1	48
<b>Net result after taxation</b>	-	<b>643</b>	<b>2,784</b>

The notes on pages 51 to 87 form part of these financial statements.

## Consolidated statement of comprehensive income for the year ended 31 October 2022

	Note	2022	2021
		The Law Society Group	The Law Society Group
		£'000	£'000
<b>Net result after taxation</b>	-	<b>643</b>	<b>2,784</b>
<b>Other comprehensive income:</b>			
Unrealised (loss)/gain on current asset investment	-	(6,191)	5,670
Deferred tax on unrealised loss/(gain)	8.1	1,055	(419)
<b>Comprehensive (expense)/income for the year</b>	-	<b>(4,493)</b>	<b>8,035</b>

## Consolidated statement of changes in equity for the year ended 31 October 2022

	The Law Society Group
	£'000
<b>Balance at 1 November 2020</b>	<b>77,020</b>
Net result after taxation	2,784
Net other comprehensive income	5,251
<b>Total comprehensive income for the year</b>	<b>8,035</b>
<b>Balance as at 31 October 2021</b>	<b>85,055</b>

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

## The Law Society income statement for the year ended 31 October 2022

	Note	Law Society Professional Body	2022 The Law Society	Law Society Professional Body	Solicitors Regulation Authority	2021 The Law Society
					7 months to May 21	
		£'000	£'000	£'000	£'000	£'000
<b>Income:</b>						
Practising fee income	2	47,988	47,988	47,680	33,140	80,820
Other income	-	12,330	12,330	11,119	5,338	16,457
<b>Total income</b>	-	<b>60,318</b>	<b>60,318</b>	<b>58,799</b>	<b>38,478</b>	<b>97,277</b>
<b>Operating cost:</b>						
The Law Society excluding funding of external bodies (levies)	4.2	(43,048)	(43,048)	(45,993)	(32,820)	(78,813)
Funding of external bodies	5.2	(19,157)	(19,157)	(18,930)	(7)	(18,937)
Other operating income/(cost)	6.2	1,100	1,100	(162)	-	(162)
<b>Total operating cost</b>	<b>6.2</b>	<b>(61,105)</b>	<b>(61,105)</b>	<b>(65,085)</b>	<b>(32,827)</b>	<b>(97,912)</b>
<b>Operating result</b>	-	<b>(787)</b>	<b>(787)</b>	<b>(6,286)</b>	<b>5,651</b>	<b>(635)</b>
Income and realised (loss)/gain from investments	7.2	(518)	(518)	4,167	-	4,167
<b>Result before taxation</b>	-	<b>(1,305)</b>	<b>(1,305)</b>	<b>(2,119)</b>	<b>5,651</b>	<b>3,532</b>
Tax refund	8.2	-	-	(2)	-	(2)
<b>Net result after taxation</b>	-	<b>(1,305)</b>	<b>(1,305)</b>	<b>(2,121)</b>	<b>5,651</b>	<b>3,530</b>
Recharge	-	-	-	2,244	(2,244)	-
<b>Net result for the year</b>	-	<b>(1,305)</b>	<b>(1,305)</b>	<b>123</b>	<b>3,407</b>	<b>3,530</b>

The notes on pages 51 to 87 form part of these financial statements.

## The Law Society statement of comprehensive income for the year ended 31 October 2022

	Note	Law Society Professional Body	2022 The Law Society	Law Society Professional Body	Solicitors Regulation Authority	2021 The Law Society
					7 months to May 21	
		£'000	£'000	£'000	£'000	£'000
<b>Net result after taxation</b>	-	<b>(1,305)</b>	<b>(1,305)</b>	<b>123</b>	<b>3,407</b>	<b>3,530</b>
<b>Other comprehensive (expense)/income:</b>						
Unrealised (loss)/gain on current asset investment	-	(2,327)	(2,327)	3,177	-	3,177
Deferred tax on unrealised loss/(gain)	8.2	1,141	1,141	(419)	-	(419)
<b>Comprehensive (expense)/income for the year</b>	-	<b>(2,491)</b>	<b>(2,491)</b>	<b>2,881</b>	<b>3,407</b>	<b>6,288</b>

The notes on pages 51 to 87 form part of these financial statements.



## Consolidated balance sheet as at 31 October 2022

	Note	2022	2021
		The Law Society Group	The Law Society Group
		£'000	£'000
<b>Non-current assets:</b>			
Tangible fixed assets	11.1	14,397	14,019
<b>Total non-current assets</b>	-	<b>14,397</b>	<b>14,019</b>
<b>Current assets:</b>			
Stocks – goods for resale	-	110	184
Debtors	14.1	44,390	26,031
Current asset investments	12.1	92,418	88,282
Cash at bank and in hand	-	86,491	42,976
<b>Total current assets</b>	-	<b>223,409</b>	<b>157,473</b>
<b>Current liabilities:</b>			
Creditors amounts falling due within one year	15.1	(143,211)	(69,706)
<b>Total current liabilities</b>	-	<b>(143,211)</b>	<b>(69,706)</b>
Net current assets	-	80,198	87,767
<b>Total assets less current liabilities</b>	-	<b>94,595</b>	<b>101,786</b>
<b>Provisions:</b>			
Gross indemnity claims provision	13	(10,813)	(11,424)
Society provisions	16.1	(3,220)	(5,307)
<b>Total provisions</b>	-	<b>(14,033)</b>	<b>(16,731)</b>
<b>Total net assets</b>	-	<b>80,562</b>	<b>85,055</b>
<b>Represented by:</b>			
Accumulated funds at the start of the year	-	85,055	77,020
Total comprehensive (expense)/income	-	(4,493)	8,035
<b>Accumulated funds</b>	-	<b>80,562</b>	<b>85,055</b>

The notes on pages 51 to 87 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.



Lubna Shuja | **President** 12/07/23



Robert Bourns | **Law Society Board Chair** 12/07/23

## The Law Society balance sheet as at 31 October 2022

	Note	2022	2021
		The Law Society Group	The Law Society Group
		£'000	£'000
<b>Non-current assets:</b>			
Tangible fixed assets	11.2	12,445	13,367
Investment in subsidiary	10	13,338	13,338
<b>Total non-current assets</b>	-	<b>25,783</b>	<b>26,705</b>
<b>Current assets:</b>			
Stocks – goods for resale		110	184
Debtors	14.2	34,493	16,650
Current asset investments	12.2	40,593	46,863
Cash at bank and in hand	-	25,482	7,569
<b>Total current assets</b>	-	<b>100,678</b>	<b>71,266</b>
<b>Current liabilities:</b>			
Creditors amounts falling due within one year	15.2	(67,532)	(35,402)
<b>Total current liabilities</b>	-	<b>(67,532)</b>	<b>(35,402)</b>
Net current assets	-	33,146	35,864
<b>Total assets less current liabilities</b>	-	<b>58,929</b>	<b>62,569</b>
<b>Provisions:</b>			
Society provisions	16.2	(595)	(1,744)
<b>Total provisions</b>	-	<b>(595)</b>	<b>(1,744)</b>
<b>Total net assets</b>	-	<b>58,334</b>	<b>60,825</b>
<b>Represented by:</b>			
Accumulated funds at the start of the year	-	60,825	54,537
Total comprehensive (expense)/income	-	(2,491)	6,288
<b>Accumulated funds</b>	-	<b>58,334</b>	<b>60,825</b>

The notes on pages 51 to 87 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.



Lubna Shuja | **President** 12/07/23



Robert Bourns | **Law Society Board Chair** 12/07/23

## Consolidated cash flow statement for the year ended 31 October 2022

	Note	2022	2021
		The Law Society Group	The Law Society Group
		£'000	£'000
Net cash inflow from operating activities	-	643	2,784
<b>Adjustments for:</b>			
Depreciation/impairment of tangible fixed assets	11.1	1,618	1,763
Income from investments and claims recoveries	7.1	(537)	(5,515)
Taxation	-	(1)	(48)
Loss on disposal of fixed assets	11.1	71	811
Impairment of assets	11.1	-	59
Decrease in stock	-	74	4
(Increase) in debtors	14.1	(18,250)	(6,603)
Increase in creditors < 1 year	15.1	73,505	6,424
(Decrease)/increase in gross indemnity claims provisions	-	(611)	1,337
(Decrease) in provisions	16.1	(1,032)	(1,719)
<b>Cash from/(used in) operations</b>	-	<b>55,480</b>	<b>(703)</b>
Income from bank interest and claims recoveries	-	45	12
Taxation refund	-	43	12
<b>Net cash generated from/(used in) operating activities</b>	-	<b>55,568</b>	<b>(679)</b>
<b>Cash flow from investing activities:</b>			
Purchase of tangible assets	11.1	(2,068)	(1,911)
Proceeds from sale of non-cash investments	-	1,932	26,738
Purchase of non-cash investments	-	-	(9,000)
Income from short-term cash deposits	-	91	-
<b>Net cash (used in)/ generated from investing activities</b>	-	<b>(45)</b>	<b>15,827</b>
<b>Net increase in cash and cash equivalents</b>	-	<b>55,523</b>	<b>15,148</b>
Cash and cash equivalents at the beginning of the year	-	47,978	32,830
Cash and cash equivalents at the end of the year	-	103,501	47,978
		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	-	86,491	42,976
Short-term deposits (included in current asset investments)	-	17,010	5,002
<b>Cash and cash equivalents</b>	-	<b>103,501</b>	<b>47,978</b>

## Notes to the consolidated financial statements for the year ended 31 October 2022

### 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 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 has been consolidated as a subsidiary entity of the Law Society and is considered to be a subsidiary under the terms of FRS 102 by virtue of control through the Law Society's entitlement to any surpluses of SIF upon approval by the SIFL Board.

The consolidated Law Society Group results therefore include the Solicitors Regulation Authority Ltd and Solicitors Indemnity Fund results for the full twelve months in both the current and prior year.

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

In the current year, the Law Society individual financial statements include the results of the Law Society only. In the prior year, results of the Solicitors Regulation Authority are included for the seven months up to the 31 May 2021 which preceded the date of separation, 1 June 2021, after which its operations continued as a separate legal entity as the Solicitors Regulation Authority Ltd.

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.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 1. Accounting policies (continued)

### 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.

#### 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.

This is done at regular intervals during the year. 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 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 not discounted.

#### 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.
- Restructuring – a restructuring provision is recognised when the Law Society has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring.
- Other – provision is made for any other items where a liability is considered to be probable.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 1. Accounting policies (continued)

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.

##### 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 maximum of 12.25% of basic salary. The amount charged to the Income and Expenditure account 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.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 1. Accounting policies (continued)

### 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.

### Fixed assets and depreciation

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:**

<b>Building structure</b>	50 years
<b>External works</b>	35 years
<b>Services and fittings</b>	15-25 years
<b>Internal finishes</b>	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:**

<b>Premiums paid</b>	over the period to the next open market rent review
<b>Improvements</b>	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.

### 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 hour's 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.

### Valuation of investments

Current asset investments comprise of managed investment funds. Investments are measured at fair value. Changes in fair value are recognised in other comprehensive income as a separate component in equity. 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.

Profits and losses on sales of investments are measured by reference to the carrying value.

Other investments are measured at fair value. Changes in fair value are recognised 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.

### The Law Society prior period adjustment (individual financial statements) – funding of external bodies

In the financial statements for the year ended 2021 there was a misallocation of levy costs between the Legal Ombudsman and the Legal Services Board. Operating costs of £1.8m of the Legal Ombudsman were incorrectly allocated to the operating cost of the Legal Services Board.

This misallocation has been corrected in these financial statements. Notes 5.1 and 5.2 now reflect the correct operating costs of the Legal Ombudsman and Legal Service Board for the comparative year 2021.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 1. Accounting policies (continued)

### The Law Society Group prior period adjustment– cash flow statement

In the prior year £5.0m of short-term liquid investments was not included as a cash equivalent in the cashflow statement. In line with FRS102 and the accounting policy relating to cash and cash equivalents within these statements this amount has been restated as a cash equivalent in the prior year cashflow statement.

These short-term liquid investments are available on demand and form an integral part of the group's cash management.

This has also meant a restatement of the prior year Financial Instruments summary at the end of this note.

### The Law Society Group change in accounting Policy– cash flows from/to current asset investments

The Law Society has adopted the policy to classify cash flows from/to assets defined as current asset investments as cash flows from investing activities

to provide more relevant and accurate information as to the origin/destination of these cashflows. In accordance with FRS102 this represents a change in accounting policy and prior period disclosures have been updated as set out below.

In the financial statements for the year ended 2021 £5.8m of cash flows from current asset investments had been classified as cash generated from operating activities. Cash flows from current asset investments not defined as cash or cash equivalents is not cash generated from operating activities following this policy change. Cash generated from or used in current asset investments and transferred to or from cash or cash equivalents have been adjusted and classified as cashflows from investing activities.

Furthermore, these cashflows have been re-stated between 'proceeds from sale of non-cash investments' and 'purchase of non-cash investments' to accurately reflect the origin/destination of these cash flows.

The impact on the prior year cashflow statement of both the prior period adjustment and change in accounting policy stated above is summarised in the following extract from that statement:

	Note	2021	2021	
		Re-stated	As reported	Prior period adjustment
		£'000	£'000	£'000
<b>Cash (used in) operations</b>	-	<b>(703)</b>	<b>(703)</b>	-
Income from bank interest and claims recoveries	-	12	5,826	(5,814)
Taxation refund/(paid)	-	12	12	-
<b>Net cash generated from/(used in) operating activities</b>	-	<b>(679)</b>	<b>5,135</b>	<b>(5,814)</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible assets	11.1	(1,911)	(1,911)	-
Proceeds from sale of non-cash investments	-	26,738	6,922	19,817
Purchase of non-cash investments	-	(9,000)	-	(9,000)
<b>Net cash from/(used in) investing activities</b>	-	<b>15,827</b>	<b>5,011</b>	<b>10,816</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	<b>15,148</b>	<b>10,146</b>	<b>5,002</b>
Cash and cash equivalents at the beginning of the year	-	32,830	32,830	-
<b>Cash and cash equivalents at the end of the year</b>	-	<b>47,978</b>	<b>42,976</b>	<b>5,002</b>

		2021	2021	
		Re-stated	As reported	Prior period adjustment
		£'000	£'000	£'000
Cash at bank and in hand	-	42,976	42,976	-
Short-term cash deposits (included in current asset investments)	-	5,002	-	5,002
<b>Cash and cash equivalents</b>	-	<b>47,978</b>	<b>42,976</b>	<b>5,002</b>

## 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.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## Financial instruments summary

The groups financial instruments may be analysed as follows:

	2022	2021
	Consolidated	Consolidated
	£'000	£'000
Financial assets measured at fair value through profit or loss	75,408	83,280
Cash and cash equivalents	103,501	47,978
Financial assets that are debt instruments measured at amortised cost	44,389	26,031
<b>Financial assets</b>	<b>223,298</b>	<b>157,289</b>
Financial liabilities that are debt instruments measured at amortised cost	155,284	84,923
<b>Financial liabilities</b>	<b>155,284</b>	<b>84,923</b>

## 2. Practising certificate fee income Consolidated

The process for the collection of the 2022/23 practising certificate fees commenced in October 2022, therefore the income received during October 2022 that relates to the 2022/23 period has been deferred for release in the year ended 31 October 2023.

The amount of deferred income within creditors at the year-end is £102.7m (2020: £41.2m). 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 following details the group income from the 2021-22 collection period and the deferred income and debtor position for the 2022-23 collection period.

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
<b>Consolidated income statement</b>		
PC fee income 2021-22 (prior year 2020-21)	106,065	104,945
<b>Consolidated balance sheet</b>		
PC fee income 2022-23 deferred (prior year 2021-22)	102,651	41,161
PC fee income 2022-23 debtors (prior year 2021-22)	25,655	14,551

## The Law Society

The amount of deferred income within creditors at the year-end for the Law Society is £48.6m (2021: £18.7m).

As SRA is the invoicing entity, debtor balances for practising certificate fees are recognised within Solicitors Regulation Authority Ltd and appear as such 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.

The following details the Law Society income from the 2021-22 collection period and the deferred income and debtor position for the 2022-23 collection period.

	2022		2021		
	Law Society Professional Body	The Law Society	Law Society Professional Body	Solicitors Regulation Authority	The Law Society
	£'000	£'000	£'000	£'000	£'000
<b>Law Society income statement</b>				7 months to May 21	
PC fee income 2021-22 (prior year 2020-21)	47,988	47,988	47,680	33,140	80,820
<b>Consolidated balance sheet</b>					
PC fee income 2022-23 deferred (prior year 2021-22)	48,554	48,554	18,681	-	18,681

## 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 three indemnity operations entities:

	2022	2021
	£'000	£'000
SIF gross claims paid - recoveries	287	134
Decrease in net provision for claims	545	-
Insurance recoveries	-	1
Contributions receivable	-	4
<b>Income statement - income from indemnity operations</b>	<b>832</b>	<b>139</b>
SIF gross claims paid - payment	(1,054)	(1,111)
Increase in net provision for claims	-	(1,558)
Other	(971)	(1,201)
<b>Income statement - operating costs from indemnity operations</b>	<b>(2,025)</b>	<b>(3,870)</b>

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 4.1 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.

Prior year results for the Solicitors Regulation Authority have been split between the period before, and after, separation from the Law Society parent entity on the 1 June 2021.

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	832	138,002
Operating cost	(43,048)	(74,767)	-	(117,815)
Funding of external bodies (levies)	(19,157)	-	-	(19,157)
Indemnity Operations	-	-	(2,025)	(2,025)
Other operating income	1,100	-	-	1,100
<b>Operating result</b>	<b>(787)</b>	<b>2,085</b>	<b>(1,193)</b>	<b>105</b>
Income from investments and claims recoveries	(518)	168	887	537
<b>Result before taxation</b>	<b>(1,305)</b>	<b>2,253</b>	<b>(306)</b>	<b>642</b>
Taxation	-	-	1	1
<b>Result after taxation</b>	<b>(1,305)</b>	<b>2,253</b>	<b>(305)</b>	<b>643</b>
Unrealised loss on fixed asset investment	(2,327)	(677)	(3,187)	(6,191)
Deferred tax on unrealised loss	1,141	(71)	(15)	1,055
<b>Comprehensive (expense)/ income for the year</b>	<b>(2,491)</b>	<b>1,505</b>	<b>(3,507)</b>	<b>(4,493)</b>

## 4.1 Consolidated operating activities (continued)

2021	Law Society Professional Body	Solicitors Regulation Authority	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group
		7 months to May 21	5 months to October 21		
Consolidated income statement	£'000	£'000	£'000	£'000	£'000
Total income	58,799	38,478	29,033	139	126,449
Operating cost	(45,993)	(32,820)	(27,437)	-	(106,250)
Funding of external bodies (levies)	(18,930)	(7)	(9)	-	(18,946)
Indemnity Operations	-	-	-	(3,870)	(3,870)
Other operating income	(162)	-	-	-	(162)
<b>Operating result</b>	<b>(6,286)</b>	<b>5,651</b>	<b>1,587</b>	<b>(3,731)</b>	<b>(2,779)</b>
Income from investments and claims recoveries	4,167	-	17	1,331	5,515
<b>Result before taxation</b>	<b>(2,119)</b>	<b>5,651</b>	<b>1,604</b>	<b>(2,400)</b>	<b>2,736</b>
Taxation	(2)	-	(4)	54	48
<b>Result after taxation</b>	<b>(2,121)</b>	<b>5,651</b>	<b>1,600</b>	<b>(2,346)</b>	<b>2,784</b>
Recharge	2,244	(2,244)	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>123</b>	<b>3,407</b>	<b>1,600</b>	<b>(2,346)</b>	<b>2,784</b>
Unrealised gain on fixed asset investment	3,177	-	300	2,193	5,670
Deferred tax on unrealised gain	(419)	-	-	-	(419)
<b>Comprehensive income/ (expense) for the year</b>	<b>2,881</b>	<b>3,407</b>	<b>1,900</b>	<b>(153)</b>	<b>8,035</b>



# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 4.1 Consolidated operating activities (continued)

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.

	The Law Society	Solicitors Regulation Authority Ltd	Indemnity operations	The Law Society Group
	£'000	£'000	£'000	£'000
Net assets as at 31.10.22	44,996	16,745	18,821	<b>80,562</b>
Net assets as at 31.10.21	47,487	15,238	22,330	<b>85,055</b>

Of the £80,562k (2021: £85,055k) above only £61,741k (2021: £62,725k) is available for use by the Law Society Group as £18,821k (2021: £22,330k) 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 SIFL Board.

## 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.

## 4.2 The Law Society operating activities

	2022		2021		
	Law Society Professional Body	The Law Society	Law Society Professional Body	Solicitors Regulation Authority	The Law Society
				7 months to May 21	
The Law Society income statement	£'000	£'000	£'000	£'000	£'000
Total income	60,318	<b>60,318</b>	58,799	38,478	<b>97,277</b>
Operating cost	(43,048)	<b>(43,048)</b>	(45,993)	(32,820)	<b>(78,813)</b>
Funding of external bodies (levies)	(19,157)	<b>(19,157)</b>	(18,930)	(7)	<b>(18,937)</b>
Other operating income/(cost)	1,100	<b>1,100</b>	(162)	-	<b>(162)</b>
<b>Operating result</b>	<b>(787)</b>	<b>(787)</b>	<b>(6,286)</b>	<b>5,651</b>	<b>(635)</b>
Income and realised (loss)/gain from investments	(518)	<b>(518)</b>	4,167	-	<b>4,167</b>
<b>Result before taxation</b>	<b>(1,305)</b>	<b>(1,305)</b>	<b>(2,119)</b>	<b>5,651</b>	<b>3,532</b>
Taxation	-	-	(2)	-	<b>(2)</b>
<b>Result after taxation</b>	<b>(1,305)</b>	<b>(1,305)</b>	<b>(2,121)</b>	<b>5,651</b>	<b>3,530</b>
Recharge	-	-	2,244	(2,244)	-
<b>(Deficit)/surplus for the year</b>	<b>(1,305)</b>	<b>(1,305)</b>	<b>123</b>	<b>3,407</b>	<b>3,530</b>
Unrealised (loss)/gain on fixed asset investment	(2,327)	<b>(2,327)</b>	3,177	-	<b>3,177</b>
Deferred tax on unrealised loss/(gain)	1,141	<b>1,141</b>	(419)	-	<b>(419)</b>
<b>Comprehensive (expense)/income for the year</b>	<b>(2,491)</b>	<b>(2,491)</b>	<b>2,881</b>	<b>3,407</b>	<b>6,288</b>

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 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:

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Legal Ombudsman operating cost	11,754	11,711
Legal Services Board operating cost	3,547	3,327
Solicitors Disciplinary Tribunal operating cost	3,159	3,148
Office for Professional Body Anti-Money Laundering Supervision operating costs	697	760
	<b>19,157</b>	<b>18,946</b>

## 5.2 The Law Society – funding of external bodies

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Legal Ombudsman operating cost	11,754	11,711
Legal Services Board operating cost	3,547	3,327
Solicitors Disciplinary Tribunal operating cost	3,159	3,148
Office for Professional Body Anti-Money Laundering Supervision operating costs	697	751
	<b>19,157</b>	<b>18,937</b>

## 6.1 Consolidated operating result

The operating result is stated after charging/(crediting)

		2022			2021	
	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	25,349	36,855	-	62,204	60,318 <sup>†</sup>
IT Transformation and other programme spend	-	4,619	-	-	4,619	5,706
Depreciation/Amortisation	11.1	1,039	588	-	1,628	1,763
Impairment of fixed assets	11.1	-	(9)	-	(9)	59
Loss on disposal of fixed assets	11.1	72	-	-	72	811
Amounts payable under operating leases – land and buildings	-	119	974	-	1,093	1,166
Funding of external bodies	5.1	19,157	-	-	19,157	18,946
Indemnity operations	3	-	-	2,025	2,025	3,870
Insurance proceeds	-	(1,100)	-	-	(1,100)	162
Other operating costs	-	11,849	36,359	-	48,208	36,427 <sup>†</sup>
<b>Total operating costs</b>	<b>-</b>	<b>61,105</b>	<b>74,767</b>	<b>2,025</b>	<b>137,897</b>	<b>129,228</b>

<sup>†</sup> These figures have been restated. In the prior year financial statements £275k of office holder employment costs had been incorrectly analysed as other operating costs. The reclassification has increased employment costs by £275k and decreased other operating costs by £275k compared to the corresponding disclosure in the 2021 financial statements.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 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 £0.5m were incurred and recognised in 'other operating costs'.

As of 31 October 2022, in year insurance receipts of £1.1m have been recognised as 'insurance proceeds'. A £2.9m (2021: £1.9m) 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/(crediting)

	2022	2021
	£'000	£'000
<b>Audit fees:</b>		
Current year	381	338
<b>Audit fees relating to the Law Society only are as follows:</b>		
Current year	182	190
<b>Non-audit fees:</b>		
Current year	-	-
<b>Non-audit fees relating to the Law Society only are as follows:</b>		
Current year	-	-

## 6.2 The Law Society operating result

The operating result is stated after charging/(crediting)

		2022	2021
	Note	The Law Society	The Law Society
		£'000	£'000
			7 months to May 21
Employment costs	9	25,350	25,549 <sup>†</sup>
IT Transformation and other programme spend	-	4,619	5,706
Depreciation/Amortisation	11.2	1,039	1,041
Impairment of fixed assets	-	-	-
Loss on disposal of fixed assets	11.2	72	789
Amounts payable under operating leases - land and buildings	-	119	488
Funding of external bodies	5	19,157	18,930
Insurance proceeds	-	(1,100)	162
Other operating costs	-	11,849	12,420 <sup>†</sup>
<b>Total operating costs</b>	-	<b>61,105</b>	<b>32,827</b>

<sup>†</sup> These figures have been restated. In the prior year financial statements £275k of office holder employment costs had been incorrectly analysed as other operating costs. The re-classification has increased employment costs by £275k and decreased other operating costs by £275k compared to the corresponding disclosure in the 2021 financial statements.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

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

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Bank deposit interest	31	1
Managed investment funds income	1,169	2,245
Realised (loss)/gain on investments	(826)	3,569
Interest on claims recoveries	163	(300)
	<b>537</b>	<b>5,515</b>

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

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
Bank deposit interest	31	1
Managed investment funds income	615	597
Realised (loss)/gain on investments	(1,165)	3,569
	<b>(518)</b>	<b>4,167</b>

## 8.1 Consolidated taxation

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
UK Tax at 19% (2021: 19%) based on result for the year	-	(39)
Adjustment in respect of prior years	(1)	(11)
<b>Current tax (credit)</b>	<b>(1)</b>	<b>(50)</b>
Deferred tax charged within the Income statement	-	2
<b>Total tax (credit) in the income statement</b>	<b>(1)</b>	<b>(48)</b>
Deferred tax (credit)/charge within other comprehensive income	(1,141)	419
Deferred tax adjustment in respect of prior years within other comprehensive income	86	-
<b>Total tax (credit)/charge</b>	<b>(1,056)</b>	<b>371</b>
<b>Reconciliation of tax charges:</b>		
Result before tax	642	2,736
Tax at 19% (2021: 19%)	122	520
<b>Adjustments to tax:</b>		
Amend tax on SIF result to 20% (2021: 20%)	-	23
(Income)/expenses not deductible for tax purposes	(2)	107
Exempt activities	(403)	(2,046)
Movement in unrecognised deferred tax	(311)	518
Capital Allowances	(2)	(9)
Capital gains	449	850
Tax on unrealised (losses)/gains	(1,473)	97
Deferred tax relating to other comprehensive income	1,141	(418)
Remeasurement of deferred tax	(199)	321
Other timing differences	14	-
Tax losses arising for which no deferred tax asset is recognised	664	-
Adjustments in respect of prior periods	-	(11)
<b>Current tax (credit)</b>	<b>-</b>	<b>(48)</b>

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 8.2 The Law Society taxation

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
UK Tax at 19% (2021: 19%) based on result for the year	-	-
<b>Current tax charge/(credit)</b>	-	-
Deferred tax: timing differences, origination and reversal	-	-
Deferred tax charged within the Income statement	-	2
<b>Total tax charge in the income statement</b>	-	2
Deferred tax (credit)/charge within other comprehensive income	(1,141)	419
<b>Total tax (credit)/charge</b>	<b>(1,141)</b>	<b>421</b>
<b>Reconciliation of tax charges:</b>		
Result before tax	(1,305)	3,532
Tax at 19% (2021: 19%)	(248)	671
<b>Adjustments to tax:</b>		
Expenses/(income) not deductible for tax purposes	(3)	92
Exempt activities	25	(1,744)
Movement in unrecognised deferred tax	(312)	133
Capital gains	449	850
Tax on unrealised gains	(867)	97
Deferred tax relating to other comprehensive income	1,141	(418)
Remeasurement of deferred tax	(199)	321
Other timing differences	14	-
<b>Current tax charge</b>	-	2

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 2022 remains at 19%. For the year beginning 1 April 2023 the main rate of corporation tax is set at 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.

## 9. Compensation, remuneration and staff numbers

### 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 key management roles including Council, Board and Audit Committee members and the two Chief Executives and their executive leadership teams.

Council members are paid an annual expense allowance of £4,919 (2021: £4,513) when they Chair a Board or Committee, unless the Board they sit on has stipulated a different payment as disclosed below. Council members who do not Chair a Board or committee are paid an annual expense allowance of £1,640 (2021: £1,505). 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 £819 (2021: £751).

The three elected office holders of the Law Society, the President, vice President and deputy vice President received emoluments of £200,796 (2021: £183,292) and expense allowance payments of £2,989 (2021: £61,277).

The Chair of the Law Society Board received emoluments of £42,800 (2021: £42,700).

Three non-executive members of the Board received emoluments in respect of their roles of £21,000 (2020: £15,750).

The Chair of the Audit Committee received emoluments of £10,000 (2021: £9,300). Two non-executive members of the Audit Committee received emoluments in respect of their roles of £10,000 (2021: £7,500).

Members of the SRA Board receive £12,500 (2021: £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. The exception to this is the Chair whose emoluments are disclosed below.

The Chair of the SRA board received emoluments of £90,000 over the financial year (2021: £90,000).

The table below discloses the total remuneration of the two Chief Executives and their executive leadership teams. During 2022, four members of the Law Society executive team were members of the Law Society stakeholder pension scheme, a defined contribution pension scheme. During 2022, four members of the SRA executive team were members of the Law Society stakeholder pension scheme.

	2022			2021		
	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
<b>Total for executive team</b>	<b>791</b>	<b>1,530</b>	<b>2,321</b>	<b>776</b>	<b>1,427</b>	<b>2,203</b>
<b>Highest paid member:</b>						
Salary and benefits	226	375	601	327	335	662
Pension contributions	11	-	11	-	-	-
<b>Total emoluments</b>	<b>237</b>	<b>375</b>	<b>612</b>	<b>327</b>	<b>335</b>	<b>662</b>

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 9. Compensation, remuneration and staff numbers (continued)

### 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:

Consolidated	2022			2021		
	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	20,735	30,231	50,966	20,951 <sup>†</sup>	28,224	49,175
Social security costs	2,460	3,391	5,851	2,441	3,318	5,759
Other pension costs	1,542	2,570	4,112	1,559	2,418	3,977
Other costs	612	663	1,275	598	809	1,407
	25,349	36,855	62,204	25,549	34,769	60,318

### 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:

	2022		2021		
	Law Society Professional Body	The Law Society	Law Society Professional Body	Solicitors Regulation Authority	The Law Society
	£'000	£'000	£'000	£'000	£'000
				7 months to May 21	
Wages and salaries	20,735	20,735	20,951 <sup>†</sup>	16,581	37,532
Social security costs	2,460	2,460	2,441	1,889	4,330
Other pension costs	1,542	1,542	1,559	1,398	2,957
Other costs	613	613	598	417	1,015
	25,350	25,350	25,549	20,285	45,834

<sup>†</sup> This figure has been restated. In the prior year financial statements £275k of office holder employment costs had been excluded from this analysis. Accordingly, note 6.2 in respect of the prior year has been restated to reflect this re-allocation from other operating costs to employment costs.

### Staff numbers

The average number of full-time equivalent staff was 1,085 (2021: 1,070).

	2022	2021
Law Society Professional Body	377	404
Solicitors Regulation Authority	708	666
<b>Total</b>	<b>1,085</b>	<b>1,070</b>

## 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 2022. 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:

	2022	2021
	£'000	£'000
Investment in Subsidiaries at cost	13,338	13,338
	<b>13,338</b>	<b>13,338</b>

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%
<sup>†</sup> Solicitors' Indemnity Fund (professional indemnity for solicitors)	Fund	100%
<sup>†</sup> Solicitors' Indemnity Fund Limited (acting as agent for the Solicitors' Indemnity Fund)	Limited by guarantee	100%

<sup>†</sup> SIF is considered to be a subsidiary under the terms of FRS 102 by virtue of control through the Law Society's entitlement to any surpluses of SIF upon approval by the SIFL Board. A summary of SIF's income and expenditure is included within these financial statements, see note 3.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 11.1 Consolidated tangible fixed assets

	Leasehold	Freehold	Furniture & equipment	IT Hardware	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
As at 01.11.21	2,793	19,903	3,769	6,207	32,672
Additions	660	-	744	664	2,068
Disposals	-	(561)	(1,526)	(3,659)	(5,746)
As at 31.10.22	3,453	19,342	2,987	3,212	28,994
<b>Accumulated depreciation</b>					
As at 01.11.21	(2,746)	(7,367)	(3,127)	(5,413)	(18,653)
Charge for the year	(85)	(733)	(282)	(518)	(1,618)
Release on disposal	-	526	1,525	3,623	5,674
As at 31.10.22	(2,831)	(7,574)	(1,884)	(2,308)	(14,597)
<b>Net book value</b>					
As at 31.10.22	622	11,768	1,103	904	14,397
As at 01.11.21	47	12,536	642	794	14,019

Included within tangible fixed assets are assets held on finance leases. The net book value of assets held on finance leases is £270k (2021: £245k).

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

Disposals of 'freehold' 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.

During the year the Law Society undertook a full review of its fixed asset registers. This resulted in the removal of a significant volume of assets across all category groups which were deemed no longer in use by the Law Society. The majority of assets had been fully depreciated with a nil net book value. These assets are categorised as disposals in the fixed asset note above.

## 11.2 The Law Society tangible fixed assets

	Freehold	Furniture & equipment	IT Hardware	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
As at 01.11.21	19,903	2,859	4,251	27,013
Additions	-	36	154	190
Disposals	(561)	(1,526)	(3,659)	(5,746)
As at 31.10.22	19,342	1,369	746	21,457
<b>Accumulated depreciation</b>				
As at 01.11.21	(7,367)	(2,250)	(4,029)	(13,646)
Charge for the year	(733)	(168)	(138)	(1,039)
Release on disposal	526	1,525	3,622	5,673
As at 31.10.22	(7,574)	(893)	(545)	(9,012)
<b>Net book value</b>				
As at 31.10.22	11,768	476	201	12,445
As at 01.11.21	12,536	609	222	13,367

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

Disposals of 'freehold' 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.

During the year the Law Society undertook a full review of its fixed asset registers. This resulted in the removal of a significant volume of assets across all category groups which were deemed no longer in use by the Law Society. The majority of assets had been fully depreciated with a nil net book value. These assets are categorised as disposals in the fixed asset note above.

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 12.1 Consolidated investments

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Current asset investments		
Managed investment fund	92,418	88,282
<b>Total investments - short-term</b>	<b>92,418</b>	<b>88,282</b>

## 12.2 The Law Society investments

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
Current asset investments		
Managed investment fund	40,593	46,863
<b>Total investments - short-term</b>	<b>40,593</b>	<b>46,863</b>

Investments in short-term deposits and other instant access financial products, held as part of the managed investment fund, have been treated as investments.

Managed investments funds are invested for long term gain but can be liquidated with 24 hours' notice. The funds comprise of equities, investment grade bonds and other securities

## 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:

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Gross claims reserves	4,811	6,378
IBNR	4,380	3,302
Claims handling costs	1,622	1,744
	<b>10,813</b>	<b>11,424</b>

These provisions are for all known cases and are notified on a 'claims made' 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 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 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 pre-1 September 2000 claims are almost complete and there remain only a few 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:

	2022	2021	Movement
	The Law Society Group	The Law Society Group	The Law Society Group
	£'000	£'000	£'000
Pre 2000 claims	912	828	84
Post six-year run off claims	3,899	5,550	(1,651)
	<b>4,811</b>	<b>6,378</b>	<b>(1,567)</b>

The movement of claims reserves are a Key Performance Indicator and are reviewed by the Directors periodically. Furthermore, the Directors are provided with significantly more information relating to large and sensitive claims being any claim with a reserve in excess of £50,000.



# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 13. Consolidated gross indemnity claims provision (continued)

### Incurred but not reported (IBNR)

This provision relates to claims 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 assumptions 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 during 2021. The Directors take a prudent approach when selecting the level of reserving from the range identified by the actuarial review. The Directors review the development of claims against the expected actuarial projection and where necessary adjust the provision accordingly. 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 and is a key element in the claims management development process. 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 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 date 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 claims.

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 forecast ranging between the 50th percentile and 99.5th percentile forecast which provides differing

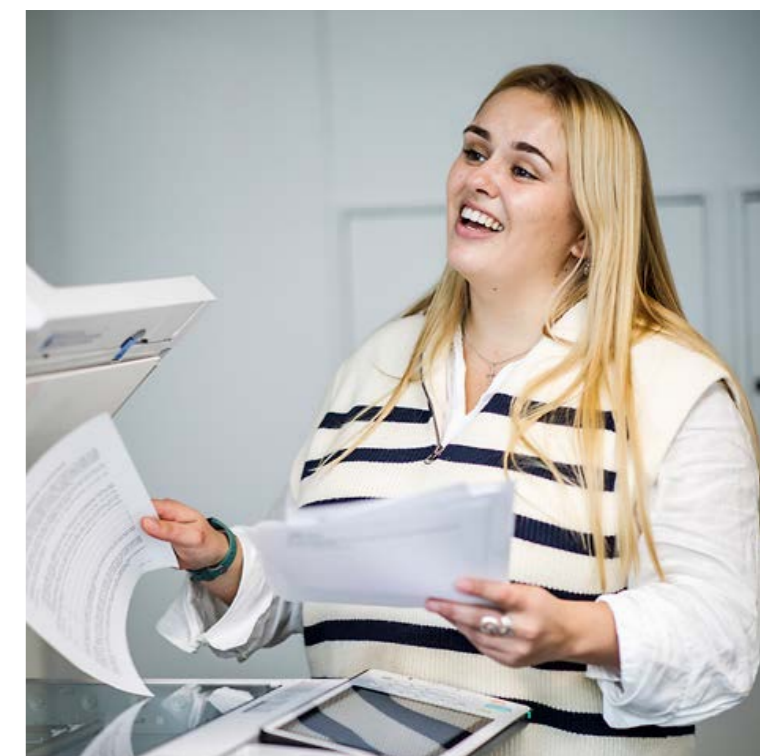
outcomes of the IBNR provision for post six year run off claims. The Directors have taken a prudent approach when selecting the level of reserving for these financial statements.

The securing of the Insurance Agreement (IA) 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. Therefore, the IA covers the Fund beyond the 99.5th percentile for claims to 30 September 2020.

During January 2021 the Fund entered into a supplementary IA 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 IA provides protection in excess of £1.7 million and up to a maximum of £4.3 million which is beyond the 99.5th percentile.

In 2021 The Law Society of England and Wales provided an unconditional undertaking to reimburse to the Fund the amount of any net solvency shortfall (i.e. any deficit) in its capital arising from the extension of the Fund's liability for post six-year run off claims until 30 September 2022, limited to a maximum liability of £4.0 million. That undertaking was released on 1 October 2022 and in its place the Solicitors Regulatory Authority Limited (SRA) has provided a similar undertaking covering the extension to 30 September 2023, with an increased maximum liability of £6.0 million. The undertaking covers liability in respect of all claims notified to the Company in accordance with rule 8.5(a) of the SRA Indemnity Rules 2012 at any time up to and including 30 September 2023 (but not claims notified after that date). The SRA is entitled to be released from its undertaking upon receipt by the Fund of adequate alternative comfort on the affordability of the extension whether from an updated actuarial review or otherwise.

In the light of this undertaking and the potential costs, the SIF Board has taken the decision not to put any further insurance agreement in place to cover the Fund's claims liabilities for the extension to either 30 September 2022 or 30 September 2023.



# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 14.1 Consolidated debtors

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Trade debtors	5,248	2,851
PC fee debtors	25,655	14,551
Other debtors	3,480	1,995
Prepayments	3,651	3,273
Accrued income	5,140	2,215
Deferred tax	-	14
Indemnity operations claims recoveries	524	589
Interest on claims recoveries receivable	692	543
	<b>44,390</b>	<b>26,031</b>

Trade debtors includes £0.9m (2021: £0.9m) of debtors on payment plans which fall due in more than one year. Indemnity operations claim recoveries includes £0.5m (2021: £0.5m) falling due after more than one year. Interest on claim recoveries receivable includes £0.7m (2021: £0.5m) falling due after more than one year. All other amounts are considered due within one year.

Other debtors includes £2.9m (2021: £1.9m) of expected insurance reimbursements following fire damage suffered to an insured building.

## 14.2 The Law Society debtors

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
Trade debtors	1,663	1,250
Other debtors	3,081	1,918
Prepayments	2,163	1,556
Accrued income	411	426
Intercompany – Solicitors Regulation Authority Ltd	27,175	11,500
	<b>34,493</b>	<b>16,650</b>

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

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
Trade creditors	2,751	1,820
PC fee deferred income	102,651	41,161
Amounts due to the Legal Ombudsman	7,379	6,881
Amounts due to the Legal Services Board	2,065	1,925
Amounts due to other Law Society affiliated entities	7,978	1,724
Other creditors	1,678	1,494
Accruals	13,699	8,662
Other deferred income	2,838	4,525
Taxation PAYE and NI	1,905	1,418
VAT	267	96
	<b>143,211</b>	<b>69,706</b>

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

## 15.2 The Law Society creditors amounts falling due within one year

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
Trade creditors	883	757
PC fee deferred income	48,554	18,681
Amounts due to the Legal Ombudsman	7,379	6,881
Amounts due to the Legal Services Board	2,065	1,925
Other creditors	101	8
Accruals	5,335	4,334
Other deferred income	2,173	2,087
Taxation PAYE and NI	761	617
VAT	281	112
	<b>67,532</b>	<b>35,402</b>

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 16.1 Consolidated provisions

	2021	Utilised	Added	Released	2022
	£'000	£'000	£'000	£'000	£'000
Interventions, disciplinary proceedings and litigation	2,280	(5,350)	5,492	(524)	1,898
Dilapidations	1,439	(705)	87	-	821
Ex gratia pensions for ex-employees	251	(21)	-	-	230
Deferred tax	1,337	-	75	(1,141)	271
	5,307	(6,076)	5,655	(1,665)	3,220

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

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).

## 16.2 Law Society provisions

	2021	Utilised	Added	Released	2022
	£'000	£'000	£'000	£'000	£'000
Dilapidations	156	-	13	-	169
Ex gratia pensions for ex-employees	251	(21)	-	-	230
Deferred tax	1,337	-	-	(1,141)	196
	1,744	(21)	13	(1,141)	595

## 17. Related party transactions SRA Compensation Fund

The Law Society 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 collected contributions on behalf of the Compensation Fund totalling £15,650k (2021: £13,877k) and the Law Society recovered costs from the Compensation Fund totalling £7,229k (2021: £7,278k). At the year end the amount owed by the Law Society to the Compensation Fund totalled £7,978k (2021: £1,724k).

### Council, Board and committee members

Transactions that the Law Society has with members of Council, Board, SRA Board and Audit Committee, 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 2022 was £21k (2021: £4k).

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 2022 operating results include an aggregate cost of these related party transactions of £149k (2021: £54k) paid to and £42k (2021: £46k) received from entities that the member holds a significant influence over.

Also included in the operating result are amounts totalling £17k (2021: £11k) paid to and £810 (2021: £3k) received directly from members for services rendered to the Law Society or its related entities.

### Other related entities

Income for the year includes £37.5k (2021: £27k) of management fees charged to King's Counsel Appointments Limited, and other sales made totalling £1.9K (2021: £4k). At the year-end there was £nil outstanding from King's Counsel Appointments Limited (2020: £nil).

# Notes to the consolidated financial statements for the year ended 31 October 2022 (continued)

## 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.

In 2021, The Law Society of England and Wales provided an unconditional undertaking to reimburse to the Solicitors Indemnity Fund the amount of any net solvency shortfall (i.e. any deficit) in its capital arising from the extension of the Fund's liability for post six-year run off claims until 30 September 2022, limited to a maximum liability of £4.0 million. That undertaking was released on 1 October 2022.

## 20.1 Consolidated operating lease commitments

As at 31 October 2022, the Law Society Group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	The Law Society Group	The Law Society Group
	£'000	£'000
<b>Land and building:</b>		
Leases expiring within one year	1,130	1,138
Leases expiring between two and five years	4,476	5,103
Leases expiring after five years	5,417	7,864
	<b>11,023</b>	<b>14,105</b>

Operating lease commitments include for the Law Society lease payments on rented office space in Brussels and Cardiff of £240k. The main commitment is for the Solicitors Regulation Authority of £10,783k 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 2022, the Law Society had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022	2021
	The Law Society	The Law Society
	£'000	£'000
<b>Land and building:</b>		
Leases due within one year	94	122
Leases due between two and five years	146	28
	<b>240</b>	<b>150</b>

## 21. Capital commitments

As at 31 October 2022, the Law Society Group had no capital commitments (2021: £1,562k).



# Council, Board and committee membership

## Council

Council membership for 2021-22 comprised:

Sushila Abraham	Mark Brown	Nina Ferris	Nawaz Khan	Christopher Noon	David Taylor left Oct-22
Richard Adams	Peter Causton left Nov-21	Tony Fisher	Amandeep Khasriya left Oct-22	Placida Ojinnaka left Oct-22	Donna Taylor
Mark Anderson	Helen Chen from Oct-22	Daniel Fitzpatrick	Kathryn King	Emily O'Neill left Oct-22	Clive Thomas from Oct-22
Jonathan Andrews	Danielle Cohen from Oct-22	Nick Fluck	Carolyn Kirby	David Patient	Shannett Thompson
Richard Atkinson deputy vice President from Oct-22	Salome Coker	Beth Forrester left Oct-22	James Kitching	David Richards from Oct-22	Laura Uberoi
Sarah Austin left Oct-22	Ed Crosse left Oct-22	Michael Frape	Pavel Klimov	Peter Rodd	Nehal Vasani from Oct-22
Richard Barr left Oct-22	Antonino Cuffaro from Oct-22	Mohammad Gaffar from Oct 22	Steven Kunczewicz	Simon Rollason from Oct-22	Christopher Vigrass
David Barraclough	Paul Cummins	Michael Garson left Oct-22	Linda Lee	Nicola Rubbert	Bill Waddington left Oct-22
Cordella Bart-Stewart	Guy Davies left Jun-22	Melinda Giles	Denise Lester	Asma Ruksar	Sarah Watkins left Oct-22
Pat Beeching	Simon Davis left Oct-22	Holly Goacher left May-22	Jeff Lewis	Sarah Sargent from Oct-22	Peter Watson-Lee
Hannah Beko from Oct-22	Dana Denis-Smith from Oct-22	Jonathan Goldsmith	Ngaryan Li	Lucy Scott-Moncrieff left Oct-22	Jonathan Wheeler
Paul Bennett left Oct-22	Allan Devine	Shama Gupta	Lizzy Lim	Razi Shah left Oct-22	Ariel White-Tsimikalis left Oct-22
Karen Bexley from Oct-22	Brett Dixon	Stephen Head from Jul-22	Alastair Logan	Paul Sharma	Alexandra Wilson from Oct-22
Suki Binjal	Josephine Duchenne	Philip Henson from Oct-22	Claire Logan	Eunice Shang-Simpson	Clare Wilson from Oct-22
Andrew Bishop from Jul-22	Louise Duckett from Jan-22	Russell Hewitson	Jawaid Luqmani left Oct-22	Johnny Shearman from Jan-22	Eleri Wones
Kyle Blackburn	Alan East from Jan-22	Charlotte Hill from Jan-22	Salma Maqsood	Lubna Shuja; vice President from Mar-21; President from Oct-22	Jessica Yu
Cobi Bonani	Adrienne Edgerley Harris	Saima Hirji	Hannah McCrindle from Oct-22	Christoph Sicking from Oct-22	
Scott Bowen	Fiona Edmond from Oct-22	Steven Hudson	Akilah McEwen from Oct-22	Paul Singh	
I. Stephanie Boyce vice President from Oct-20; President from Mar-21; left Oct-22	Nick Emmerson deputy vice President from Oct-21; vice President from Oct-22	Graham Jones from Oct-22	Joe Mensah-Dankwah left Oct-22	Bal Singh Atwal	
Ben Brown from Oct-22	Mark Evans	Nicola Jones-King from Oct-22	Mark Newby	Ravinder Singh Chumber	
	Nichola Evans	Mary Kaye left Oct-22	Caroline Newman	Clive Sutton	
		Muntech Kaur			

**The following member left Council after the 2021-22 financial year:**

Nawaz Khan left Feb-23

## Boards and Committees

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

### The Board

Eleven meetings took place from November 2021 to October 2022. Details of attendance and composition of the Board was as follows:

Attended	Meetings	Name	Position/term
11	(11)	Robert Bourns	Chair
9	(11)	Stephanie Boyce † (left Council October 2022)	President from March 2021
10	(11)	Lubna Shuja †	Vice President as of March 2021, President as of October 2022
9	(11)	Nick Emmerson †	Deputy vice President from October 2021, vice President as of October 2022
7	(8)	Sarah Austin † (left Council October 2022)	From January 2022
11	(11)	Michael Garson † (left Council October 2022)	
9	(11)	Vicky Lockie	
11	(11)	Laura Uberoi †	
9	(11)	Penelope Warne	
10	(11)	Bill Butler	Chair of Finance and Investment Committee
9	(11)	Judy Craske	Chair of People and Remuneration Committee
8	(9)	Jonathan Goldsmith †	Chair of Policy and Regulatory Affairs Committee, from January 2022
11	(11)	Peter Watson-Lee †	Chair of Membership and Communications Committee, from November 2021
4	(4)	Caroline Newman †	Co-opted, left January 2022
1	(2)	Mark Davies	Interim Chair of the National Board for Wales, from September 2022
0	(0)	Richard Atkinson †	Deputy vice President, from October 2022

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.

### The following members joined the Board after the 2021-22 financial year:

Sushila Abraham Nov-22

Melinda Giles Nov-22

## SRA Board

SRA Board membership and attendance from November 2021 to October 2022 was as follows:

Attended	Meetings	Name	Position/term
11	(11)	Anna Bradley	Chair
9	(11)	Ann Harrison	
1	(1)	Peter Higson	Left 31 December 2021
9	(11)	Paul Loft	
-	(1)	Barry Matthews	Left 31 December 2021
8	(10)	Lisa Mayhew	Joined 1 January 2022
1	(1)	Geoff Nicholas	Left 31 December 2021
9	(9)	Dermot Nolan	Left 12 August 2022
11	(11)	Elizabeth Smart	
11	(11)	Vikas Shah	
9	(11)	Selina Ullah	
9	(9)	Tony Williams	Left 31 August 2022
2	(2)	Nicola Williams	Joined 1 September 2022

### The following members joined the SRA Board after the 2021-22 financial year:

Claire Bassett Jan-23

Rob McWilliam Mar-23

## Committees

### Audit Committee

Four meetings took place from November 2021 to October 2022. Details of attendance and composition of the committee was as follows:

Attended	Meetings	Name	Position/term
4	(4)	Joanne Stimpson	Chair
4	(4)	Heather Butler	Independent Member
3	(4)	Hilary Daniels	Independent Member
3	(4)	Bill Butler	Board Member
3	(4)	Sarah Austin † (left Council October 2022)	Board Member (joined March 2022)

†Council member

## Law Society Registered Office

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