



Law Society of Scotland

Report and Consolidated Financial Statements

Year ended 31 October 2025



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Council's Report

Overview and Principal Activity

The Law Society of Scotland (the 'Society') is the professional body and regulator of Scottish solicitors.

We provide a range of support and services to more than 13,000 members to help ensure the Scottish solicitor profession and wider justice sector can thrive. We also protect the public interest and reputation of Scottish solicitors but setting and enforcing high standards through robust regulation. We also have a wider role, domestically and internationally, in protecting the rule of law, the independence of the legal profession, and access to justice for those in need. In doing so, we argue strongly for good law making and public policy decision making.

As an organisation, the Society was established by statute in 1949. Our core legislative framework is set out in the Solicitors (Scotland) Act 1980 as amended by other more recent acts of parliament

By law, all practising solicitors must members of the Society. We also provide other voluntary forms of membership and authorisations, including registered foreign lawyers and accredited paralegals.

The Council of the Law Society acts as our principal strategic decision making body and is made up of elected and appointed solicitor members, as well as lay public interest members. By law, our regulatory functions are delegated to a Regulatory Committee which is made up of 50% lay and 50% solicitor members. Many of our regulatory and non-regulatory work is delegated to committees of the Council and sub-committees of the Regulatory Committee.

At an executive level, we have around 170 staff who work across five directorates covering:

- regulation
- member services and engagement;
- education, training and qualifications;
- external relations;
- finance and operations.

All work aligns with our current strategy which commenced in 2022 and sets five key aims

1. Supporting our members to thrive
2. Modern and effective regulation acting in the public interest
3. Innovation and efficiency
4. Influential voice that enhances our legal sector and justice
5. Leading the profession

We produce an annual plan each year which sets out the key specific projects we need to take forward to delivery against our strategic aims. The Annual Report does not form part of these financial statements, is not subject to review by independent auditor and can be found on our website.

As part of our statutory regulatory role, we also control and administer the Client Protection Fund, the operating name of the Scottish Solicitors' Guarantee Fund (SSGF). The Fund, established under the Solicitors Scotland Act (1980) exists solely to protect clients who have lost money as a result of dishonesty



Council's Report (continued)

of a solicitor or a member of their staff in connection with the practice of the solicitor. It is paid for entirely by solicitor firms without the use of taxpayer money from government. The Fund is only available to clients who use solicitors who are employed by legal firms regulated by the Society.

Review of financial year

Group

In compliance with Financial Reporting Standard 102, the Society's financial statements have been consolidated with those of the Scottish Solicitors' Guarantee Fund (SSGF) and with The Law Society of Scotland Services Limited (non-trading entity) and presented as financial statements for the Group. The statutory basis, day to day management and governance oversight of the SSGF is unaltered by consolidation. The SSGF is included within the consolidated financial statements in recognition of the Society exercising control over the management, governance and operation of the Fund.

As required by statute, all income received by the SSGF is legally ringfenced to meet only future claims and therefore not available under any circumstances for the Society's use. Similarly, the reserves of the SSGF are legally designated for that purpose and do not under any circumstances form part of the Society's free reserves. Control of the SSGF is, however, bestowed on the Society by law, and, more widely, the SSGF is considered to be of benefit to the Society in helping underpin the positive reputation of the profession.

Profit (prior to actuarial adjustments to defined benefit pension scheme) - Group

The Group reports a profit (prior to the actuarial adjustments to the defined benefit pension scheme) of £2,168,000 for the financial year ended 31 October 2025 (2024: profit of £2,360,000). This comprises the following components:

	2025	2024
	£000	£000
Law Society of Scotland	1,944	1,626
The Law Society of Scotland Services Limited	-	9
Scottish Solicitors' Guarantee Fund	224	726
Total – Group	2,168	2,360

Profit reported by the Group after actuarial adjustment was £2,413,000 (2024: profit of £2,050,000).



Investments - Group

The Group's investment portfolios reflect the improved performance of financial asset values during the year, with market values as at 31 October 2025 as follows:

	2025	2024
	£000	£000
Law Society of Scotland	4,046	3,582
The Law Society of Scotland Services Limited	-	-
Scottish Solicitors' Guarantee Fund	6,096	6,070
Total – Group	10,142	9,652

Cash and current investments - Group

Cash balances and current investments for the Group as at 31 October 2025 were as follows:

	2025	2024
	£000	£000
Law Society of Scotland	21,271	20,106
The Law Society of Scotland Services Limited	-	4
Scottish Solicitors' Guarantee Fund (<i>not available for the Society's use</i>)	2,177	1,865
Total – Group	23,448	21,975

Reserves - Group

Group Reserves increased from £15,897,000 to £17,415,000 at the year end. The breakdown is as follows:

	2025	2024
	£000	£000
Law Society of Scotland	9,336	8,042
The Law Society of Scotland Services Limited	-	-
Scottish Solicitors' Guarantee Fund	8,079	7,855
Total – Group	17,415	15,897

Reserves held by the SSGF are legally designated solely for the purposes of the SSGF and are not available to the Society. At 31 October 2025 the SSGF reserves were £8,079,000 (2024: £7,855,000).

The Society's reserves increased from £8,042,000 to £9,336,000 at the year end. The principal reason for this movement was net operational surplus, investment gain and dividend income mitigating impact of FRS102 amendment adoption with £0.8m of reserves reclassified as deferred income.

Society

Profit reported by the Society after actuarial adjustment was £2,189,000 (2024: profit of £1,528,000).

The Society reports a profit (prior to the actuarial adjustments to the closed final salary pension scheme liability) of £1,944,000 for the financial year ended 31 October 2025 (2024: profit of £1,838,000)



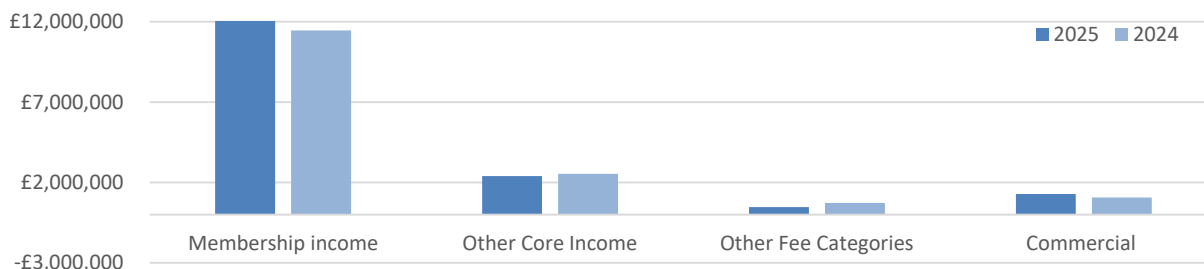
Council's Report (continued)

A gain of £354,000 (2024: gain of £393,000) in the value of the investment portfolio held by the Society is included in the reported profits. We are investing in funds for the longer term and the portfolio is managed according to defined criteria. The investment objective is to achieve a balanced return, seeking long term capital gains and some income. A medium risk profile is adopted.

Overall, we exceeded expectations at an operating level compared both with the budget set, and against the prior year, with an operating profit of £1,078,000 (2024: £539,000). Revenue uplift has positioned the Society to weather inflation increases already suffered and to adequately fund reserves to support the implementation of the Regulation of Legal Services (Scotland) bill and support required for infrastructure transformations. Operational expenditure has increased in line with increased activity and improved resource management has seen a reduction in vacancies; however, this remains challenging in a competitive recruitment market where delayed recruitment has created a financial upside. One of the main items in our Income Statement is the unrealised movements in investment values, and the general improvement in financial asset values during the year is reflected in the overall result for the Society, as outlined above.

Operating Income - Society

Income for the year (excluding investment gains) was £17.3 million, an increase of 10% from the previous year. Income is analysed as follows:



Membership income comprises full practising members (through the issuing of practising certificates), fees from being retained on the official roll of solicitors and non-practising member fees. Other core income comprises fees from regulatory activity. This includes the accounts fee paid by firm principals towards financial compliance and interventions and, the anti-money laundering fee which is charged to specifically cover the costs of our role as an authorised anti-money laundering regulator. We also receive income via recovery of costs awarded to us by the Scottish Solicitors Disciplinary Tribunal, and commission and recoveries from Judicial Factories.

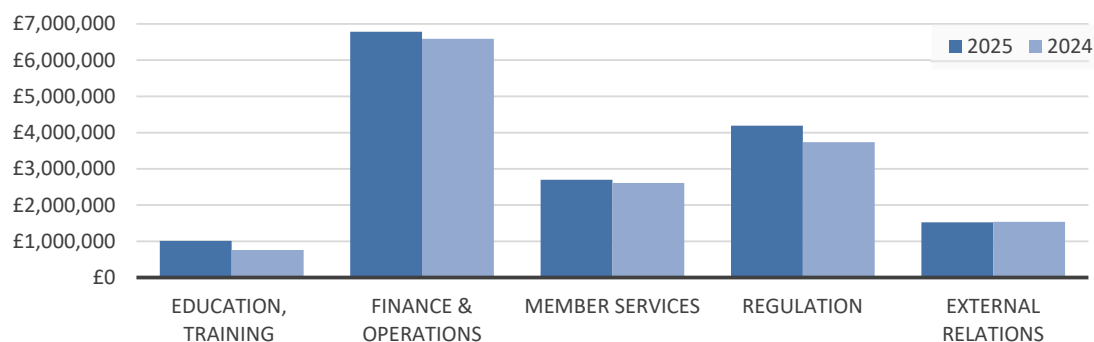
Fees uplift for practise year 2024/25 and 2025/26 are comparatively modest compared to previous years, this is reflective of our current reserves position and operating in an economy that has improved but remains challenging.



Council's Report (continued)

Operating Expenditure - Society

Expenditure (excluding actuarial movements in closed pension scheme) was £16.3 million (2024 £15.2 million), an increase of 7% from 2024. Expenditure is analysed as follows:



In 2024/25 operating costs increased compared with the prior year across most areas, reflecting increased activity, particularly within our regulation team in preparation for the passing of the Legal Services Bill which will require substantial changes to our regulatory work and governance. Additionally, whilst 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, particularly with the essential investment in IT infrastructure and security.

Pension debt and actuarial movement

The Society is responsible for a defined benefit pension scheme which was closed to future accrual from 1 May 2010. The most recent full actuarial valuation was carried out on 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer.

The overall deficit shown by most recent triennial valuation on 31 March 2022 was £800,000 (March 2019: £1,423,000) with the value of assets covering 92% (March 2019: 86%) of the value of the liabilities. The main reasons for the improvement in the funding level were the contributions paid by the Society over the intervaluation period, combined with better than expected investment returns, higher interest rates and gains on member settlements. These factors were partly offset by changing market conditions, mainly higher inflation rates with the overall net effect resulting in an increase in assets and a reduction in liabilities.

The deficit recovery repayment plan agreed in 2017 has resulted in aggregate contributions of £1,559,000 in the three years to March 2020. The Society meets the scheme running costs as they fall due. The Society finalised negotiations with the scheme trustees in August 2020 to determine the next recovery plan. Following the finalisation of the March 2019 triennial valuation in 2020, the next recovery plan was agreed covering a ten-year period. £170,000 was paid in March 2020 as year 1 of the revised plan. From March 2021 for nine years, £99,000 will be due to be paid annually, increasing at a rate of 5% per annum, with £109,000 having been paid in March 2023 and £115,000 paid in March 2024. With agreement of the Trustees of the scheme, contribution payments were not paid in 2025. This is due to the performance of the fund, Trustees of the Scheme have agreed that contributions from the Society are currently not required, however, may be required in the future.

Financial Reporting Standard 102 applies less prudent assumptions than those in the triennial actuarial valuation (as explained in note 20). The valuation surplus is not carried as an asset in the financial statements as we do not have an unconditional right to any surplus funds remaining at the cessation of the scheme. The reasons for the change in surplus over the period are primarily the purchase of a bulk annuity policy by the Trustee on 8 May 2025, for which a proportion of invested assets were disinvested in order



Council's Report (continued)

to pay for the premium for the policy. The actuarial valuation reported a gain for the year of £245,000 (2024: £310,000 loss)

At 31 October 2025 there was no scheme deficit for financial reporting purposes (2024: deficit £nil).

Reserves

The Society's reserves increased from £8 million to £9.3 million at the year end. The principal reason for this movement was net operational surplus, investment gain and dividend income mitigating impact of FRS102 amendment adoption with £0.8m of reserves reclassified as deferred income.

Finance Committee approved an updated Operating Reserves Policy in March 2026. The purpose of the Operating Reserves Policy is to ensure the stability of the activities and ongoing operations of the Society in support of our strategy and annual operating plan. The Society's policy for operating reserves (excluding designated SSGF reserves) is to hold between three and six months' average operating cost for the Society. The policy makes provision for the lower end of this range, or the minimum target, to be varied to reflect changes in the overall business environment. The calculation of the monthly operating cost is based on projected expenditure in future periods.

Operating reserves cover calculation as at 31 October 2025:

	£000 2025	£000 2024
Total Capital Employed	12,676	8,042
Less: Net book value of fixed assets	(4,974)	(768)
Reserves per policy (A)	7,702	7,274
Projected operating and capital expenditure for the next 12 months - Society only (B)	19,152	20,007
Number of months' coverage from reserves (A / (B/12))	4.8 months	4.4 months

The Operating Reserves Policy makes provision for a recovery period in the event that the use of reserves has been approved by Council and the supporting financial forecast indicate that two or more consecutive future year ends may see reserves measured below the minimum target level. During a recovery period, additional reporting and monitoring is required, including the review of a rolling 12 month forecast by the Finance Sub-committee and the Board on a quarterly basis. The above reserves cover calculation shows we hold sufficient reserves to meet the requirements of the reserves policy and so is not considered to be in a recovery period.

The Finance sub-committee reviews the appropriateness of the policy on an annual basis.



Council's Report (continued)

Corporate Governance

The Council of the Law Society is our principal strategic making body. Under our constitution, the Council is made up of

- not more than 31 solicitor members elected by members across 14 geographical constituencies.
- not more than nine appointed lay members.
- not more than eight co-opted solicitor members to represent particular interests or sectors within the profession.

Each year, the Council elects one of its solicitor members to serve, first as vice-president and then as president of the Law Society. Coupled with the immediate past president, the serving vice-president and president work together as an office bearer team for the organisation.

Many operational responsibilities are delegated by the Council to the Board which meets monthly to consider delivery against the annual plan and budget as well as risk management.

By law, the responsibility for delivering the Council's regulatory functions are delegated to the Regulatory Committee, which has a 50% solicitor and 50% lay membership, with a lay convener. Legislation forbids the Council from undue interference with the work of the Committee.

Responsibility for specific areas of work, both regulatory and non-regulatory, are delegated to other individual committees of the Council and sub-committees of the Regulatory Committee.



Council's Report (continued)

The following individuals currently serve on the Society's Council:

Office Bearers:	
President	Pat Thom
Vice President	Serena Sutherland
Past President	Susan Murray
Elected members for constituencies:	
Aberdeen, Banff, Peterhead & Stonehaven	Arlene Gibbs
Airdrie, Hamilton and Lanark	Paul Gerard Gostelow
Alloa, Falkirk, Linlithgow and Stirling	Ken Dalling
Arbroath, Dundee and Forfar	John Mulholland
Ayr, Dumfries, Kirkcudbright and Stranraer	Baktosch Gillan
Campbeltown, Dumbarton, Dunoon, Oban, Rothesay and Fort William	Caroline Harrison
Cupar, Dunfermline and Kirkcaldy	Rebecca Fraser
Dingwall, Dornoch, Elgin, Inverness, Kirkwall, Lerwick, Lochmaddy, Portree, Stornoway, Tain and Wick	Jaclyn Robertson
Edinburgh	Sheekha Saha
	Rebecca Roberts
	Ross Taylor
	Nyree Conway
	Sheila Webster
England and Wales	Eilidh May Dobson
Glasgow and Strathkelvin	Amna Ashraf
	Austin Lafferty
	William Lennox
	Stuart Munro
	Ahsan Mustafa
Greenock, Kilmarnock and Paisley	Peter Walsh
	Richard Crawford
Haddington, Peebles, Jedburgh, Duns and Selkirk	Iain Thomas Burke
Perth	Struan Ferguson
	Angela Wipat
Co-opted members:	
Corporate & banking sector	Andrew Hintridge
Solicitor to the Scottish Government	Ruaraidh Macniven
Scottish solicitors outside of Great Britain	Siobhan Kahmann
Scottish solicitor advocates	James Keegan KC
Crown Office & Procurator Fiscal Service	Stephen McGowan
In-house lawyers	Anne Stewart
Lay members:	Fiona Larg
	Anne Follin
	Charles Ilako
	Katherine Graham
	Patricia Matheson
	Bruce Nelson
	Ian Duddy



Council's Report (continued)

The following individuals currently sit on the Society's Board:

President

Vice President

Past President

Elected members:

Co-opted member

Observer Member (Convener of the Regulatory Committee)

Pat Thom

Serena Sutherland

Susan Murray

Paul Gostelow

Katherine Graham

Iain Burke

Ahsan Mustafa

Jennifer McGrath

David Gordon

Disclosure of information to auditor

The Council members who held office at the date of the approval of this Council report confirm that, so far as they each are aware, there is no relevant audit information of which the Society's auditor is unaware; and each Council member has taken all the steps that they ought to have taken as a member of the Society's Council to make themselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Going Concern

The Council has a reasonable expectation at the time of approving the financial statements that the Society has adequate resources to continue its operations and meet 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. Key items and issues considered include continuing increase in the membership numbers for 2025/26, the continued growth of online and in-person events and CPD training in 2025/26 and the continuation of appropriate cost and budgetary control.

In May 2025, the Scottish Parliament passed the Regulation of Legal Services (Scotland) Bill. Royal Assent was received soon after and commencement of the new Act is expected from summer 2026. This new legislation reaffirms the position of the Law Society as the professional body and regulatory of Scottish solicitors and gives us a range of new regulatory powers and responsibilities. A key element of this is a requirement to introduce a wholly new system of entity-based regulation which, in turn, allows the Society to establish a new firm level annual fee

The costs associated with the implementation of the Act 2025 are still evolving, therefore a conservative approach to forecasting has been adopted until the cost impact is fully established.

Key risks

Council has ultimate responsibility for the management of risk which is discharged through the Audit Committee. The Audit Committee reviews processes in place for risk management with reference to the corporate risk reports and through a programme of targeted internal audit activity.

The Senior Leadership Team review the risk register regularly. The risk register records corporate risks together with mitigating controls. Reports are made to Board and Audit Committee regularly to ensure risks are properly recorded and relevant controls documented. Key current risks include:



Council's Report (continued)

Area	Risk	Mitigating Action
Funding	The risk that we are unable to finance the business, caused by support provided to the profession in the form of discounted fees over two years with additional legislative obligations from new legal services bill pending, combined with a changing economic environment, record levels of inflation, cost of living crises and challenging labour market. This may result in reserves being depleted	Approved fees for 2025/26 continue to keep pace with inflation whilst ensuring reserves are adequately maintained. Our operating plan for 2025/26 includes provisions for the implementation of requirements from Regulation of Legal Services (Scotland) Bill and key technology projects which will ultimately improve efficiency and improve quality of our internal reports. Expenditure is managed closely to ensure we do not exceed budget
Closed defined benefit pension scheme	The risk that our pension scheme position declines, caused by insufficient funding and market volatility. This may result in a significant financial commitment	May 2025 the trustees of the scheme entered a buy-in arrangement with an insurance provider. Under this arrangement, the scheme acquired a bulk annuity policy to insurance pension liabilities of its members. This transaction forms part of the trustees' de-risking strategy and is expected to significantly reduce Law Society of Scotland risk. The Buy-in completion is expected mid 2027 with Buyout completion expected thereafter
Cyber security	The risk that the Society's cyber security fails to protect the organisation from a cyber-attack or fails to enable the organisation to prepare for and respond to cyber security issues.	Continued focus on colleague education and email/web filtering. Program of improvements and upgrades to processes and business systems with a focus of protecting and preparing for cyber security issues, such as introducing disaster recovery as a service for our CRM and Website hosted environment, continual migration of business systems to the cloud improving security and disaster recovery, implementing managed section and response service to proactively monitor and mitigate cyber attacks for our network, Microsoft 365 environment and hosted website environment.



Council's Report (continued)

Area	Risk	Mitigating Action
AI	The risk that the Society's data is made available to unintended recipients by use of an AI tool. This could include sensitive data	Introduction of the AI policy restricting use of AI tools to only those approved by IT, which will only be those that protect and ringfence our data. The IT team have been overseeing a pilot program to assess the effectiveness and utilisation of AI to assist with targeted tasks within the organisation.
Digital Transformation	The risk that digital transformation project deliveries are delayed, weakly governed or inadequately implemented	Digital Transformation Board is now in place, providing oversight of the project to minimise risks, ensure costs are controlled and delivery meets the needs of the organisation

Looking Ahead

Our strategy for 2022 to 2027 sets out our vision to enable a thriving profession of high quality and trusted solicitors in Scotland with access to justice for all. Our operating plan for 2024/25 was the third year of this new strategy. Many of the objectives were continued from the previous year objectives, including improving our infrastructure, processes and efficiencies. In 2022/23, we transitioned from a post-pandemic position into delivery of the new 5-year strategy at a time of economic uncertainty and record levels of inflation. During 2023/24 inroads were made into delivering "Our People Strategy" improving colleague experience, building a value-based work environment to attract and retain the best talent for the benefit of the Society and our members.

A key focus during 2025/26 will be the delivery of the Regulation of Legal Services (Scotland) Act 2025 transformation program, an important and substantial undertaking. IT transformation remains a key focus, ensuring a fit for purpose infrastructure is in place to support current and future requirements.

Future year budgets will consider the investment required to deliver on our strategic aims, securing our reserves position and ensuring we offer best value and service to our members. During 2025/26 Council and Senior leadership intends to commence the development of a new five-year strategy 2027-32 to guide the organisations future activities.

Serena Sutherland
President, Law Society of Scotland
22 June 2026



Finance Sub-Committee – Convener’s report

Committee members

Paul Gostelow
Ian Duddy (appointed 21 November 2024)
Baktosch Gillan (appointed 21 November 2024)
Bruce Nelson (appointed 21 November 2024)
Gordon Lennox
David Gordon (appointed 26 May 2025)
Jaqui Low (resigned 18 March 2025)
Serena Sutherland (resigned 30 May 2025)

Governance and financial control

The Finance sub-committee reports directly to the Society’s Board.

The Finance sub-committee is specifically required to:

- determine financial controls and propose innovations in financial management
- maintain a register of key risks in relation to finance and resources
- set policy and supervise the procurement process of the Society
- provide advice on any other matters referred to it by the Board
- review the level and nature of the Society’s banking arrangements, investments, borrowings and insurance cover
- report on quarterly management accounts to the Board
- produce an annual report to the Board and Council
- make a recommendation to the Board on the budget for the coming year
- make a recommendation to the Board on the practising certificate and other fees for the forthcoming year

Overview

The sub-committee continues to work closely with the Executive, Audit Committee and Board. Six sub-committee meetings were held during the year under review, including two joint meetings with the Audit Committee. The sub-committee monitored the reserves position throughout the year, by reviewing regular full year forecasts and the budget for 2025/26, which was approved by Council in October 2025. Principal member fees for 2025/26 were agreed at the Annual General Meeting in June 2025. The sub-committee will remain actively engaged during 2025/26 to ensure robust financial controls are in place, while supporting the Society to meet its strategic goals.

Paul Gostelow
Finance Committee
22 June 2026



Audit Committee – Convener’s report

Committee members

Fiona Larg (Convener) (resigned 1 January 2026)
Charles Ilako (Convener) (appointed 1 January 2026)
Helen Howden
Aidan Robertson (appointed 09 December 2024)
Kenneth Rose
Simon Young
Keith Donald
Peter McCall (resigned 01 January 2025)
Andrew Hintridge (appointed 01 May 2025)
Patricia Matheson (appointed 01 May 2025)

Governance and membership

The Committee, working with the finance team and external auditor, ensured that the financial statements were audited and presented to the members on time at the Annual General Meeting.

The Committee meeting minutes are reported to the Society’s Council. The Committee Convener also formally reports on the Committee’s work at the annual general meeting of the Society.

Responsibilities

The work of the Committee is to review and report on the effectiveness of the Society’s arrangements for audit, internal control and risk management. The Committee oversees the appointment of and monitors the work carried out by the Society’s internal and external auditors. Informed by its consideration of the work of the auditors, the Committee comments and makes recommendations on the appropriateness, practical application and effectiveness of the Society’s financial policies and procedures, management controls and its arrangements to identify and manage risk.

The Committee reviews the following at each of its meetings:

- progress by the Society against its annual plan objectives especially in relation to their financial impact on the Society; and
- the Society’s risk register with emphasis on changes in the risk profile and actions taken to mitigate key strategic risks

Through that regular review the Committee will question the actions and judgements of the Society’s senior leadership team, the Board and the office bearers in relation to the Society’s financial stewardship, safeguarding of the Society’s assets and the extent to which the Society achieves best value in the acquisition and use of resources. The Committee oversees the Society’s relations with the external auditor. To this end it receives and comments on the Society’s annual financial statements prior to their approval by Council and receives the report from the external auditor in forming their opinion on the financial statements.

The Committee also commissions and oversees the delivery of an agreed programme of work from its appointed internal auditors. It will also follow up to ensure that recommendations contained in internal audit reports are implemented appropriately and within a reasonable timeframe.

The Committee will from time to time carry out reviews into or report on ad hoc matters as it may consider appropriate or as it is requested to do by Council or the Society’s office bearers in accordance with the Society’s protocols on such matters.



Audit Committee – Convener’s report (continued)

Overview

The Committee met on five occasions this year. Two of these meetings were with the Finance sub-committee. These joint meetings ensured a joint approach to the review and approval of the financial statements for this year and the budget for 2025/26.

The overall work of the Committee should continue to be seen within the context of the Society’s approach to good governance as the Committee plays a key role in holding the Society’s office bearers, Council and senior leadership team to account for the management of risk and the effective operation of all risk management systems.

The Committee reviewed the reports on two internal audits conducted by Wylie and Bisset Group.

The Committee was satisfied with the overall conclusion of the internal auditors and continues to closely monitor progress against the recommended actions.

A considerable proportion of the Committee’s time was spent reviewing the principal risks of the Society.

The hard work by Committee members and everyone in the finance team is recognised and appreciated.

Charles Ilako
Audit Committee Convener
22 June 2026



Statement of Council's responsibilities

Council of the Law Society of Scotland ('the Society') are responsible for preparing the financial statements of the Society in accordance with the constitution of the Society.

The constitution requires Council to prepare financial statements for each financial year. Under the constitution, Council have elected to prepare the Group and Society financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Council will not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Society and of the surplus or deficit of the Group and Society for that period.

In preparing these financial statements, Council are required to:

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

Council are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the constitution and UK GAAP. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Society's website is the responsibility of Council. Council's responsibility also extends to the ongoing integrity of the financial statements contained therein.



Independent Auditor's Report to the Council of the Law Society of Scotland

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 Parent Entity's affairs as at 31 October 2025 and of the Group's profit and the Parent Entity'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 Law Society of Scotland ("the Parent Entity") and its subsidiaries ("the Group") for the year ended 31 October 2025 which comprise Group and Society Income Statements, Group and Society Statements of Comprehensive Income, Group and Society Statements of Financial Position, Group and Society Statements of Changes in Reserves, Group and Society Cash Flow Statements 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 Parent Entity 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 Council'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 and Parent Entity'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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Parent Entity's ability to continue as a going concern.

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



Independent Auditor's Report to the Council of the Law Society of Scotland (continued)

Other information

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

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 Council

As explained more fully in the Statement of Council's Responsibilities, the Council is 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 Council 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 Council is responsible for assessing the Group's and the Parent Entity'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 Council either intend to liquidate the Group or the Parent Entity 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.

Extent to which the audit was capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Parent Entity and the industry in which they operate;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group and Parent Entity's policies and procedures regarding compliance with laws and regulations



Independent Auditor's Report to the Council of the Law Society of Scotland (continued)

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

We considered the significant laws and regulations to be the applicable accounting framework (UK GAAP) and UK tax legislation.

The Group and Parent Entity 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 UK Tax legislation and UK employment legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of confirmations received from the entity's solicitor.

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 regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Parent Entity'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 meetings 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 management override of control and revenue recognition.

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;
- Reconciling the revenue in IMIS to the revenue recognised in the financial statements;
- Performing analytical procedures to calculate expected revenue based on the number of members and the annual subscription fees comparing this to the revenue recognised; and
- Performing other substantive procedures, including selecting samples of revenue recognised by agreeing to supporting documentation.

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



Independent Auditor's Report to the Council of the Law Society of Scotland (continued)


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

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: <https://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, as a body. Our audit work has been undertaken so that we might state to the Council 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 Parent Entity and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

91EB5E7079A0434...

Stuart Macdougall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow, UK

Date: 23 June 2026

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



CONSOLIDATED FINANCIAL STATEMENTS

Group and Society Income Statements

for the year ended 31 October 2025

	Note	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Continuing operations					
Subscriptions and other income	3	17,339	17,339	15,963	15,778
Employment costs	3,4	(9,662)	(9,662)	(8,634)	(8,634)
Other operating costs	3	(6,773)	(6,599)	(6,853)	(6,605)
Operating profit	3	904	1,078	476	539
Gain on fair value of investments		740	354	955	393
Income from fixed asset investments	7	289	103	311	114
Interest receivable and similar income	5	723	700	701	888
Interest payable	6	(295)	(295)	-	-
Profit before tax		2,361	1,940	2,444	1,934
Taxation on profit	9	(193)	4	(84)	(96)
Profit for the year		2,168	1,944	2,360	1,838

Group and Society Statements of Comprehensive Income

for the year ended 31 October 2025

	Note	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Profit for the year		2,168	1,944	2,360	1,838
Actuarial gain in defined benefit pension scheme	20	245	245	(310)	(310)
Total comprehensive income for the year		2,413	2,189	2,050	1,528

The notes on pages 27 to 51 form part of these financial statements.



Group and Society Statements of Financial Position

As at 31 October 2025

	Note	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Fixed assets					
Intangible assets	10	14	14	19	19
Tangible assets	11	4,960	4,960	749	749
Investments	12	10,142	4,046	9,652	3,582
		15,116	9,020	10,420	4,350
Current assets					
Cash and cash equivalents	14	9,898	7,721	7,962	6,093
Current Investments: fixed term and notice deposits	13	13,550	13,550	14,013	14,013
Trade and other receivables	15	988	988	986	986
		24,436	22,259	22,961	21,092
Current liabilities					
Trade and other payables	16	(18,671)	(18,477)	(16,588)	(16,504)
		(18,671)	(18,477)	(16,588)	(16,504)
Net current assets		5,765	3,782	6,373	4,588
Non-current liabilities					
Creditors: due after more than one year	16	(3,247)	(3,247)	(803)	(803)
Provisions	18	(126)	(126)	-	-
Provision for deferred tax	19	(93)	(93)	(93)	(93)
		(3,466)	(3,466)	(896)	(896)
Net assets		17,415	9,336	15,897	8,042
Reserves					
General funds		9,336	9,336	8,042	8,042
Scottish Solicitors' Guarantee Fund		8,079	-	7,855	-
		17,415	9,336	15,897	8,042

Serena Sutherland
President, Law Society of Scotland
22 June 2026

The notes on pages 27 to 51 form part of these financial statements.



Group and Society Statements of Changes in Reserves

for the year ended 31 October 2025

	Group			Society
	General Fund	Scottish Solicitors' Guarantee Fund	Total	General Fund
	2025 £000	2025 £000	2025 £000	2025 £000
1 November 2024	8,042	7,855	15,897	8,042
Effect of adoption of FRS102 amendments (note 2)	(895)	-	(895)	(895)
	(895)	-	(895)	(895)
Profit for the year	1,944	224	2,168	1,944
Total profit for year	1,944	224	2,168	1,944
Actuarial gain on pension schemes	245	-	245	245
Other comprehensive gain for the year	245	-	245	245
Total comprehensive income for the year	2,189	224	2,413	2,189
31 October 2025	9,336	8,079	17,415	9,336

	Group			Society
	General Fund	Scottish Solicitors' Guarantee Fund	Total	General Fund
	2024 £000	2024 £000	2024 £000	2024 £000
1 November 2023	6,718	7,129	13,847	6,514
Profit for the year	1,634	726	2,360	1,838
Total profit for year	1,634	726	2,360	1,838
Actuarial loss on pension schemes	(310)	-	(310)	(310)
Other comprehensive loss for the year	(310)	-	(310)	(310)
Total comprehensive income for the year	1,324	726	2,050	1,528
31 October 2024	8,042	7,855	15,897	8,042

The notes on pages 27 to 51 form part of these financial statements.



Group and Society Cash Flow Statements

for the year ended 31 October 2025

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Net cash generated from operating activities				
(Loss)/profit for the year	2,168	1,944	2,360	1,838
Interest and dividends receivable	(523)	(500)	(702)	(888)
Interest expense	295	295	-	-
Notional interest (credit)/charge on pension liability	(200)	(200)	(195)	(195)
Pension administration costs	445	445		
Modification of lease and ROU asset	494	494		
Taxation (credit)/charge	193	(4)	84	96
Depreciation charges	579	579	620	620
Amortisation charges	5	5	5	1
Loss/(gain) on sale of fixed assets	89	89		
Loss/(gain) on sale of investments	(740)	(354)	(955)	(393)
Defined benefit pension scheme contributions	-	-	(115)	(115)
Decrease/(increase) in debtors	(2)	(2)	(140)	(140)
(Decrease)/Increase in provisions	126	126		
(Decrease)/Increase in creditors	141	214	1,072	1,019
Cash from operations	3,070	3,131	2,034	1,843
Taxes paid	(123)	(110)	(10)	-
	2,947	3,021	2,045	1,843
Cash flows from investing activities				
Interest and dividends received	523	500	702	888
Payments to acquire investments	(6,422)	(4,566)	(1,213)	(384)
Receipts from sale of investments	6,672	4,457	1,080	341
Placed in fixed-term and notice deposit accounts	(16,934)	(16,934)	(10,933)	(10,933)
Withdrawal from fixed-term and notice deposit accounts	17,397	17,397	8,000	8,000
Payments to acquire intangible fixed assets	-	-	-	(20)
Payments to acquire tangible fixed assets	(1,748)	(1,748)	(38)	(38)
Acquisition of ROU asset	-	-	-	-
	(512)	(894)	(2,402)	(2,146)
Cash flows from financing activities				
Payment of lease liabilities	(222)	(222)	-	-
Cash payments for the interest portion of lease liabilities	(277)	(277)	-	-
Net cash from financing activities	(499)	(499)	-	-
Increase/(decrease) in cash during the year	1,936	1,628	(358)	(303)
Net cash & cash equivalents at the start of the year	7,962	6,093	8,320	6,396
Net cash & cash equivalents at the end of the year	9,898	7,721	7,962	6,093



Group and Society Cash Flow Statements (continued)

for the year ended 31 October 2025

Net debt reconciliation					
	1 November 2024 As restated £000	Cash flows £000	New Leases £000	Other Non- Cash Charges £000	31 October 2025 £000
Group					
Cash	7,962	1,936	-	-	9,898
Lease Liabilities	0	498	(5,940)	2,040	(3,402)
Total	<u>7,962</u>	<u>2,434</u>	<u>(5,940)</u>	<u>2,040</u>	<u>6,496</u>
Society					
Cash at bank	6,093	1,628	-	-	7,721
Lease Liabilities	0	498	(5,940)	2,040	(3,402)
Total	<u>6,093</u>	<u>2,126</u>	<u>(5,940)</u>	<u>2,040</u>	<u>4,319</u>

Net debt reconciliation					
	1 November 2023 As restated £000	Cash flows £000	New Leases £000	Other Non- Cash Charges £000	31 October 2024 As restated £000
Group					
Cash at bank	8,320	(358)	-	-	7,962
Total	<u>8,320</u>	<u>(358)</u>	<u>-</u>	<u>-</u>	<u>7,962</u>
Society					
Cash at bank	6,396	(303)	-	-	6,093
Total	<u>7,396</u>	<u>(1,303)</u>	<u>-</u>	<u>-</u>	<u>6,093</u>

Cash flows include movements relating to Scottish Solicitors Guarantee Fund balances, which are restricted and not available to the Society.

The notes on pages 27 to 51 form part of these financial statements.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Notes to the Financial Statements

for the year ended 31 October 2025

Note 1 - Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with accounting standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland". The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Following the issue of the FRC's Periodic Review 2024 Amendments to Financial Reporting Standard 102, the Law Society of Scotland has chosen to apply the amendments early, with the date of initial application being 1st November 2024. The impact of the amendments are discussed at note 2

The financial statements are prepared in £ sterling and rounded to the nearest £ thousand.

The financial statements have been prepared on the going concern basis. Council has a reasonable expectation at the time of approving the financial statements that the Group and Society have adequate resources to continue their operations and meet their liabilities as they fall due for the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of the Society and its subsidiary undertaking, The Law Society of Scotland Services Limited, as well as The Scottish Solicitors' Guarantee Fund.

Non-consolidated entities

The following entities are not consolidated into the financial statements as they are not considered to be subsidiaries, associates or joint ventures as defined by FRS102; The Scottish Solicitors' Benevolent Fund and The Law Society of Scotland Education Foundation.

Income recognition

The Group recognises all categories of income on an accruals basis, recognising income as goods and services are delivered. Income, including membership subscriptions, is recognised in the period to which it relates.

Income received in advance which relates to future periods, or where services have not yet been provided or goods delivered, are held within liabilities as deferred income. This includes continual professional development, on-demand training courses and accreditations, where recognition of income is aligned with the duration of the course, period of accreditation or access to content.

Where the performance obligation period for certain fees cannot be readily determined, assumptions have been applied reflecting the average period over which members receive and consume the related services.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Income recognition (continued)

These assumptions involve judgement and estimation uncertainty and may impact the timing of revenue recognition in future reporting periods.

Under FRS102 s23, revenue is recognised only when an entity transfers goods or services to a member. Activities that do not transfer a distinct good or service, such as certain upfront fees, do not give rise to revenue at the point the fee is charged. Set-up activities are not considered to satisfy a performance obligation. Accordingly, the Notary admission fee and registration fees are recognised over the period the related performance obligation is satisfied, being the expected membership period i.e. the membership lifetime which is estimated to be 30 years.

Multinational and Incorporated Practice Registration Fees are one-off fees charged to firms to obtain official authorisation to trade for the duration of the entity's existence. Given that firm lifespans vary significantly, reflecting both the longevity of established firms and the higher failure rate of start-ups, the fees are recognised over a 10-year period.

Due to the uncertain nature of Judicial Factories, any commission and recoveries are recognised only where the Society has received funds on notification of final settlement.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred which is as soon as there is a legal or constructive obligation committing the Group to the expenditure. Running costs include travel, accommodation, legal fees, professional subscriptions, and other direct costs.

Guarantee Fund Claims

Claims are recognised if the Fund has received and admitted the claim by 31 October 2025 which was subsequently paid out.

Claims that have been submitted to the Client Protection Fund where the claim process has not yet concluded at the reporting date but it is considered probable that a settlement will be required, a provision is recognised in the financial statements.

Claims of which the Client Protection Fund are aware may arise, but have not yet crystallised, are not provided for within these financial statements. There is no conclusive way to determine the likelihood of the claim being accepted or to accurately assess any value of the claim to be paid as financial restitution may be made by another source. Accordingly, these potential claims fail to meet the criteria for a provision and are regarded as unquantifiable contingent liabilities.

The maximum claim payable from the Fund is set at £1.25 million and such a claim may be paid in instalments.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Taxation

The Society is liable for corporation tax on chargeable investment gains, investment income and assessable profits from commercial activity.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are not expected to apply to the reversal of the timing difference. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that it is probably that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Changes in deferred taxation on assets or liabilities are recognised as a component of tax expense in the Income Statement.

Leases

At the inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, in addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments yet to be paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, then UK Treasury Green Book Social Rate of Time Preference (STP) plus 2% should be used.

Lease payment included in the measurement of the lease liability comprise the following where necessary:

- Fixed payments, including in-substance fixed payments
- Payments include irrecoverable VAT and exclude recoverable VAT
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the organisation is reasonably certain to exercise
- Lease payments in an optional renewal period if the organisation is reasonably certain to exercise an extension option and
- Penalties for early termination of a lease unless the organisation is reasonably certain not to terminate early



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, there is change in the organisation's estimate of the amount expected to be payable under a residual value guarantee, if the organisation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in the income statement.

Where the finance lease is modified (note 17), the group assess whether the modification results in a substantially different arrangement. Where this is the case, the modified lease is treated as a new lease from the effective date of the modification. Otherwise, the lease liability is recalculated based on revised future lease payments and the carrying amount of the leased asset is adjusted accordingly, with any difference recognised in the income statement.

The group presents right-of-use assets within tangible assets (note 11) and lease liabilities within trade and other payables (note 16 and 17)

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The organisation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probably future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, as follows:

Software	5 years
Course Development	5 years

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Right of Use assets provision is measured as the present value of future expected costs to fulfil the obligation using a risk-adjusted discount rate.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight-line basis as follows:

Leasehold improvements	15 years
Office equipment, fixtures and furniture	3-10 years
Leasehold dilapidations	15 years

Investments

Investments comprise investments in quoted and unquoted equity instruments which are measured at fair value where this can be measured reliably. Where fair value cannot be measured reliably then the investment is carried at cost less impairment. Changes in fair value are recognised in the Income Statement. The Group also has one investment in a subsidiary, The Law Society of Scotland Services Limited, for which the cost model has been adopted.

Trade and other receivables

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar.

Trade and other payables

Creditors are recognised where the Group has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party, and where the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their likely settlement amount.

Pension scheme liability

The Group operates a defined benefit pension scheme providing benefits based on final pensionable pay (closed to new members from 30 June 2003 and closed to future accrual from 1 May 2010). The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values, except that, if the asset is an insurance policy that exactly matches the amount and timing of some or all of the pension benefits payable, the fair value of the asset is deemed to be the present value of the related liabilities. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. A pension scheme surplus is not carried as an asset in the financial statements as the Group does not have an unconditional right to any funds left at the cessation of the defined benefit pension scheme. Any pension scheme deficit is recognised in full. The movement in the scheme deficit is reported within other comprehensive income as actuarial gains and losses.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Employee benefits

The Group contributes to a group personal pension plan on behalf of certain employees. The assets of this scheme are held separately from those of the Group in an independently administered fund. The amount charged to the Income Statement represents the contributions payable to the scheme in respect of the accounting period. Other short-term employee benefits are recognised as an expense in the period in which they are incurred.

Provision for liabilities

In cases where the in-house colleague has been appointed by the Court to act as Judicial Factor, funds are advanced to cover direct costs including, but not limited to, storage costs, court and legal fees identified in the specific cases.

During the administration of an estate, further loans are advanced until the Judicial Factor is able to secure sufficient funding from assets in the estate to continue to operate. If the Judicial Factor is unable to secure sufficient funding, the loans advanced will be immediately written off as an expense and provisions made to cover expected future costs. The provision is then adjusted based on the best available information. Where the Society requests the court to appoint an external Judicial Factor, the Society has a contractual obligation to meet any shortfall where the estate under administration is insufficient to meet the commission payable to the judicial factor as fixed by the Accountant of Court.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In preparing these financial statements, Council have made the following judgements:

- Actuarial assumptions in respect of the defined benefit pension scheme. In making these assumptions, advice has been taken from an independent, qualified actuary. The assumptions are all shown in note 20.
- Tangible fixed assets depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Tangible fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following are the Group's key sources of estimation uncertainty:

- Potential claims of which the Client Protection Fund are aware, but have not yet crystallised, are not recognised within these financial statements as there is no conclusive way to determine the likelihood of any claim being accepted, or accurately assess the value of any claim to be paid. The notes shall include details of such claims and their carrying value as at the end of the reporting period.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 1 - Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Recoveries from amounts spent on Judicial Factories, Client Protection Fund claims and Scottish Solicitor Disciplinary Tribunal expenses are only recognised when a repayment is certain or agreement reached, which can occur several years after the related expenditure has been incurred.
- Deferred tax has been estimated based on available future corporation tax rates. It is not known what the corporation tax rate will be when the investments are sold.
- Dilapidations provision has been based on the estimated cost of reinstatement of the office at the end of the lease using a discounted cash flow approach, calculating present value of future repair costs. The provision is recorded under non-current liabilities, with a corresponding adjustment to the Leasehold Dilapidations asset.
- Claims that have been submitted to the Client Protection Fund where the claim process has not yet concluded at the reporting date but it is considered probable that a settlement will be required, a provision is recognised in the financial statements.
- Where the performance obligation period for certain fees cannot be readily determined, assumptions have been applied reflecting the average period over which members receive and consume the related services. These assumptions involve judgement and estimation uncertainty and may impact the timing of revenue recognition in future reporting periods.
- As the interest rate for leases is not readily determinable, a discount rate of 5.5%, based on UK Treasury Green Book Social Rate of Time Preference (STP) plus 2%, has been utilised for finance lease and dilapidation provision calculations.
- The lease term for the office rental assumes, with reasonable certainty, that the extension options will be exercised, this is supported by the £2m refurbishment project that was completed during 2025.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 2 – FRS 102 early adoption

Following the issue of the FRC's Periodic review 2024 Amendments to Financial Reporting Standard 102, the organisation has chosen to apply the amendments early with the date of initial application 1 November 2024.

The amendments introduce new accounting requirements for revenue under Section 23 Revenue from contracts with customers based on the five-step model for revenue recognition. The organisation has chosen to apply retrospectively with the cumulative effect of initially applying the amendments as an adjustment to equity at the date of the initial application under the modified retrospective approach. This has resulted in a decrease in opening retained earnings of £895,000 and comparative information has not been restated. This has arisen as revenue for admission and registration fees and courses spanning over twelve months were previously recognised wholly at a point in time have been restated to be recognised over time in line with the performance obligation.

The impact in the current year for the effect of applying the revised Section 23 is a decrease in revenue and profit for the year of £126,000, comprising of additional income deferrals.

In addition, early adoption has resulted in changes to the organisation's accounting for leases under Section 20 Leases. Specifically, operating leases are now recognised on the statement of financial position as right-of-use assets and lease liabilities, replacing the previous recognition of lease expense where the lease is not a short-term lease or of low value. Comparative information has not been restated, with the cumulative effect of applying the amendments recognised as an adjust to the opening balance of retain earnings at the date of initial application under the modified retrospective approach. There was no cumulative effect on retained earnings for the Society or the Group as at 1 November 2024 for the changes in the lease policy. This has resulted in the creation of a right-of-use asset and liability of £5,940,000, The remaining balance of the rent-free period incentive, £913,000, has been offset against the right-of-use asset. The Society and the Group does not have leasing activities as a lessor.

The impact in the current year for the effect of applying the revised Section 20 is an increase in profit for the year of £196,000. This comprises of additional interest £277,000, additional depreciation £288,000 less lease modification £419,000, total £146,000 offset against previous operating lease expense of £499,000 less rent-free period unwind of £157,000, an overall gain of £196,000.

The organisation has reviewed the remaining amendments, determining that no further retrospective application is required. The new accounting policies are disclosed in note 1.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 3 – Summary of Income Statement

The following analysis is provided for transparency and management reporting purposes and does not constitute segment reporting as defined by IFRS 8. All operating activities are continuing and are based in the UK. For management purposes the Society is organised into five directorates to reflect different operational and statutory functions. The individual segments of the Society, together with the consolidated entities, Scottish Solicitor's Guarantee Fund and Law Society of Scotland Services Limited, do not include any allocation of the Shared Service overhead.

Group Segmentation by Directorate	2025				2024			
	Subscriptions and other income £000	Employment Costs £000	Other direct costs £000	Operating profit/(loss) £000	Subscriptions and other income £000	Employment Costs £000	Other direct costs £000	Operating profit/(loss) £000
Membership income	13,190	-	-	13,190	11,463	-	-	11,463
Education, Training & Qualifications	413	(856)	(157)	(600)	425	(648)	(115)	(338)
Finance and Operations	-	(2,338)	(4,498)	(6,836)	-	(2,068)	(4,524)	(6,592)
Member Services	1,338	(1,900)	(798)	(1,360)	1,667	(1,731)	(878)	(942)
Regulation	2,398	(3,326)	(862)	(1,790)	2,223	(3,048)	(687)	(1,512)
External Relations	-	(1,242)	(284)	(1,526)	-	(1,139)	(401)	(1,540)
Scottish Solicitors' Guarantee Fund	-	-	(174)	(174)	183	-	(238)	(55)
LSS Services Ltd	-	-	-	-	2	-	(10)	(8)
	<u>17,339</u>	<u>(9,662)</u>	<u>(6,773)</u>	<u>904</u>	<u>15,963</u>	<u>(8,634)</u>	<u>(6,853)</u>	<u>476</u>

Education, Training & Qualifications deal with all matters relating to the education, training and qualification of members. This includes policy aspects of pre- and post-qualification education and training; accreditation of providers of the components of the route to qualification; the registration and admission of trainee solicitors; the Society's equality and diversity work; work with schools; engagement with students and trainee solicitors; and the development of qualifications to underpin new categories of affiliate membership.

Finance and Operations include the finance functions, IT, Human Resources, governance, facility management, property costs and health and safety functions. These grants were recognised within the Finance and Operations segment as income.

Member Services comprise four main areas of responsibility. Professional Practice offers support and advice to members. Commercial activity includes the creation and delivery of events and webinars to members and the general public, as well as sourcing business sponsorship. The non-commercial team offer a wide range of member support services, now including Member Registration.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 3 – Summary of Income Statement (continued)

Regulation comprises teams dealing with complaints, financial compliance, interventions, rules and policy matters, and the Civil Legal Quality Assurance regime.

External Relations is responsible for the Society's communications, policy work, research, and international work. This includes representing the Society with Government, stakeholder groups and other influencers.

Society Segmentation by Directorate	2025				2024			
	Subscriptions and other income £000	Employment Costs £000	Other direct costs £000	Operating profit/(loss) £000	Subscriptions and other income £000	Employment Costs £000	Other direct costs £000	Operating profit/(loss) £000
Membership income	13,190	-	-	13,190	11,463	-	-	11,463
Education, Training & Qualifications	413	(856)	(157)	(600)	425	(648)	(115)	(338)
Finance and Operations	-	(2,338)	(4,498)	(6,836)	-	(2,068)	(4,524)	(6,592)
Member Services	1,338	(1,900)	(798)	(1,360)	1,667	(1,731)	(878)	(942)
Regulation	2,398	(3,326)	(862)	(1,790)	2,223	(3,048)	(687)	(1,512)
External Relations	-	(1,242)	(284)	(1,526)	-	(1,139)	(401)	(1,540)
	17,339	(9,662)	(6,599)	1,078	15,778	(8,634)	(6,605)	539



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 4 – Employment Costs

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Salary	8,900	8,900	7,934	7,934
Pension	728	728	640	640
Temporary Staff	34	34	60	60
	<u>9,662</u>	<u>9,662</u>	<u>8,634</u>	<u>8,634</u>

The Group and Society employment costs include those of the key management personnel.

Senior Leadership Team

The senior leadership team are considered to be the key management personnel of the Society.

The senior leadership team are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. The senior leadership team comprises the chief executive officer and the executive directors of the following five areas: education, training & qualifications; external relations; finance & operations; member services, and regulation.

	Senior Leadership Team (excluding Chief Executive)		Chief Executive	
	2025 £000	2024 £000	2025 £000	2024 £000
Salaries	520	512	191	190
Employer National Insurance	66	61	26	25
Pension Contributions	51	51	9	-
	<u>637</u>	<u>624</u>	<u>226</u>	<u>215</u>

The remuneration of the Chief Executive package, including employers NI was £226,000 (2024: £215,000) which equates to 4.0x the median annualised salary of all other employees (2024: 4.2x).

Average Number of Employees by Directorate	2025	2024
Education, Training & Qualification	15	13
External Relations	21	20
Finance and Operations	41	37
Member Services	35	35
Regulation	52	51
	<u>164</u>	<u>156</u>



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 4 – Employment Costs (continued)

Office Bearers and Council Members

The President of the Society received compensation of £92,206 (2024: £88,631), the Vice President received compensation of £46,103 (2024: £44,316) and the Past President received compensation of £23,052 (2024: £22,158) in relation to their respective roles.

Council Members, when serving on the Board of the Society, receive an honorarium for their services of £3,055 (2024: £2,952). In the year a total of £13,754 was paid to 5 members of the Board (2024: £12,099).

Compensation is also paid to the conveners of the various committees run by the Society. The aggregate total compensation paid to all conveners in the year was £209,740 (2024: £197,811).

Note 5 – Interest receivable and similar income

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Interest Income				
Current Account	-	-	-	-
Dividends	-	-	-	212
Deposit Account	523	500	507	481
Pension Scheme (Net)	200	200	195	195
	<u>723</u>	<u>700</u>	<u>702</u>	<u>888</u>

Note 6 – Interest payable

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Interest payable				
Interest accruing on lease liability	277	277	-	-
Dilapidations provision interest	18	18	-	-
	<u>295</u>	<u>295</u>	<u>-</u>	<u>-</u>



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 7 – Income from fixed asset investments

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Income from fixed asset investments				
Income from fixed asset investments	289	103	311	114
	<u>289</u>	<u>103</u>	<u>311</u>	<u>114</u>

Note 8 – Auditor's remuneration

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Group external audit fees	62	57	47	42
Tax advisory fees	21	18	11	8
	<u>83</u>	<u>75</u>	<u>58</u>	<u>50</u>

Note 9 – Corporation tax

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Current corporation tax charge	246	75	122	156
Adjustment in relation to prior year	(53)	(79)	(155)	(153)
Movement in deferred tax provision	-	-	117	93
	<u>193</u>	<u>(4)</u>	<u>84</u>	<u>96</u>
Reconciliation:				
(Deficit)/Surplus for the year before tax	2,361	1,940	2,444	1,934
Corporation taxation at 25%	590	485	661	483
Deferred tax provision c/f	-	-	93	93
Deferred tax provision b/f	-	-	(24)	-
Income not subject to corporation tax	(543)	(519)	(491)	(327)
Expenditure not allowable for corporation tax	199	109	-	-
(Over) provision previous year	(53)	(79)	(155)	(153)
	<u>193</u>	<u>(4)</u>	<u>84</u>	<u>96</u>

The majority of the Society's income (and related expenditure) is not subject to corporation tax due to the Society's mutual status and associated mutual trade. The SSGF is not considered to be carrying out a trade and the surplus recognised in respect of its core activity is not considered to fall within any other sources of taxable income and therefore the majority of its income and related expenditure is not subject to corporation tax.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 10 – Intangible Assets

Group and Society

	Intangible Assets Course Development £000	Total £000
Cost		
At 1 November 2024	20	20
Additions	-	-
Disposals	-	-
At 31 October 2025	20	20
Amortisation		
At 1 November 2024	1	1
Charge for year	5	5
Disposals	-	-
At 31 October 2025	6	6
Net book value 31 October 2025	14	14
Net book value 31 October 2024	19	19



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 11 – Tangible Assets

Group and Society

	Leasehold improvements	Leasehold Dilapidations	Right-of-Use Assets Property	Office equipment, fixtures and furniture	Total
	£000	£000	£000	£000	£000
Cost					
At 1 November 2024	1,519	205	5,026	1,611	8,361
Additions	1,428	-	-	320	1,748
Disposals	(784)	(133)	-	(925)	(1,842)
Effect of modification to lease term	-	-	(1,991)	-	(1,991)
At 31 October 2025	2,163	74	3,035	1,006	6,278
Depreciation					
At 1 November 2024	1,137	132	-	1,317	2,586
Charge for year	138	15	287	139	579
Disposals	(756)	(118)	-	(878)	(1,752)
Effect of modification to lease term	-	-	(95)	-	(95)
At 31 October 2025	519	29	192	578	1,318
Net book value 31 October 2025	1,644	45	2,843	428	4,960
Net book value 31 October 2024	382	73		294	749

During the year the Group implemented a reduction in its office footprint and completed an extensive refurbishment program to better align with its operational needs. This resulted in a modification of the right-of-use asset relating to the office lease, a reduction of leasehold dilapidations plus additions and disposals of leasehold improvements and office equipment, fixtures and furniture.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 12 – Investments

	Group	Society	Group	Society
	2025	2025	2024	2024
	£000	£000	£000	£000
Cost or Market value				
At 1 November	9,652	3,582	8,562	3,146
Additions	6,422	4,566	1,215	384
Disposal at opening market value	(6,672)	(4,457)	(1,080)	(341)
Unrealised (losses)/gains	740	355	955	393
At 31 October	10,142	4,046	9,652	3,582
<i>Comprises:</i>				
Listed investments	10,142	4,046	9,652	3,582
	10,142	4,046	9,652	3,582

The historical cost of listed investments at 31 October 2025 was Group £9,816,000 (2024: £8,893,000) and the Society £3,786,000 (2024: £3,210,000). The listed investments are valued monthly to market value (bid price).

The Society owns 100% of its subsidiary, The Law Society of Scotland Services Limited, registered at Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, this company is currently non-trading.

Note 13 – Current Investments: fixed term and notice deposits

	Group	Society	Group	Society
	2025	2025	2024	2024
	£000	£000	£000	£000
Fixed term and notice deposits	13,550	13,550	14,013	14,013
Fixed term and notice deposits	13,550	13,550	14,013	14,013

At the year end, the Society held funds in the sum of £13,550,000 (2024: £14,013,000) in fixed term and notice deposit accounts with a maturity period of three months or more, which do not meet the definition of cash or cash equivalent.

At the year end, the Society held funds in the sum of £1,436,000 in respect of Master Policy insurance rebates, to be applied specifically against future Master Policy insurance premiums, in 2025. This sum is included in the above Society and Group cash at bank balances, and is also included in Other creditors in Note 16.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 14 – Cash and Cash equivalents

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Cash at bank	9,245	7,673	7,821	6,059
Cash held by investment manager	653	48	141	34
Cash and cash equivalents	9,898	7,721	7,962	6,093

The Group cash balance includes Scottish Solicitor Guarantee Fund cash £2,177,000, this balance can only be utilised by Scottish Solicitor Guarantee Fund and is not available for use by the Society.

Note 15 – Trade and other receivables

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Trade debtors	134	134	220	220
Other debtors	160	160	76	76
Prepayments and accrued income	694	694	690	690
	988	988	986	986

Note 16 – Trade and other payables

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Fees in advance	15,140	15,142	12,550	12,550
Trade creditors	545	545	421	421
Corporation tax	65	47	111	100
Other taxation and social security	313	313	256	276
Other creditors	1,781	1,627	2,441	2,370
Lease Liabilities (Note 17)	155	155	-	-
Accruals	672	648	809	787
	18,671	18,477	16,588	16,504
Lease Liabilities (Note 17)	3,247	3,247	803	803

At the year end, the Society held funds in the sum of £1,436,000 in respect of Master Policy insurance rebates, to be applied specifically against future Master Policy insurance premiums, in 2025. This sum is included in the above Other creditors balances and included in Society and Group cash at bank balances, in Note 13.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 17 Lease Liabilities

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Current	155	155	-	-
Non- Current	3,247	3,247	-	-
	<u>3,402</u>	<u>3,402</u>	<u>-</u>	<u>-</u>

Lease liabilities for the period ended 1 November 2024 totalling £5,940,000 reflects the recognition of leases on the early adoption of the FRC's Periodic review 2024 Amendments. Prior period comparative have not been restated in line with the transitional provisions. During the year, the office footprint was reduced, resulting in a lease modification. The modification decreased the lease liability by £2,316,000. As at the period ended 31 October 2025, the lease liability balance was £3,402,000. The total cash outflow for leases was £449,000

Amounts recognised in statement of comprehensive income

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Interest on lease liabilities	277	277	-	-
	<u>277</u>	<u>277</u>	<u>-</u>	<u>-</u>

Prior period comparatives have not been disclosed in line with the transitional provisions

The organisation leases right-of-use office from which it operates, rent is increased periodically in line with rent schedules outlined in the lease contract. The lease entered by the organisation does not include an interest rate that can be readily determined or is implicit within the lease. As a result the organisation has based discount interest rate on UK Treasury Green Book Social Rate of Time Preference (STP) plus 2%.

Note 18 – Provisions

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Opening	-	-	-	-
Additions	126	126	-	-
Provision used	-	-	-	-
Unused provision reversed	-	-	-	-
	<u>126</u>	<u>126</u>	<u>-</u>	<u>-</u>

The lease arrangement relating to the office requires the organisation to reinstate the property to its original condition at the end of the lease term, the dilapidations provision of £126k represents best estimate of expected cost of meeting these obligations at a discount of 5.5%.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 19 – Deferred Tax Provision

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Provision brought forward	93	93	-	-
Charge/(credit) for unrealised gains/losses on investments	-	-	93	93
Provision carried forward	93	93	93	93

Deferred tax assets not recognised for the Group 2025 £58,000 (2024 £58,000) and Society 2025 £nil (2024 £nil).

Note 20 – Pension Schemes

Defined benefit pension scheme

The Society operates a defined benefit pension arrangement called The Law Society of Scotland Staff Retirement Benefits Scheme (the “Scheme”). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Society also operates a defined contribution scheme, but this is not included in these disclosures.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Society must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

On 8 May 2025, the trustees of The Law Society of Scotland Staff Retirement Benefits Scheme entered a buy-in arrangement with an insurance provider. Under this arrangement, the scheme acquired a bulk annuity policy to insure pension liabilities of its members. The transaction forms part of the trustees’ de-risking strategy and is expected to significantly reduce the Group’s exposure to longevity, interest rate and inflation risks associated with those liabilities. The Buy-in premium was paid in May 2025; however, substantive implementation work (data cleansing, benefit verification and trustee confirmations) remains ongoing with Buy-in completion expected mid 2027 with Buyout completion expected thereafter. The scheme was not committed to buy-out at 31 October 2025 and therefore settlement accounting is not appropriate under FRS102. The costs of completion and the on-going costs are projected to be met by the Scheme funds. Therefore, the Trustees of the Scheme have agreed that contributions from the Society are not required, however, the Society is under obligation to make contributions if a future need is identified.

The Society finalised negotiations with the scheme Trustees in August 2020 to determine the next recovery plan. Following the finalisation of the March 2022 triennial valuation the next recovery plan was agreed covering a ten year period. £170,000 was paid in March 2020 as year 1 of the revised plan. From March 2021 for nine years, £99,000 will be due to be paid annually, increasing at a rate of 5% per annum, with £104,000 having been paid in March 2022, £109,000 paid in March 2023 and £115,000 paid in March 2024. The most recent actuarial valuation of the Scheme was carried out as at 31 October 2024, at the review date there was a surplus of £3,880,000 (2023 £3,337,000).



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 20 – Pension Schemes (continued)

Explanation of amounts in the financial statements

Amounts recognised in the Statement of Financial Position at 31 October 2025	Value at 31 October 2025 £000	Value at 31 October 2024 £000
Fair value of assets	6,561	8,093
Present value of funded obligations	4,108	4,213
Valuation surplus	2,453	3,880
Impact of asset ceiling *	(2,453)	(3,880)
Recognised defined benefit asset/(liability)	-	-

* The valuation surplus is not carried as an asset in the financial statements as the Society does not have an automatic right to any surplus funds remaining at the cessation of the Scheme.

Amounts recognised in the Income Statement over the year	31 October 2025 £000	31 October 2024 £000
Administration costs	(445)	-
Interest on liabilities	(228)	(224)
Interest on assets	428	419
Past service cost	-	-
Settlement cost	-	-
Total	(245)	195

Remeasurements over the year	31 October 2025 £000	31 October 2024 £000
Loss/(gain) on scheme assets in excess of interest	1,460	(335)
Experience losses/(gains) on liabilities	(62)	(89)
Losses/(gains) from changes to demographic assumptions	15	-
Losses/(gains) from changes to financial assumptions	(231)	191
Impact of asset ceiling *	(1,427)	543
Total remeasurements	(245)	310

* The valuation surplus is not carried as an asset in the financial statements as the Society does not have an automatic right to any surplus funds remaining at the cessation of the Scheme.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 20 – Pension Schemes (continued)

Reconciliation of assets and defined benefit obligation

The change in the assets over the period was:

	31 October 2025	31 October 2024
	£000	£000
Fair value of assets at 1 November 2024	8,093	7,237
Interest on assets	428	419
Society contributions	-	115
Benefits paid	(55)	(13)
Administration Costs	(445)	-
Return on Scheme assets less interest	(1,460)	335
Fair value of assets at 31 October 2025	6,561	8,093

The change in the Defined Benefit Obligation over the period was:

	31 October 2025	31 October 2024
	£000	£000
Defined Benefit Obligation at 1 November 2024	4,213	3,900
Interest cost	228	224
Benefits paid	(55)	(13)
Experience loss/(gain) on defined benefit obligation	(62)	(89)
Changes to demographic assumptions	15	-
Changes to financial assumptions *	(231)	191
Defined Benefit Obligation at 31 October 2025	4,108	4,213

* See Actuarial Assumptions below.

Assets

The major categories of assets as a percentage of total assets are as follows:

Asset category	31 October 2025	31 October 2024
Corporate bonds	-	-
Diversified funds	27%	58%
Gilts and Index Linked Gilts	6%	41%
Insurance Policy	63%	-
Cash	4%	1%
Total	100%	100%

The return on the assets over the period was £1,032,000 (2024: £754,000).



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 20 – Pension Schemes (continued)

Actuarial assumptions

The principal assumptions used to calculate the Scheme's liability include:

	31 October 2025	31 October 2024
Discount rate	5.60% pa	5.45% pa
Inflation assumption (RPI)	3.10% pa	3.40% pa
Inflation assumption (CPI)	2.50% pa	2.80% pa
Pension increases – CPI limited to 5%	2.45% pa	2.70% pa
Pension increases – CPI limited to 3%	2.10% pa	2.30% pa
Pension increases – CPI limited to 2.5%	1.90% pa	2.05% pa
Revaluation in deferment	2.50% pa	2.80% pa
Post retirement mortality assumption	110% of S3PxA, projected with CMI 2024 using a long term improvement rate of 1.5% pa,	110% of S3PxA, projected with CMI 2023 using a long term improvement rate of 1.5% pa,
Commutation	Members are assumed to take 25% of their pension as tax free cash	Members are assumed to take 25% of their pension as tax free cash

Defined contribution pension scheme

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The total contributions paid in the year was £428,000 (2024: £543,000). At the yearend contributions totalling £nil (2024: £nil) were payable to the scheme and are included in other creditors.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 21 – Related party transactions

Scottish Solicitors' Benevolent Fund

The Council of the Law Society of Scotland has the sole power to amend the Declaration of Trust which established SSBF. At the year-end, a balance of £nil (2024: £nil) was due to the Law Society of Scotland.

Legal services

Some Council members are partners of firms instructed by the Law Society of Scotland to provide legal services to the Society. Firms are appointed to the Society's panel of approved solicitors after a competitive tendering process. None of the office bearers' firms provided any services to the Society in the year.

Law Society of Scotland Educational Foundation

The Society provides administrative support at no charge to Law Society of Scotland Educational Foundation (The Foundation), a registered charity. One staff member is a trustee. At the year end a balance of £nil was due to the Law Society of Scotland from the Foundation (2024: £nil due to the Society).

Scottish Solicitors Guarantee Fund

The Society provides administrative support at a charge of £108,000 per annum to Scottish Solicitors Guarantee Fund. At the year end a balance of £1,419 was due to The Law Society of Scotland from the Scottish Solicitors Guarantee Fund (2024: £1,419 due to the Society).

Council, Board and Committee members

Transactions that the Society has with Office Bearers, Members of Council and the Society Board, either individually or through an entity that the member has significant influence over are considered to be related parties. Direct compensation paid to members is covered in note 3.

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

Brodies LLP

In the year, the Society was invoiced a total of £16,439 (2024: £44,652) by Brodies LLP, of which Jamie Reekie is a Senior Associate. All transactions were prior to Jamie's appointment as Client Protection Sub-committee Convenor on 9 September 2025. At 31 October 2025, a balance of £nil (2024: £nil) was owed by the Society to Brodies LLP in respect of these transactions.

Livingstone Brown Limited

In the year, the Society was invoiced a total of £51,230 (2024: £17,982) by Livingstone Brown Limited, of which Stuart Munro is a Managing Director. At 31 October 2025 a balance of £nil (2024: £nil) was owed by the Society to Livingstone Brown Limited in respect of these transactions.

Addleshaw Goddard LLP

In the year, the Society was invoiced a total of £99,141 (2024: £53,212) by Addleshaw Goddard LLP, of which Ross Nicol is a Partner. £5,051 of this was invoiced prior to Ross's appointment as Convenor of the Technology Law and Practice Sub-committee. At 31 October 2025 a balance of £nil (2024: £nil) was owed by the Society to Addleshaw Goddard LLP in respect of these transactions.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 21 – Related party transactions (continued)

Joe G Boyd

In the year, the Society was invoiced a total of £1,304 (2024: £nil) by Joe G Boyd. At 31 October 2025 a balance of £nil (2024: £nil) was owed by the Society to Joseph Boyd in respect of these transactions.

Davidson Chalmers Stewart

The Society was invoiced a total of £34,035 (2024: £5,520) by Davidson Chalmers Stewart, of which Sheila Webster is a partner. At 31 October 2025 a balance of £nil (2024: £nil) was owed by the Society to Davidson Chalmers Stewart in respect of these transactions.

Aside from the above noted transactions, the Society also transacts with Council Members, their firms or related entities in the normal course of business for legal, consultancy and recruitment services. The Society maintains a panel, run independently to the Council, which tenders from time to time for preferred suppliers of such services. This ensures that these transactions can be considered arms-length and no preferential treatment is given.

Note 22 - Contingent liabilities

In appointments of external Judicial Factors, the Society has an obligation to meet any shortfall where the estate under administration is insufficient to meet the commission payable to the Judicial Factors as fixed by the Accountant of Court. In cases where a potential shortfall is identified a provision representing the best available estimate of the liability is made within the financial statements. However, the Society may also have a liability in other cases where a Judicial Factor has been appointed but it is not possible to quantify the liability at the Statement of Financial Position date. The existence of these liabilities depends on the funds collected by the Judicial Factor in the administration of the estate and the Society may receive a refund or incur future costs in bringing the estate to a conclusion.

Claims intimated but not paid are subject to investigation and the sum claimed may or may not be admitted on the basis of whether the claim falls within the criteria of the Fund. If a claim is admitted, it may not be for the sum claimed. Many claims are straightforward and can be resolved quickly. However, in more complex cases or where the records left by the former firm are very poor, a longer resolution timescale will be necessary. In the absence of reliable information to the contrary, outstanding claims are recorded at the sum intimated. As such, the total of claims intimated does not necessarily represent claims that will be paid.

The total of claims intimated but not admitted at 31 October 2025 was £1.7 million representing 16 claims made against 8 firms, (2024: £1.7 million, 15 claims, 11 firms).

Subsequent to the year end, six of the claims totalling £559,000 were dismissed leaving a contingent liability of £1.2 million consisting of 10 claims.



Notes to the financial statements (continued)

for the year ended 31 October 2025

Note 23 – Financial Instruments

	Group 2025 £000	Society 2025 £000	Group 2024 £000	Society 2024 £000
Financial assets:				
Financial assets measured at fair value	10,142	4,046	9,652	3,582
Financial assets measured at amortised cost	24,437	22,260	22,266	20,398
Financial liabilities:				
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities measured at amortised cost	6,400	6,222	4,475	4,381

Financial assets and liabilities are initially measured at transaction price (including transaction costs).

The Group only has financial assets and liabilities which qualify as a basic financial instrument.

Financial assets measured at fair value comprise listed investments which are valued at market value (closing bid price).

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors and other debtors.

The Group has no liabilities requiring measurement at fair value.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.