

The Society reported an after-tax profit of £620K for the year, from income of £13,342K. A significant unrealised loss of £259K on the value of the investment portfolio held by the Society reduced the profit of the Society.

The practising certificate fee and accounts fee for the 2022/23 practising year were increased by 12% as part of the agreed realignment to pre covid levels with significant increases agreed for 2023/24 practising year, driven by high inflation pressures with a changing economic environment whilst maintaining appropriate reserves.

Expenditure (excluding actuarial movements in the closed pension scheme) was £12,688K, an increase of 12% from 2022. Costs continued to be managed closely throughout the year. Operating cost increased compared with the prior year across most areas, reflecting the return to post-pandemic levels of activity. While continuing to practice good cost control, inflationary pressures across the cost base, for people, programmes and operations, have also contributed to the overall expenditure increase compared with the prior year, together with continuing necessary investment in IT infrastructure and security.

The Finance sub-committee monitors the reserves position throughout the year against the Operating Reserves Policy. The reserves cover calculation as at 31 October 2023 shows the Society holds sufficient reserves to meet the requirements of the reserves policy and is not considered to be in a recovery period.

Council has a reasonable expectation at the time of approving the financial statements that the Society has adequate resources to continue its operations and meets its liabilities as they fall due for the foreseeable future. This conclusion has been reached from an assessment of three-year financial forecasts and scenario analysis.

The presentation of the Society's financial statements is consistent with the previous year. In order to comply with Financial Reporting Standard 102, the figures of the Society and its subsidiary, Law Society of Scotland (Services) Limited, have been consolidated with those of the Scottish Solicitors' Guarantee Fund and presented as group financial statements. It should be noted that, as required by statute, all income received by the SSGF is legally ringfenced to meet only future claims and therefore is not available under any circumstances for the Society's use. Similarly, the reserves of the Guarantee Fund are also ringfenced and designated for the Fund's use only.

There is more detailed commentary on the financial statements within the Financial Review section of the Annual Report.



The auditors have completed their work and have concluded that these financial statements give a true and fair view of the state of the Society's affairs as at 31 October 2023 and of its profit for the year ended 31 October 2023.

I therefore propose that the members approve the Report and Consolidated Financial Statements of the Law Society of Scotland for the year ended 31 October 2023.