Welcome

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Foreword

In this Annual Report we have set out clearly and transparently details the costs, activities and achievements of the Law Society and the Solicitors Regulation Authority.

We are committed to openness and accountability and hope you find this information helpful and informative.

Although the Law Society and the Solicitors Regulation Authority have different roles, we have a shared commitment support solicitors to provide the best advice to their clients within a successful legal sector. The law is the bedrock of our society. Ensuring that everyone has access to expert legal advice is fundamental to the administration of justice and the rule of law. The legal sector contributes over £25.7bn per annum to the UK economy.

The international standing of English and Welsh law and England and Wales as a centre of legal excellence enhances our international reputation and facilitates global business. You can learn more about how we work and our priorities on our website and through our social media channels.

We are always open to hearing your views and hope you enjoy reading this report.

Jonathan Smithers
Law Society president

Endi Rowlands
SRA Board chair

www.lawsociety.org.uk
www.sra.org.uk


Glossary

Listed below are the explanations of key acronyms and abbreviations used throughout the 2015 financial statements:

- ABI SORP: Association of British Insurers Statement of Recommended Practice
- ABS: Alternative Business Structure(s)
- AGM: Annual General Meeting
- ARP: Assigned Risks Pool
- AUC: Assets Under Construction
- BAME: Black, Asian & Minority Ethnic
- CESL: Common European Sales Law
- CFA: Consolidated Fee Arrangement
- CILEX: Chartered Institute of Legal Executives
- CPD: Continuing Professional Development
- CPI: Consumer Prices Index
- CRM: Customer Relationship Management
- CS: Corporate Solutions
- CQS: Conveyancing Quality Scheme
- DVP: Deputy Vice President
- ERP: Enterprise Resource Planning
- ET: Employment Tribunal
- FAS: Find a Solicitor
- FCA: Financial Conduct Authority
- FRS: Financial Reporting Standard
- HMRC: HM Revenue & Customs
- IBNR: Incurred but not Reported
- LeO: Legal Ombudsman
- LGBT: Lesbian, Gay, Bisexual and Transgender
- LIDOL: Legal Indemnity Operations Limited
- LPC: Legal Practising Certificate
- LPT: Legal Practice Technologies Limited
- LSA: Legal Services Act 2007
- LSB: Legal Services Board
- LSC: Law Society Consulting
- MAC: Migration Advisory Committee
- MoJ: Ministry of Justice
- OECD: Organisation for Economic Co-operation and Development
- PC fee: Practising Certificate fee
- PII: Professional indemnity insurance
- PPMD: Programme & Portfolio Management Office
- PPP: Public Private Partnership
- PRC: Project Review Committee
- QAA: Quality Assurance Agency for Higher Education
- QASA: Quality Assurance Scheme for Advocates
- QCAL: Queen’s Counsel Appointments Limited
- RegIS: Regulatory Information System
- RPI: Retail Prices Index
- SDT: Solicitors Disciplinary Tribunal
- SIF: Solicitors Indemnity Fund
- SIFL: Solicitors Indemnity Fund Limited
- SRA: Solicitors Regulation Authority
- SS: Shared Services
- STA: Statutory Trust Accounts
- TLS: The Law Society Professional Body
Who we are

The Law Society Professional Body

The Law Society is the membership body for solicitors; our role is to represent, promote and support solicitors in England and Wales and internationally.

We have an important public interest role to uphold the rule of law, supporting a fair and just society by speaking out to defend access to justice for everyone. We also uphold individual rights and freedoms and help to inform the public about legal issues.

We represent
We represent solicitors by speaking out for justice and on legal issues.

We promote
We promote the value of using a solicitor at home and abroad.

We support
We support solicitors to develop their expertise and their businesses, whether they work for themselves, in-house or for a law firm.

Solicitors Regulation Authority

The Solicitors Regulation Authority (SRA) is the regulator of solicitors and law firms in England and Wales, protecting consumers and supporting the rule of law and the administration of justice. We do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

<table>
<thead>
<tr>
<th>Setting the standards for solicitors</th>
<th>Assuring standards through education and training</th>
<th>Holding the roll of solicitors</th>
<th>Authorising and regulating firms providing legal services</th>
<th>Investigating concerns and taking action when necessary</th>
<th>Managing a compensation fund</th>
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1. Encompasses the following associated entities which are equity accounted for – Six Clerks Insurance Services Limited and Riliance Software Limited.
2. Encompasses the following entities which are consolidated – Solicitors Indemnity Fund, Solicitors Indemnity Fund Limited, Legal Indemnity Operations Limited and Legal Practice Technologies Limited.
The Law Society Group Annual Report 2014/15

What we achieved in 2014-15

The number of members the Law Society library has helped with legal research enquiries during 2014-15

Media coverage grew significantly over 500 articles a month featured the Law Society including 300 articles on disputed wills and 350 on criminal legal aid contracts and 280 on civil court fee increases

Over 350m opportunities to see our ‘Use a Professional. Use a Solicitor’ consumer campaign. 1.5m views of our videos on ITV Player and 21% increase in clicks to member websites

Our practical guide on the application of the Mental Capacity Act was viewed 20,000 times in the first month. The practice note supplemented by an easy read guide for clients and carers was viewed more than 12,000 times

The number of interventions by the Law Society’s International Action team on behalf of solicitors around the world over the past 12 months

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The Law Society gave evidence to parliamentary committees 8 times, briefed parliamentarians on over 18 pieces of legislation and has been mentioned 1232 times in Hansard

Visits per month to Find A Solicitor (64% increase on 2013-14) and 6,000 qualified leads generated for members

86% of PC holders read The Gazette, with 65% rating it 7 or more out of 10 and 51% visit The Gazette website

Our Find A Solicitor helpline drove business to members referring over 68,000 calls to members.

Members attended our 357 events and 84 webinars. We provided 613 hours of Continuing Professional Development (CPD).

The Practice Advice Service answered 25,000 calls from members on a range of practice and procedural issues

The Law Society
What we achieved in 2014-15

- The number of entities registered by the SRA: 10,366
- The number of Alternative Business Structures (ABSs) licensed by the SRA: ABS 429
- The number of visits to SRA websites: 3m
- The number of Solicitors Disciplinary Tribunal orders: 121
- The number of calls to our Professional Ethics helpline: ?
- The number of solicitors on the roll: 171,464
- The number of calls to our Contact Centre: 245,163
- The number of casework investigations concluded: 4,803
- The amount paid to claimants from the Compensation Fund: £17.9m
We represent, promote and support solicitors; publicising their unique role in providing legal advice, ensuring justice for all and upholding the rule of law. We fulfil, on behalf of the solicitor profession, the important public interest role of enabling access to justice, upholding individual rights and freedoms, supporting public education and upholding the rule of law. Whether solicitors are working in a high street practice, a commercial, regional or City firm, an ABS (Alternative Business Structure) or in-house for a private, public or charitable organisation, the Law Society exists to support every individual throughout their career.

Annual fees paid by solicitors and their firms supports our vital public interest work:

- influencing and improving law reform and the impact of changes to the law and legal system
- enabling access to justice for everyone
- challenging, where necessary, in order to uphold the rule of law
- supporting diversity and social mobility in the profession, enabling the best to join the profession irrespective of their background
- providing high quality advice and guidance on legal issues including professional standards and ethics
- promoting justice for all and protecting human rights and fundamental freedoms
- helping the public to identify and access quality legal services
- promoting the English and Welsh legal system internationally and helping to open up valuable overseas markets and to create new opportunities
- promoting the profession’s contribution to society and local communities by funding pro bono support through LawWorks, the solicitors pro bono charity, raising awareness of the significant amount of free legal advice available.

In 2014-15 we engaged members in wide ranging discussions on the future of the profession and the role of the Law Society. This included face-to-face meetings, events and lively debate. We explored:

- the future of the legal services market
- the diversity and demographics of our members, to ensure we could define members’ interests and be relevant at every stage of their career whatever their area of practice
- the solicitor brand: what it means to be a solicitor and how solicitors are perceived by their clients and the public
- legal education and training, and the Law Society’s role in representing and promoting the profession and discharging our public interest role of upholding the rule of law and enabling access to justice.

Our major report, Future of Legal Services recognises that the legal services sector continues to change with and adapt to the wider external environment. Competition, increased globalisation, technology and ways of working are changing the shape of the legal market and the profession.

As the representative body for the solicitor profession, we help members to take advantage of change. We are committed to upholding professional standards and ethics, and supporting the skills and capabilities which distinguish solicitors from other providers of legal services both at home and abroad.

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- legal education and training, and the Law Society’s role in representing and promoting the profession and discharging our public interest role of upholding the rule of law and enabling access to justice.

Following these discussions, we set out a new strategy and a three-year plan that outlines what we will deliver for our members and how we will fulfil our public interest role. Our three strategic aims are to:

- Represent solicitors - we will represent solicitors by speaking out for justice and on legal issues
- Promote solicitors - we will promote ethical and professional standards, legal education and training of solicitors and the value of using a solicitor at home, and abroad
- Support solicitors - we will support solicitors to develop their careers, expertise and businesses, whether they work for themselves, in-house or for a law firm.

Having been a member of the Law Society for over 10 years I still considered it the equivalent of a great-great aunt who one would, out of necessity, encounter once a year – at practice renewal time. 2015 has been a breakthrough year in my relationship with the Law Society and I applaud the outstanding efforts of the Law Society in successfully implementing its members-focused strategy.

As the principal solicitor of one of the first ABS approved firms it has been invaluable to have the Law Society provide not just professional support but business support, innovation and development.

Evelyn Ofori-Koree, principal solicitor, Descartes Solicitors.
How we represented solicitors in 2014-15

We acted to influence government and regulatory policy in England, Wales and internationally. Successful influencing, our consultation responses and our relationship with the media made sure our members were heard. We intervened in legal cases to protect our members’ interests and also to defend the public interest.

Influencing government policy

Our expert advisory committees are appointed from among our members who apply their detailed knowledge and experience of practice in specific areas of law to help formulate the positions the Law Society should take on a wide range of issues. This includes responding to consultations issued by government departments, the European Commission and other organisations. This work ensures these organisations are kept informed of the realities of front-line practice. The committees also directly inform our work with parliamentarians, to help shape legislation. Their expertise and perspective are central to our public interest work to influence policy and legislative issues.

General election

Ahead of the 2015 general election, we shared at party conferences our Manifesto for Justice which outlined our proposed policy changes which would ensure everyone is heard. We intervened in legal cases to protect our members’ interests and also to defend the public interest.

Following the election, we produced a 100 day plan, consulted on the closure of 91 courts and the merger of 31 courts across England and Wales. Court closures can have a detrimental impact by restricting people’s access to the courts and therefore access to justice. We highlighted the consequences of the closures and worked to influence the government to review their proposals.

We created an interactive map to show the courts affected, asked members for their views and for case studies. We produced a campaign pack for members so they could raise this issue with their MPs and Welsh Assembly Members (AMs).

What was achieved: A total of 832 members responded to our survey: there were 19,362 views of the interactive map, 328 members downloaded the campaign pack and 432 expressed an interest in case studies.

We actively engaged with the media to raise the issue’s profile and impact. We secured coverage on the front page lead in the Independent newspaper and in prominent articles in the Times, Financial Times and other national media.

What was achieved: The MoJ announced the removal of the criminal court charges in December 2015. We are continuing to campaign to reduce the cost of court and tribunal fees so that access to the courts is available for everyone irrespective of wealth.

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What was achieved: A total of 832 members responded to our survey: there were 19,362 views of the interactive map, and a total of 328 members downloaded the campaign pack. Some proposals were changed although many of the court closures are going ahead.

Modernising Tribunals

We proposed reform of the structure of Employment Tribunals (ET). We designed a single employment jurisdiction comprising four levels, that uses technology and alternative dispute resolution techniques to ensure every case is dealt with in the best possible way. The proposals were welcomed by the government, the judiciary, business groups and trade unions. We submitted our proposals to the MoJ’s review of the introduction of Employment Tribunal fees. That review was due to be published at the end of 2015.

What was achieved: By being at the centre of this debate we have had, and continue to find the opportunity to influence future ET reforms so that more people can gain access to justice.

Managing criminal cases more effectively

We participated in the group established by Sir Brian Leveson to review the efficiency of criminal proceedings. We represented the views of members who undertake criminal law work, through the group and a series of roundtable events.

What was achieved: Many of our recommendations for more effective case management were endorsed in the final review published in January 2015.

Protecting victims of clinical negligence

The Department of Health proposed the introduction of fixed recoverable costs for people harmed by negligent NHS care. The proposals may include the introduction of fixed recoverable costs for claims worth up to £250,000.

We believe any changes are premature as the full impact of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, which will reduce the amount payable to claimants’ solicitors, has not been assessed and has not been given time to properly embed.

What was achieved: We responded to a pre-consultation, produced articles and raised the profile of the potential impact on people who have been injured by negligent NHS care through no fault of their own. We await the formal consultation.
Anti-Money Laundering (AML) Directive

In March 2014 the European Parliament voted to revise the European Anti-Money Laundering Directive. One of the proposed changes created an obligation for member states to establish a public register of beneficial owners of trusts, companies, foundations and other legal structures. In response we assisted HM Treasury with its influencing efforts. We provided case studies and other technical support for negotiations with other member states.

What was achieved: An agreement was reached: only trusts which are already required to register and file annual returns with HMRC will be affected by the new measure.

Protecting access to criminal legal aid

In early 2015, we appealed a High Court decision over the government’s proposed changes to criminal legal aid, which included a radical reduction in the number of contracts for duty solicitors and fee reductions of 17.5% in two stages. We pursued the issue up to the Court of Appeal on the basis that the government plan could result in the criminal legal aid market collapsing.

In June 2015, the MoJ announced changes which we said would undermine the fundamental duty of the government to fund access to justice for anyone accused of wrongdoing. We argued that a competitive approach to the provision of criminal legal aid services was not appropriate and that the profession would be unable to cope with significant fee reductions.

What was achieved: In early 2016, the MoJ announced that it was abandoning the proposed changes, reversing the second fee cut, and reverting to a non-competitive process for allocating duty solicitor work.

Serious Crimes Bill

In June 2014, the government announced the tabling of the Serious Crime Bill. The draft bill contained provisions which potentially made advisers, including solicitors, criminally liable for inadvertently facilitating criminal activity through their clients. Our Money Laundering Task Force held a series of meetings with the minister in charge of the Bill and the Home Office to discuss potential difficulties with the Bill as it was drafted.

What was achieved: As a result of our work, the final version contains a more subjective test to ensure greater fairness so that an unwitting person is now less likely to be caught by the remit of the offence.

Skilled worker migration

In June 2015 the Migration Advisory Committee (MAC) issued a call for evidence on government proposals to reduce skilled worker migration to the UK, as part of the government’s commitment to reducing net migration.

We engaged with City firms to understand the potential impact of the proposals and represented these views in our submission to the MAC.

Standards of family law advocacy

In July 2015, the Bar Council and the Family Law Bar Association wrote to the Minister of Justice about the quality of solicitor advocacy in publicly funded family cases and called for an independent review.

We made it clear to the minister that family solicitors provide high quality advocacy for thousands of families, and that clients value the consistency of having a legal professional who knows their case intimately and remains by their side in court.

What was achieved: In September 2015, the government confirmed that it had no plans to commission an independent review.

The future of the UK’s relationship with the EU

In May 2015, the government confirmed that a referendum on the UK’s membership of the European Union would be held before the end of 2017. Recognising that changes in the UK’s relationship with the EU would have profound implications for the business and practice of law, we prepared two reports as a contribution to this important and complex national debate.

In September 2015 we published an independent assessment by Oxford Economics of the potential medium term impact on the legal sector economy in the event of Brexit (a British exit from the EU).

In October 2015 we published a further detailed report which assesses:

- the impact on the business of law and England and Wales as a global legal services centre and as a jurisdiction of choice
- the impact of alternatives to membership of the EU if the UK were to leave
- the effects of alternatives to membership of the EU on the practice of law across a wide range of areas.

Our conclusions are:

- the impact of Brexit on the legal services sector would likely to be far-reaching, in particular for firms in Wales and the City of London as well as those working in financial services
- the loss of access to EU economic support could affect the economy in Wales with consequential impact for law firms, unless the government were to replace that economic support
- regionally the direct business impact on firms is likely to vary and in many cases the UK’s relationship with the EU would be less important than general economic conditions such as interest rates, the strength of the property market and economic growth
- overall in the medium term the legal sector is likely to be disproportionately negatively impacted by Brexit when compared to the rest of the economy, which would continue to grow but at a slower rate.

The consequences of Brexit for England and Wales as a jurisdiction of choice – that is, a centre for resolving commercial disputes as distinct from conducting business transactions – are unclear. There are strong ‘pull’ factors towards the jurisdiction that are independent of EU membership.

What was achieved: We started a discussion with members about the potential impact of Brexit. This continues with events, engagement with government and media coverage to inform the debate.

Influencing in Wales

We represented members’ interests to the Welsh government and the National Assembly for Wales on the creation of new taxes, such as the stamp duty land tax, which will be introduced from April 2017.

We submitted evidence on the Tax Collection and Management (Wales) Bill and its implementation, holding events with Welsh members to help them to understand the impact on their businesses and clients.

What was achieved: Our evidence influenced recommendations on the democratic accountability of the new Welsh Revenue Authority and Welsh language provisions.

The Law Society in Wales has real influence with the Welsh government and actively ensures members’ views are heard by key decision makers.

“Mark Evans, Allington Hughes Law and Council & Wales Committee member

The Law Society Group Annual Report 2014/15
Influencing in Brussels

In 2015, our Brussels office celebrated 25 years of representing members’ interests on EU law and engaging with EU institutions to shape the legal environment on issues such as digital rights, the rule of law in Europe, business and human rights and financial services regulation.

We successfully lobbied against a proposal to introduce an optional contractual law regime, known as the Common European Sales Law (CESL). We submitted arguments to the European parliament which persuaded decision-makers to reduce the scope of the agreement significantly. Our submission helped to reframe the issue from a consumer rights viewpoint. We worked closely with stakeholders including government and other EU member states.

What was achieved: As a result of more than five years of influencing, the Justice Commissioner withdrew the proposal.

Influencing internationally

Our public interest funding supports our work to promote the use of English and Welsh law, our global reputation as the centre for legal excellence and England and Wales as the jurisdiction of choice. We work to open up new markets including government and other EU member states.

What was achieved: A result of more than five years of influencing, the Justice Commissioner withdrew the proposal.

Americas

• In the US, our activities focused on supporting our members in continuing and expanding business opportunities, promoting access for English and Welsh solicitors to priority US markets and representing the interests of the profession at the US-EU Transatlantic Trade and Investment Partnership negotiations. We also continued facilitating exchanges and building our relationship between firms and Bar Associations in key countries in the Americas, including Argentina, Brazil and Mexico.

Asia

• We organised a number of successful inward trade missions from Central Asia to London, which focused on expanding the business opportunities for law firms in Central Asia. We held a presidential visit to South Korea to promote the use of English law, in light of the 2011 EU-Korea Free Trade Agreement boosting potential investment. To follow up on our visit, we submitted a response to the South Korean Ministry of Justice, raising members’ concerns about the proposed legislative changes to the Foreign Legal Consultants Act. Additionally, we delivered activities aimed at deepening the relationship with UK law firms and China, which included a Chinese legal market visit to London and our second English Law Day in China.

India

• We worked with the Solicitors Regulation Authority, the Bar Council of England and Wales and the MoJ to hold constructive talks with the Indian Government and the Bar Council of India on how we can benefit from closer collaboration. As a result, we saw the Indian government decide to review its position on the practice of foreign lawyers in India.

What was achieved: We continue to support the growth of legal services abroad. Net exports of legal services grew by 8% in 2014-15. We will continue to work across the globe to support this growth.

Human rights

Our Lawyers for Lawyers programme seeks to defend the independence of the justice system and to protect the legal profession from undue restrictions or sanctions which affect lawyers’ ability to practise. It also tackles gross or systemic violations of the rule of law. For example, in this reporting year we intervened in the case of two prominent Indian lawyers, Ms Shalini Gera and Ms. Isha Khandelwal, under the Lawyers at Risk programme. They had founded the Jagdalpur Legal Aid Group, and worked on prominent human rights cases.

What was achieved: We wrote to Prime Minister Modi to raise our concerns that these lawyers were being subjected to a sustained harassment campaign with the aim of deterring them from carrying out their human rights work.

We also raised concerns about lawyers in China, following the arrest of over one hundred lawyers in July 2015 by writing to the Chinese Premier Li Keqiang.

International Action Team

The International Action Team is a Law Society-driven project that relies on a pro bono network of lawyers and law students who intervene on behalf of lawyers at risk across the globe. The programme seeks to defend the independence of the justice system and the legal profession from undue restrictions or sanctions. It tackles gross or systemic violations of the rule of law. The team also works to protect and support lawyers and judges who face intimidation or physical attack for carrying out their legitimate professional duties.

What was achieved: We trained and recruited over 120 lawyers and law students to join the International Action Team and over the last reporting year we intervened in 60 cases in 31 different jurisdictions.

Using legal interventions to protect the public interest

We intervened in a variety of cases covering issues including the protection of legal professional privilege, the validity of conditional fee agreements (CFA) and deprivation of liberty.

• Legal professional privilege: We intervened in a case on the privileged status of a former client’s identity. We also made submissions into the Belhadj matter before the Investigatory Powers Tribunal and the judicial review brought by David Davis and Tom Watson, MPs, against Data Retention and Investigatory Powers Act, focusing our input on the relationship between privilege and the powers of the state to access data.

What was achieved: We made sure that the rationale for and importance of legal professional privilege was reinforced before courts in key cases.

• Validity of Conditional Fee Agreements: The Supreme Court found CFAs created between 1999-2012 were compatible with the Human Rights Act, a decision that protected members who were still operating under these agreements.

What was achieved: We contributed to the court’s understanding of the operation of CFAs in order to inform its eventual decision.

• Representation of vulnerable persons in the Court of Protection: we brought an appeal in the case of Re X which led to the judiciary reviewing streamlined procedures in the Court, and continued to make submissions in subsequent litigation about how best to protect the interests of vulnerable people who were subject to deprivation of liberty orders.

What was achieved: We provided practical insight from our members’ experience resulting in a test case judgement which will require the government to address the lack of adequate representation for vulnerable people.
Legal Aid: we represented members’ interests when we brought a judicial review case and an appeal which challenged the viability of the Legal Aid Agency’s legal aid proposals. We also provided financial assistance to four other representative bodies to fund their own challenge.

What we achieved: Although unsuccessful as litigation, the action re-asserted the Society’s leading role as a representative body and contributed to altering the timetable for implementing duty contracts, which in turn had an effect on the future action brought by unsuccessful contractors.

Regulatory fees: we participated as an interested party in the Supreme Court case that looked at the powers of organisations to charge fees for licensing, which had the potential to affect the funding of all authorised regulators under the Legal Services Act 2007.

What was achieved: We contributed to the court’s understanding of how the regulatory and professional bodies are funded, and enabling the court to reach its decision and clarify the law.

Influencing regulatory policy

Consumer credit regulation

In October 2014, the Solicitors Regulation Authority (SRA) consulted on proposals to stop regulating solicitors undertaking consumer credit activities.

If the proposals had gone ahead, up to 5,000 firms could have been subject to dual regulation by the Financial Conduct Authority (FCA) for consumer credit work and by the SRA for their other activities.

We engaged with members, the FCA, HM Treasury, SRA and the Law Society of Scotland, which had represented its members on the same issue.

What was achieved: In September 2015, the SRA agreed arrangements with the FCA to enable the SRA to remain the regulator for solicitors undertaking many consumer credit activities.

Professional indemnity insurance (PII) reform

In July 2015, the SRA launched a consultation to amend various aspects of the PII regime. This was the second time the SRA had consulted on the proposals.

We gathered evidence from firms throughout 2015, which was used in our consultation response.

What was achieved: In response, the SRA announced we would carry out research and defer launch of PII reform proposals to autumn 2016.

Championing justice, the law and our members through the media

Our president, chief executive, and office holders represented our profession with interviews on national TV and radio on a wide range of subjects, including court fee increases and the criminal courts charge, 28-day police bail, the European Arrest Warrant, social mobility, wills and reaction to the Lord Chancellor’s inaugural speech.

They took part in numerous regional interviews concerning consumer interest stories such as wills, conveyancing and court closures. High profile articles appeared in national newspapers on criminal courts charges and court fee increases as part of a ‘tax on justice’ campaign with the Independent. Interviews on court fee increases and their impact on small businesses were also printed in The Times and Financial Times. There were also interviews including our views on clinical negligence and legal aid in The Times, and a wider profile piece with our chief executive in the Independent and The Times. We also had letters printed in national newspapers on issues ranging from social mobility to court charges.

The volume of media coverage grew dramatically over the year, with the number of articles featuring the Law Society consistently exceeding 500 per month.
How we promoted solicitors in 2014-15

We worked to raise the profile of the profession and promote the value that solicitors can add. We celebrated the best work in the profession, encouraging the best people to join it, regardless of background and we told the public about the benefits of using a professional.

Encouraging the public to choose a solicitor

The Law Society currently has a portfolio of 17 accreditations which support solicitors and their practice, enabling them to demonstrate expertise to potential clients and providing clients with assurance of specialist expertise. Four accreditations are for regulated entities and 13 are for individual practitioners. We are currently reviewing and making improvements to ensure our accreditations remain relevant, reflect the market and current practice. We are also developing two new accreditations for Disease and Mental Capacity (Welfare).

Individual accreditations

Solicitors face increased competition from other providers of legal services. We are working to increase the profile of solicitors and the importance of using a solicitor in six key areas of private client law.

Practice level accreditations

Solicitors face increased competition from other providers of legal services.

Promoting the benefits of using a solicitor

We developed a marketing campaign using a range of communications channels to promote solicitors. This included outdoor and online advertising, PR, social media, member videos on YouTube and making marketing materials available to members to enable them to promote their practices.

The campaign delivered increased engagement with private client members and significantly increased the number of visits to Find A Solicitor (FAS), which provides details of solicitors’ specialist areas of practice.

1.5 million impressions on ITV Player

9.3 million people saw the outdoor advertising
(with 350 million opportunities to see)

33.9 million people reached through PR
PR coverage in local, regional, specialist print and broadcast including BBC Breakfast, BBC News 24, The Independent, The Times, The Sun on Sunday, BBC Radio Kent, Solicitor’s Journal

44% increase in visits to FAS

171,677 visits per month

21% increase in click throughs to members’ websites

6000 qualified leads generated for members via FAS
Excellence Awards
We celebrated the outstanding work of solicitors across the profession at the 2015 Excellence Awards. We received the highest number of nominations in the awards’ history, a 56% increase on 2014. We introduced new categories to reflect the evolving profile of the profession in areas such as technology, human rights and private client practice.

Encouraging the best candidates to join the profession, regardless of background
Through our new Solicitors for Social Mobility: The Ambassadors programme we highlighted the fact the solicitor profession is comprised of accomplished and talented people from all walks of life. In 2015, we profiled 10 solicitors, to share their experience of entering the profession. Each ambassador provided tips, advice and can be contacted by students through a dedicated email service.

A pilot mentoring programme was launched at the end of the year to help increase the number of under-represented groups at senior levels of the profession with 85 pairs participating in this plot.

Celebrating 800 years since Magna Carta at the Global Law Summit
The Society was proud to be a founding partner of the Global Law Summit, which attracted over 2,000 delegates from 100 countries over three days in London in February 2015. Working with the British Council, the City of London Law Society, the Bar, the City of London Corporation and the Ministry of Justice, a comprehensive programme of well-received lectures and events supported the access to justice and rule of law themes enshrined in the Magna Carta.

The summit was supported by many of our members and was an opportunity not only to promote England and Wales as a jurisdiction of choice to the many overseas delegates but also enabled us to strengthen our ties and collaboration with stakeholders key to our members’ interests.

The theme of Magna Carta continued throughout the year, with further thought leadership events. We were represented when the Queen commemorated the 800th anniversary of the sealing of Magna Carta at a ceremony at Runnymede in June 2015.

How we supported solicitors in 2014-15
We offered helpline support and advice, an improved website, new practice notes, toolkits, events and communities and published research on topical issues.

Help and advice for members
The commitment of our Council members and around 300 elected and appointed board and committee members enables us to deliver the advice, support and services our members want.

The Council has 100 seats: 61 for geographical constituencies and 39 for special interest groups and areas of practice. At any time, because of vacancies, the actual number of Council members in post is likely to be slightly below 100.

We support solicitors to develop their expertise and their businesses, irrespective of whether they work for themselves, in-house or for an ABS or law firm. We provide accessible, relevant and targeted information, products and services responding to the professions diverse and individual needs.

Information and news for members
The Law Society Gazette
12.3%
Increase in online monthly page views from the previous year across editorial pages of the Gazette
86%
of PC holders read the Gazette magazine in the last 12 months with 65% rating it seven or more out of 10
67,000+
followers on Twitter. Increased from 13,108 over a 12 month period
51%
of PC holders visited the Gazette website in the last 12 months with 75% rating it seven or more out of 10
22%
of PC holders used Gazette Jobs with 73% rating it seven or more out of 10
The Law Society website

More people than ever are seeking information online and increasingly through mobile devices. We met this demand by improving the functionality of our website. The website hosts nearly 100 practice notes, with seven new additions and 12 updates to practice notes this year.

We delivered a new and improved website homepage and improved navigation around the site. The practice area pages have been redesigned and reorganised, and we have introduced a new and regularly updated Law Society blog.

Social media

We have increased member engagement through social media, and built a stronger platform to inform decision-makers and the public of the benefits of using a solicitor. Our primary Twitter channel has more than 67,000 followers, and our LinkedIn page has over 24,000 LinkedIn members.

E-newsletters

We produced 31 e-newsletters providing practice area and profession-wide insight and intelligence for members.

- Over 194,000 people received Professional Update, our weekly profession wide e-newsletter
- Over 65,000 people received the fortnightly Junior Lawyers Division Update
- Over 22,000 people received the fortnightly Legal Aid Update
- Over 20,000 people received the bi-monthly AML Update.

“Big, small or niche, I feel solicitors need to be bang-up-to-date with what is going on in our profession, which is what the Gazette enables. The Daily Update is pithy, punchy and informative.”

Tony Roe, principal solicitor and family law arbitrator, Tony Roe Solicitors

Services for members

Practice Advice Service

In 2014-15 the Practice Advice Service team responded to 25,260 enquiries from members on a broad range of practice and procedural issues including anti-money laundering, costs, conveyancing, client care and complaints handling.

Find a Solicitor (FAS)

Find a Solicitor is a free service for anyone looking for information about organisations or people providing legal services in England and Wales, presented through an easy-to-use search. As a result of our consumer advertising campaign, we delivered increased online traffic to Find A Solicitor. In 2014-15 the FAS helpline continued to help drive business, referring 68,360 calls to our members.

Library

We supported members through our free library service, with over 10,008 enquiries during 2014-15. Enquiries came from members located all over England and Wales, as well as internationally including Australia, South Africa, Saudi Arabia, United States, Israel and Malta.

Pro bono support

We promoted members’ pro bono work through National Pro Bono Week 2014 and the pro bono Excellence Award 2015. These both provided important press and communications opportunities to showcase the work being carried out by our members.

We developed a toolkit for firms looking to develop a pro bono programme. We continue to fund and support LawWorks, which is the solicitors pro bono charity and to work with members to increase pro bono opportunities through training support and advice.

Number of pro bono hours undertaken by those doing pro bono work

- 52 average hours of pro bono work undertaken by solicitors. Equivalent to 19 hours across all solicitors or 2.5m hours across all PC holders
- 2.1m estimated total number of pro bono hours provided by private practitioners during 2014-15

Financial value of pro bono work

- £592m estimated financial value of pro bono work across all private practice solicitors

2.4% of the total turnover generated by solicitor firms

Events

We held 357 events attended by 25,000 delegates. We offered 613 hours of continuing professional development (CPD) and ran a total of 84 webinars for which 12,600 delegates registered.
Helping our members deal with change

Practice notes and toolkits

We continued to update and develop practice notes through our special committees and communities below are some examples:

Vulnerable clients
We are committed to supporting our members promoting access to legal services for vulnerable clients. In February 2015, we updated our practice note for solicitors representing clients before the Mental Health Tribunal.

In April 2015 we published a practical guide on the application of the Mental Capacity Act deprivation of liberty safeguards for lawyers and health and social care professionals. The guidance was viewed 20,000 times in the first month.

In July 2015, we published a practice note for solicitors to help them meet the needs of vulnerable clients, including those with a range of physical and learning disabilities, and mental health problems.

Using case scenarios, the practice note helped members to:

- identify vulnerable clients and their needs at an early stage
- communicate with them more effectively
- work with third parties, including advocates and carers
- help clients to achieve the best possible legal outcomes.

The practice note, which was supplemented by an easy read guide for clients and carers, was viewed on the website more than 12,000 times.

Litigants in person
In June 2015, working with the Bar Council and CILEX, we produced guidelines discussing how far lawyers could go to help litigants in person, without this conflicting with their duties to their own clients. The guidelines were viewed on our website 12,000 times (8,000 downloads).

Fraud scams
Solicitors’ firms and their client accounts are increasingly the target of fraud scams. We know this from intelligence gathered by our Practice Advice Service and feedback from insurers in the solicitor professional indemnity market.

To support our members, we developed a practice note to help them protect themselves, along with advice and support for those who had already been targeted.

Professional ethics
Professional standards and ethics are vital to maintain the reputation of the solicitor profession. We invited members’ views through a survey, receiving 245 responses in the first three days.

To support members, we developed an online interactive learning tool which guided members through a series of ethical scenarios. The scenarios used practical examples and covered topics about which members told us they needed more information.

Research
We undertook and commissioned a number of research projects to provide an evidence base for our work, on behalf of members and in the public interest.

Research output was used, for example, in representation activities relating to government plans on legal aid contracts and court fees, working with the SRA about client financial protection reform, and improving transparency and service in the supply of professional indemnity to firms.

We completed a range of analyses to quantify the value of the UK legal sector, the pro bono contribution of solicitors and to track City law firm deals. This underpinned our promotion of the profession in a wide range of areas including government, OECD, Bank of England and City UK.

Our research also informed developments in many of the services we provide to members, including our work supporting firms to improve diversity and inclusion in the sector.

Published research outputs were also used directly by firms and solicitors to inform their own decision-making, with over 26,000 visits made to the research web page with over 11,000 outputs downloaded.

Legal Practice Technologies Limited (trading as Veyo)
It was with considerable regret that we announced the end of Veyo, an online conveyancing tool in 2015. This resulted in a write off in the current year as detailed in note 7. As an organisation, we learned difficult but valuable lessons which will inform our approach in the future.

Increasing globalisation makes it more likely than ever that civil justice practitioners in the UK will encounter cross-jurisdictional cases. I encourage solicitors to join the Section to keep themselves up to date on the key issues, in the UK, EU and worldwide.

Diana Wallis, president, European Law Institute

Targeted support for groups of members

Communities
Our communities, made up of divisions and sections, provide support, advice, networking opportunities and sharing of best practice across all areas of practice. We also developed new support for solicitors working in small firms and in-house.

Our communities offer tailored support designed to keep members connected and updated. They bring together solicitors and other experts with shared interests, and provide access to relevant Law Society support and benefits.

Our divisions offer our free member support services based on your demographic or practice type and sections are the subscription-based services based on your area of practice, they include:

- 7,000 attendees joined us at over 100 events
- 37,000 e-newsletters sent to members
- 25,000 magazines to members
- 8,299 members viewed our webinars
- 800,000 people viewed the communities website
- 1,496 members became a section member
Small firms

In January 2015 we established a small firms division to improve our support for members in this area.

With the improved performance in the national economy, many small firms experienced recovery and growth. However, a significant number of firms still continue to deal with the impact of a changing market and changes in policy.

The small firms division promotes the value of small firms and addresses issues such as client care, professional indemnity insurance and regulation through a programme of events and member support activities.

In-house

The number of solicitors working in-house has doubled since 2000 and now accounts for nearly 25% of the profession.

The in-house division, supported by a diverse committee from the corporate and public sectors, launched a programme of key activities focusing on issues of leadership and strategy, risk and legal management, career progression and regulation and compliance. In addition, there is a specific General Counsel 350 programme, supported by an advisory panel. Activities for members include events, e-newsletters and magazines, guidance, thought leadership and the sharing of best practice.

Diversity and Inclusion Charter

In 2014-15 we built on the success of the Diversity and Inclusion Charter, revising the self-assessment criteria and producing a best practice toolkit to inspire more members to promote inclusivity.

Despite the tougher criteria, 341 firms took part in the self-assessment, more than ever before, with double the number of small firms taking part.

Top 100 and large firm results:

- 21% increase in the number of firms that completed an equal pay audit
- 62% increase in the number of firms that secured contracts from clients who consider diversity and inclusion in their procurement processes

A programme of events was held throughout the year to mark key dates, such as International Women’s Day, Black History Month, LGBT History Month, Diwali and Eid. More than 1000 people attended these events.

Speed networking events

Under-represented groups within the legal profession do not have the same access to networking opportunities as other parts of the profession. To counter this we offered a series of speed networking events for women, Black, Asian & Minority Ethnic (BAME), lesbian, gay, bisexual and transgender (LGBT) and in-house members hosted by senior members of the profession. The hosts provided a range of personal and professional experience, valuable advice, tips and business contacts to over 500 attendees.

Congratulations on your in-house division and, in particular, the Lexology update. I have only just found this resource and was pleased to see the Law Society actively considering in-house counsel. I have no doubt that the in-house division at the Law Society will continue to develop and I look forward to seeing that happen, making the Law Society more relevant to junior in-house lawyers as myself.

James Thurgood, company solicitor, Care UK

How we work

Over the last 12 months we continued to seek members’ feedback through our annual survey. Satisfaction with services continues to be high.

Governance

We want to make sure Council, our governing body of elected members, reflects the demographic profile of the profession and the population solicitors serve.

Through social media and events targeting under-represented groups, we increased the proportion of Black, Asian & Minority Ethnic (BAME) Council members. At the last AGM, the proportion of BAME Council members reflected the proportion of the profession - 14%.

The number of women appointed to our committees also increased, reflecting the proportion in the profession at 50%.

In future

Our approach to delivering our new strategy includes developing detailed outcomes and measures for the next three years and holding ourselves to account against these.

We will report to Council and to our members on a high level set of indicators to evaluate our success and our impact and will share our progress on these in future reports.

We will measure success by carrying out and publishing research that helps check progress against our joint vision for the profession and our strategic aims.

In 2016 we will be reviewing our governance arrangements.
Business Review 2015 — Solicitors Regulation Authority

This year we have prioritised our programme of regulatory reform, ensuring a sharp focus on the professional standards that are fundamental to public protection, while reducing the burden of bureaucracy on firms and solicitors. We made good progress on driving high, consistent standards in education and training through our new competence statement, opening up alternative routes into the profession and moving away from the ‘tick box’ approach to CPD.

We successfully completed the wind down of activity in relation to our regulation of Insolvency Practitioners, with all but two firms finding alternative regulators. We worked with the remaining firms to ensure the orderly transfer of ongoing clients either to the Official Receiver or to new insolvency practitioners.

Throughout the year, we have pushed ahead with plans for a fundamental shift away from prescriptive rules in favour of protecting the public by setting out the principles solicitors should follow.

Next year we will launch a phased review of our approach to regulation with a commitment to further simplify our overall approach and the SRA Handbook. We plan to give legal firms greater freedom to run their businesses as they need to. This flexibility will help firms adapt to the rapidly-changing legal market. As well as providing greater freedom to firms and solicitors, the changes will also mean more choice and access to services for the public.

Education and training

Education, training and entry into the profession are key components of public protection. We want to help open up new routes into the profession to ensure the best and brightest can become solicitors, regardless of their background. We worked with a number of law firms to create new legal apprenticeships, which were approved in autumn 2015.

We removed the requirement to count hours of CPD and introduced a new approach, supporting solicitors to reflect on their practice and undertake relevant CPD that addresses development areas.

We established a new competence statement, which sets the benchmark defining what all solicitors should be able to do competently to fulfil their duties.

Taking this work to the next stage, we will consider the introduction of a new, single assessment that all aspiring solicitors must pass to qualify. This will ensure high, consistent standards for all entrants into the profession.

Professional Standards

The SRA sets the standards for the profession, in the public interest, and regulates against those standards.

We started a major campaign called a ‘Question of Trust’, to consult with the public and the profession as we look at the standards we expect from solicitors and what should happen when things go wrong.

Through our campaign, we embarked on a major series of road shows with the public and solicitors, helping us to speak to thousands of people up and down the country.

This work will provide insight into the views and expectations the public have when working with solicitors, and what they expect when solicitors’ actions fall short. This will feed into our new reference framework and regulatory model.

Diversity

We collected workforce data and developed a new diversity toolkit to allow law firms to compare themselves to other similar businesses. This helped law firms review their approach to recruitment, retention and progression.

We used our diversity data to support the establishment of our new small firms service, which includes dedicated web resources, a small firms support team and help-lines, and a small firms reference group.

We raised awareness of the importance of diversity in the sector. For example, we held a fringe meeting at the Liberal Democrat Conference entitled ‘Equal in the eyes of the Law - Diversity in the legal sector’. For the first time, we also had a presence at the Birmingham and London Pride parades. We also promoted our support for the LGBT community through articles in Diva and Attitude, the leading LGBT magazines.
Encouraging innovation

Innovation is often about the introduction of new services, the improvement of existing services and finding new ways to deliver them. Alternative Business Structures (ABSs) are helping to facilitate this and have been an option for existing and new entrants to the market since the 2007 Legal Services Act came into effect.

We undertook joint research into innovation with the Legal Services Board. The report showed that solicitors are more innovative than other lawyers and that ABSs are the most innovative of firms.

Throughout the year, we worked towards the launch of SRA Innovate, a new initiative bringing together our skills and knowhow to help legal service firms wanting to do things in new, creative ways. Perhaps most important of all though, is our public commitment that, when it comes to new ideas, our instinct is to say ‘yes’.

Working with consumers and the public

We changed the way we communicate with complainants, ensuring we provide more accessible information and updates. Our independent third tier corporate complaints service reported that we continue to improve how we work.

We manage the joint legal regulators’ consumer-facing website, Legal Choices. Our social media promotion of the site resulted in a 300% increase in visits.

The launch of our SRA Facebook page is helping us to engage better with the public and it is supporting our website, Legal Choices. Our social media promotion of the site resulted in a 300% increase in visits.

To serve consumers in Wales we have increased accessibility by adding more material in Welsh to our website. And we have reviewed our interpretation and translation policies.

Our operational activity

We hold and maintain the roll of solicitors. There were 171,464 solicitors on the roll at the end of October 2015. Of these, 136,294 held practising certificates and the other 35,170 did not.

We approved 90 per cent of practising certificates and registrations within 4 days. To help secure this performance, we reviewed and strengthened our processes and the stability of the IT. We opened our Contact Centre on Saturday 31 October to offer support to individuals who had left renewing their Practising Certificate to the deadline day.

The Compensation Fund, administered by the SRA, paid out around £18m million in the year to 31 October 2015. Grants are primarily paid from the Fund to compensate those who have lost out financially as a result of money not being accounted for, or, in some cases, misappropriated by a solicitor or legal firm regulated by the SRA.

We continued to successfully manage supervision and enforcement projects in, for example, firms which continue to practise without professional indemnity insurance and/or a practising certificate and in firms that failed to nominate a compliance officer.

We want to support firms and that is why we produce and update a risk outlook through the year. This year we focused on cybercrime, managing client relationships and diversity. We also published a guide aimed specifically at small firms on cybercrime, managing client relationships and diversity.

We held our major annual compliance conference in Birmingham in October 2015. This was the largest event the SRA has held, with attendance doubling from 2014. Targeting also improved – of the 600 plus delegates some 85 per cent were in a compliance officer role, compared to fewer than 50 per cent last year.

Operational effectiveness

We have continued to make operational improvements over the last year, and have:

- Improved the timeliness of our supervision cases. In October 2014, we had 1,901 conduct cases in progress. In October 2015, we reduced this to 1,688.
- Improved the timeliness of our process for Firm-Based Authorisation. In April 2015 the LSB removed the requirement to provide a monthly report on ABS applications and commended us on improving timeliness and operational processes.
- Reduced the average time to make a decision on changing an existing firm’s legal status, from 78.5 days to 25.5 days.
- Consistently operated above our service target of answering 70 per cent of calls within 60 seconds and, in October, we answered 85 per cent of calls within 20 seconds.
- Launched a new Business Improvement and Quality Assurance Unit. This unit joins together key operational support functions to drive continuous improvement and strengthen our effectiveness.
- Undertaken a major review of our corporate tone of voice so that we can be more accessible and effective. This contributed significantly to the smooth running of the annual practising certificate renewal exercise.
- Introduced a new regulatory management team to focus on building and maintaining relationships with a range of firms, including city and global firms, various US firms, national firms and a small number of alternative business structures (ABSs).
- Worked with the TLS to review Corporate Solutions, the shared services provision for the SRA and TLS. As a result of the review, we have embedded some of these services in each organisation, improving efficiency and reflecting the different needs of each body.

In 2013 the Law Society Group shared service function, Corporate Solutions, commenced work on the development of a replacement for the core regulatory database, RIS. The objective being to replace a fragile and outdated system with a more modern CRM in order to reduce IT running and support costs. The project had been subject to technical difficulties and delays. Following the review of Corporate Solutions, responsibility for this project transferred directly to the SRA.

We immediately commissioned a technical assessment to make sure the product met our needs. In light of this, we concluded that the proposed approach was not cost effective and would not provide the required functionality, and closed the project resulting in an impairment of the capitalised development costs as explained in note 13. We have commissioned a review of the overall project and are undertaking a wider piece of work on our IT to improve its efficiency, effectiveness and stability.
Business Review 2015 – Shared Services
(previously referred to as Corporate Solutions)

Review of Corporate Solutions
During 2015, a review of the group’s Corporate Solutions function led to some significant changes to our structure. The first stage of the implementation of those changes was to embed key parts of the finance, HR, facilities and project management offices into the TLS and SRA and to cease referring to the central team as Corporate Solutions. The aim of the first phase was to move away from the appearance of a third business within the group and seek to embed key teams into the parts of the group they directly supported. Throughout the 2015/16 financial year this work will continue with a view that, wherever possible, services are delivered in the correct part of the business and ownership and responsibility sits appropriately with the relevant Chief Executive with an element of jointly managed Shared Services remaining at the core.

Finance
During 2015 we made further significant progress in improving the financial control environment for the group. This work has continued with a group focus on minimising fiscal risk across the organisation.

In 2015 we also launched a project to continue improving the performance of the Microsoft Dynamics ERP system which will deliver an enhanced financial control environment and increase efficiency.

Human Resources
A significant change was made in the approach to objective setting and the measurement of staff performance with the implementation of a new Performance and Development Review framework. The main purpose was to provide a stronger link between performance, pay and recognition whilst ensuring affordability. The HR team supported this process and the acquisition of key executive and non-executive roles for the Law Society and the SRA.

Internal audit & risk
Internal audit services were delivered during the year using the co-sourcing arrangement with Deloitte. Internal audit findings in the year have supported a year-end internal audit opinion of ‘adequate’ for each business entity and the group as a whole. Following a refresh of the business continuity plans in 2014/15, each part of the business now has a dedicated workplace recovery facility in order to support critical services provided to stakeholders in the event of a major incident. A programme of business continuity training is in place, including desktop exercises for senior managers. Work undertaken in 2015 to enhance the group’s information security position was independently reviewed by Deloitte at the end of the year. Cyber resilience improvements were found to be proportionate and robust and this will continue into 2016.

The risk framework introduced in 2014 has been used across the group to ensure that open and transparent risk reporting has been undertaken. Group level risks have been reported to key boards in each entity bi-annually and reported to Audit Committee and Business and Oversight Board quarterly.

Property
In 2014, the restructure of the Property team concluded with the appointment of Tom Boston as Head of Property. ISS were contracted to deliver outsourced facilities management following a thorough tender process undertaken by both the Sourcing and Property teams.

IT
During 2015, Deloitte was engaged to carry out a formal review of the full IT environment and make recommendations for improving this across the organisation. Their recommendations are a continuation of the changes made to the information security risk profile, continued focus on vendor performance, higher focus on enterprise architecture and a review of IT projects and the governance surrounding them.

Cyber resilience improvements were found to be proportionate and robust and this will continue into 2016.
How we are governed

Council
The Council is the Law Society’s ultimate governing body with responsibilities derived from statute and the Law Society’s Charter, bye-laws and general regulations. The charter and bye-laws reserve certain matters to the Annual General Meeting (AGM) of members.

There are 100 places on the Council, of which 94 were filled as at 31 October 2015. One seat was vacant following the death of the holder, and five seats are held in abeyance at present to enable additional representation as and when the Council determines that this is required. All members are elected for a four year term, which is renewable, except that the term of office for the holder of the seat designated for LPC students/trainees is two years. Council members who held office during the period are shown on page 85.

The Council maintains strategic oversight but has delegated most corporate functions to the Management Board and the Business and Oversight Board. While the Law Society remains the Approved Regulator, all regulatory functions are delegated by Council to the SRA Board.

Office holders
The Law Society has three elected office holders: the president, vice president and deputy vice president. They each hold office for one year. Each year the Council elects the deputy vice president; the previous year’s deputy vice president becomes the vice president and the vice president becomes president. The handover takes place at the AGM in July each year.

The office holders are the Law Society’s main ambassadors and represent the organisation at home and abroad. The office of president is a full-time appointment and the president is chair of the Council.

Chief Executives and Chief Operating Officer
The Law Society
Catherine Dixon took up the office of chief executive of the Law Society on 5 January 2015. Ms Dixon was previously chief executive of the National Health Service Litigation Authority. During the reporting year the position of chief executive was held on an interim basis by Paul Coen to 19 December 2014.

The Solicitors Regulation Authority
Paul Philip was Chief Executive of the SRA throughout the year.

Corporate Solutions
Alan Vallance was the chief operating officer with responsibility for Corporate Solutions operations until May 2015. Following a review of Corporate Solutions, Alan Vallance left the business on 8 May 2015 and the Law Society and SRA chief executives jointly assumed responsibility for Corporate Solutions during a thorough review of the support services required by the organisation.

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

Leadership

The chief executive of the Law Society is responsible to the Council and the Management Board.

The chief executive of the SRA is responsible to the SRA Board.

The chief operating officer, up until his departure in May 2015 was responsible to the Business and Oversight Board.

The UK Corporate Governance Code
The Law Society is incorporated by Royal Charter and, as a result, is not bound by the UK Corporate Governance Code (the Code). However, the Law Society is committed to the principles of good corporate governance and has put in place steps to comply with the principles of the code in a manner proportionate to the Law Society’s operations.

Boards and committees

The Business and Oversight Board
The Business and Oversight Board comprises of the president, treasurer, a council member elected by ballot of the Council, the chief executive of the Law Society, the chair of the SRA Board, two members of the SRA (one being the chair of the Board’s Finance and Resources Committee and the other being nominated by the chair of the SRA Board), the chief executive of the SRA and three external members (who are neither Council members nor members of the SRA Board).

Management Board
The Management Board advises Council on the exercise of the Law Society’s functions as approved regulator, except for matters delegated to the Business and Oversight Board and the SRA Board. The Management Board recommends to Council the Law Society budget and business plan, oversees the work of the Law Society chief executive and her team and approves the annual report and financial statements for adoption at the Annual General Meeting. The Management Board also recommends to Council the amount to be collected through PC fees and contributions to the Compensation Fund.

The Management Board is chaired by a council member who is also treasurer and is elected by a ballot of council members for a period of three years (non-renewable). The current treasurer and Chair of Management Board is Michael Ganson, who was elected to the role in September 2015. In addition to the chair, the membership of Management Board comprises of the president, vice president, deputy vice president, chief executive (non-voting member) and five council members elected by ballot of the Council.

Business and Oversight Board
The Business and Oversight Board deals with all matters relating to the provision of support services from Shared Services to the Law Society and the SRA. In addition, the Board is responsible for recommending to Council the annual budgets for the SRA, Shared Services and for the oversight of risk.

The Law Society, as approved regulator, remains responsible for oversight of the SRA Board to ensure that it operates in accordance with the regulatory objectives of the Legal Services Act (LSA). This responsibility is exercised through the Business and Oversight Board.

The Business and Oversight Board comprises the president, treasurer, a council member elected by ballot of the Council, the chief executive of the Law Society, the chair of the SRA Board, two members of the SRA (one being the chair of the Board’s Finance and Resources Committee and the other being nominated by the chair of the SRA Board), the chief executive of the SRA and three external members (who are neither Council members nor members of the SRA Board).

Each of the external members of the Business and Oversight Board serves for three years, running from the date of appointment until the 31 August of the fourth year and is eligible for re-appointment for one further period of three years only.

On 1 January 2013, David Fisher, an external member, was appointed as sole chair of the Board. David Fisher stepped down as chair in August 2015. The role of chair has been filled since David Fisher’s departure by a joint chair from the SRA and Law Society members which until the year end was Andrew Caplen (the Law Society) and Graham Chisnall (SRA).
Financial results: 2010-2015

Our Business Model

The Law Society business model is designed to achieve a balanced budget with neither a surplus nor a deficit on a year by year basis. A financial surplus or deficit can occur as a result of specific events or decisions. The majority of the organisation’s income is derived from the collection of practising fees from individual solicitors and regulated entities for activities which are permitted under Section 51 of the Legal Services Act. To the extent that a surplus or deficit is generated in any year from permitted activities, an adjustment may be made in the following year to reduce or increase the practising certificate fees levied.

Financial results for years 2010-2015

Explanation for exceptional items

- 2015 – The £12m exceptional cost in 2015 relates to a £5.1m impairment of the cost of developing the Oneview and Review IT systems and £6.9m impairment loss on termination of Legal Practice Technologies Limited.
- 2014 – There were no exceptional items.
- 2013 – The exceptional gain in 2013 resulted from the finalisation of the pension scheme buyout.
- 2012 – The exceptional loss in 2012 resulted from impairment of the enabling programme (£4.9m) the Epicor accounting system (£0.7m) and Ipsley Court (£0.3m).
- 2011 – The exceptional loss in 2011 resulted from the recognition of the pension scheme buy out.
- 2010 – The exceptional gain of £16.3m resulted from commutation of reinsurance within the Indemnity operations.
These results show an accounting surplus in 2015 of £0.2m. The surplus arises as the net effect of an under spend against budget on ongoing operations resulting in a surplus of £12.2m. This is offset by exceptional costs incurred through impairment of software development in relation to the OneView project and the iView project totalling £5.1m and write off of assets of £6.9m in relation to the termination of Legal Practice Technologies Limited.

Some of the operating under spend was planned and results from capitalisation of expenditure on fixed assets of £7.4m. These costs are not fully charged to the income statement in the current year. This is offset in part by operating losses during the start up phase of development within Legal Practice Technologies Limited which is detailed in note 7. A number of items result from unplanned activity such as the deferment of works on Chancery Lane, a reduction in levy costs and refunds on property rate rebates. Details of the major areas of income and spend are included on pages 43 and 44.

The surplus in 2014 was £32.4m primarily due to capitalisation of spend on Fixed Assets, increased income from practising fees resulting from a higher than expected number of applicants, a reduction in the cost of levies and in the number and value of external legal cases. Delays in recruitment, projects and repair work at Chancery Lane also contributed to the surplus for the year.

The surplus in 2013 resulted from an increase in income from practising fees coupled with an exceptional gain from the finalisation of the Defined Benefit Pension Scheme and various cost reduction initiatives.

The 2012 result reflected major expenditure on two projects; a major SRA IT programme and the relocation of the Midlands based staff to the Cube in Birmingham.

The deficit in 2011 was due to a provision for exceptional costs of £82.5m for the disposal of the Defined Benefit Scheme where funds had been collected in the prior year to remove the volatility risk from the scheme. The impact of the disposal of the scheme is reflected in the result for 2010 where there was a significant surplus. This surplus was due to increased practising fees, savings against budget and indemnity operations contributions. Of the total accumulated reserves in 2010, only £39m was available for use by the society, the remainder being earmarked for the Defined Benefit Scheme buy out.

The gain for the year ending 31 October 2015 was a net surplus of £0.2m (2014: £32.4m surplus). The total income of the Group has decreased year on year by £20.1m (14%), predominantly due to a decrease in the income received from practising fees and cessation of fees for student enrolment. These accounted for £15.9m and £1.7m of the decrease respectively. A decrease in practising fees collected for the financial year was planned with a lower fee being charged, collections for the 2014/15 PC fee year were in line with expectations.

Practising Fees

Practising fees are used to fund the activities of the SRA, the associated support operations of CS and the activities of TLS which are referred to as “permitted activities” under S51 of the Legal Services Act (LSA). The fees are calculated by reference to the operating and capital budget requirements of the Law Society excluding the “non-permitted” (essentially commercial) activities of TLS which are required to be funded through the generation of commercial income.

Practising fees are levied on regulated firms and individuals and are invoiced in October to cover the following period from November to October. For 2015/16 the base PC fee for individuals was set at £320 (£320 in 2014/15). Fees for entities are related to the turnover of each entity. The number of regulated firms and individuals has remained broadly consistent at just over 10,000 and 136,000 respectively. A total of £105.1m was recognised as practising fee income in 2015 (2014: £121.0m). The decrease in practising fee income is mostly due to a reduction in the level of the fees set for 2014/15 which were released in to income in 2015 compared to that set for 2013/14. In addition to the practising fees a levy is collected on behalf of the Compensation Fund which funds compensation claims against defaulting practitioners and the costs associated with its management by the SRA. This is paid by all individual practising certificate holders, with the exception of those working for the Crown Prosecution Service and by all firms holding client money. The levy provides a source of cash to maintain an amount in the Compensation Fund that exceeds a minimum calculated reserve.

A total of £82.8m was recognised as deferred practising fee income for the 2015/16 renewal year (2014/15: £82.1m). The practising fee and Compensation Fund levy collection process for 2015/16 commenced on 1 October 2015 and officially finished on 31 October 2015. As at 31 December 2015 the invoiced total amount was £104.5m and cash banked was £104.4m. The above figures excludes the cash collected on behalf of the Compensation Fund for which the corresponding liability is recognised in the consolidated Balance Sheet as the Compensation Fund is not consolidated (see note 1).

Collection of Compulsory Statutory Levies

Under the LSA and Solicitors Act 1974 the Society is required to collect and pass on levies to fund three independent bodies; the Legal Services Board, the Legal Ombudsman and the Solicitors Disciplinary Tribunal. The levies are imposed by these organisations based on their operating costs and the Law Society has no involvement in the determination of the amounts levied. In 2015 this amounted to £15.1m, which represented 12% of the Group’s total operating cost (2014 £17.5m: 15%).

Further information on these payments can be found in note 5 on Page 73.

Assigned Risks Pool

Until its closure the Assigned Risks Pool (ARP) provided professional indemnity insurance cover for firms who were unable to obtain cover from Qualifying Insurers. The ARP’s final year of operation ended on 30 September 2013. An arrangement is in place for liabilities arising from claims made in relation to firms in the ARP in the final year of operation. For such firms which ceased to trade while in the final year of the ARP, for a period of six years any liability is to be met by the Law Society and Qualifying Insurers under agreed layers. A net provision has been made for £2.9m (2014: £2.9m) based on our best estimate of the Law Society’s liability.
Legal Practice Technologies Limited (trading as Veyo)

A decision was taken during December 2015 to cease future investment in Veyo. The impact of this decision is detailed in note 7.

Projects, capitalisation and impairment

Each year the Law Society invests funds in change programmes to deliver business benefits such as improved service, revenue generation and/or reduced costs. Many of these initiatives are highlighted in more detail in the Business Review section of this Annual Report. The benefits of many of these programmes of work are delivered over a number of financial years and are planned to create assets of a tangible nature. Accordingly, such assets are capitalised with the cost of that expenditure spread over a number of years and aligned to their use, rather than being fully taken to the income statement in the current year. During 2015, the Law Society made further investments in IT systems and processes spending a total of £7.9m (2014: £6.1m) of which £3.9m was capitalised (2014: £4.1m).

During 2015 £5.1m of capitalised assets were impaired. This relates to the cost of the Oneview and Rview programmes, which were halted following an external review in the context of the IT environment within the Law Society. It was considered that the programme could not offer a robust, long term cost effective solution.

Property

The Law Society holds the freehold to three properties in London which are included in the financial statements at cost less accumulated depreciation. Based on desktop valuations and a detailed reassessment undertaken by independent surveyors as at 31 October 2015 the value of the property portfolio stands at £44.2m (2014: £37.6m). The open market value of 60 Carey Street is £6.0m (2014: £6.4m). A provision for dilapidations of £0.5m (2014: £0.4m) is currently held in respect of leasehold property.

Solicitors Indemnity Fund

SIF gave rise to a deficit after tax of £0.5m (2014: £2.1m surplus). The deficit is a result of operating losses of £1.6m offset by investment income of £1.1m.

Legal and Intervention Costs

The provision for intervention, disciplinary proceedings and litigation costs at 31 October 2015 is in line with the provision at 31 October 2014. The provision has moved significantly during the year with £3.3m of the 2014 being utilised during 2015, £0.8m being released and £4.1m additional provision being added. Costs incurred during the year in relation to intervention costs were recharged in full to the Compensation Fund.

During 2015 £5.1m of capitalised assets were impaired. This relates to the cost of the Oneview and Rview programmes, which were halted following an external review in the context of the IT environment within the Law Society. It was considered that the programme could not offer a robust, long term cost effective solution.

Group risks

Risk governance and management

The Audit Committee and the Business and Oversight Board have regular oversight of the Group Risk Register as part of the formal group risk governance arrangements. In addition to this, and to support transparency of risk reporting, the Group Risk Register is also presented to a range of other key Boards across the group as part of a structured risk reporting cycle. These Boards include Management Board, SRA Finance and Resources Committee and the Corporate Solutions Executive Leadership Team.

In the operational areas, group risk is monitored by the Group Risk Forum which meet quarterly. Membership of the forum during 2015 included the Chief Operating Officer and Executive Directors from the SRA and TLS who are also supported by senior managers from within each operating division. Risk mitigation activity undertaken by the forum is linked to and managed against a range of approved risk appetite levels which are defined in the Group Risk Framework.

The Law Society has continued to enhance risk governance and management systems during this period by embedding risk training and awareness raising within the HR induction programme. This includes details of key internal controls relating to high risk areas such as fraud, expenses management and gifts and hospitality.

Information on financial and governance risk is contained elsewhere in this report, for example in the Financial Review section and Audit Committee Statement. A summary of other key group level risks considered during 2014/15 is provided in the table below.

Group risk summary

<table>
<thead>
<tr>
<th>Risk</th>
<th>Actions to mitigate the risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>The risk that the organisation’s internal control environment is insufficient and fails to provide assurance on the achievement of strategic objectives.</td>
<td>Regular reporting on progress is provided to both Business and Oversight Board and Audit Committee, with regular input also provided from Management Board and the SRA. To mitigate this risk, a review of organisational financial controls has been completed and a detailed action plan is being followed with ongoing independent review by PwC.</td>
</tr>
<tr>
<td>The risk of a major crisis that affects the delivery of our core services.</td>
<td>A full refresh of our business continuity and disaster recovery arrangements has been undertaken. We have introduced a dedicated work place recovery site for each operating division to ensure that critical services can be maintained during a major incident. In addition, we have begun a major staff training programme which has already included the delivery of desktop exercises to over 100 senior managers. This programme will continue into 2016.</td>
</tr>
</tbody>
</table>
On 30 November 2015 (following the end of the Law Society’s financial year), the government announced that it will launch a consultation by spring 2016 on removing barriers to entry for alternative business models in legal services. It is understood this consultation will also consider making legal service regulators structurally separate from their representative bodies.

At the time of writing this report the government had not published the final consultation document. Despite this, associated risks are being considered, however these will only be defined once the scope of the consultation has been made known.

Separately on 13 January 2016, the Competition and Markets Authority (CMA) launched a legal services market study into the supply of legal services in England and Wales with a statutory deadline of 12 January 2017. The SRA and TLS have each responded to the initial stages of the study with a statutory deadline of 12 January 2017. The CMA launched a legal services market study into the supply of legal services in England and Wales on 13 January 2016, the Competition and Markets Authority (CMA) launched a legal services market study into the supply of legal services in England and Wales. The SRA and TLS have each responded to the initial stages of the study with a statutory deadline of 12 January 2017. The study into the supply of legal services in England and Wales is relevant and up to date and aligned to the IT strategy.

The work carried out by group finance has been independently reviewed throughout the year by PwC, assessing first the design and then the operational effectiveness. The reviews of design effectiveness have been completed for all financial controls, with operational effectiveness testing now completed on almost all areas with the control environment in the areas assessed to date being concluded as standardised. The remainder of operational testing will be performed in early 2016 alongside entity level controls which impact on financial reporting risk. Further work began in 2015 to optimise the functionality of the ERP system implemented during 2014 to automate controls which are currently manual.

The Audit Committee has been regularly updated by the Chief Finance Officer at each meeting on the work being done to improve financial controls across the Group.

The Audit Committee assists and advises the Management Board and the Council in ensuring that the accounts and financial statements of the Society are true and fair and in conformity with the applicable accounting standards. The committee keeps under review the arrangements for internal audit, internal control, risk and corporate governance and advises generally on all aspects of audit and financial control within the Society. In addition, the Audit Committee liaises with the internal and external auditors as required, overseeing any action to be taken and informing the Council, Business and Oversight Board and the Management Board accordingly.

During the year the Audit Committee has monitored and considered a number of areas, including the following:

**Internal Control Environment**

Internal controls are designed to manage the risk of failure, to achieve business objectives and provide reasonable assurance against material misstatement or loss. Internal controls are primarily the responsibility of the Management Board and are also included in the Audit Committee’s terms of reference requiring it “to keep under review the systems of internal control…”. The Law Society considers that its systems of internal control require further improvement and will continue to review and develop the internal control environment.

During 2015 a significant amount of work has been conducted to improve the control environment with a focus on financial controls. The work was begun in 2014 to a plan that was originally reviewed by the Audit Committee in December 2013. The plan focused on improving the effectiveness of financial controls alongside additional activities aimed at embedding internal controls within the culture, behaviours and codes of conduct of the organisation.
The Audit Committee reviewed the revised Group Risk Framework which was introduced in 2014. This integrated framework is used to capture risks from a strategic Group level down to an individual functional area or project within the Group. Executives and managers at the relevant level then manage risks captured in the framework. A regular quarterly forum reassesses risks included within the framework adding any new risks, promoting or relegating risks to the right level of management and retiring those risks which are no longer relevant.

**IT strategic development**

Deloitte were engaged in 2014 as part of their internal audit work to perform an information security audit. This was followed up in 2015 with a formal review of the full IT environment, the outcome of which was a number of recommendations to improve IT efficiency. Throughout 2015 the Audit Committee has been provided with regular updates on progress against these recommendations both internally and from Deloitte follow up reviews.

**Solicitors’ Indemnity Fund**

The Audit Committee was given a detailed presentation on the financial position of, and key risks and issues relating to, the Solicitors’ Indemnity Fund. This included information on the history of indemnity claims and the basis of the calculation of future indemnity and the related provisions in the financial statements.

**Corporate Solutions review**

During 2015 a joint review was performed by TLS and the SRA into the shared service support provided by Corporate Solutions and the most effective and efficient way for these services to be provided in the future to best support the two areas of the business.

The Audit Committee were provided with regular updates throughout the review from the two Chief Executives and were presented with the detailed plans, considerations made and how the outcome of the review would be monitored following the year end.

**Commercial Investments**

Since 2012 TLS has built up a small portfolio of investment operations with a view to developing alternative revenue streams to complement existing in-house revenue generation. The Audit Committee reviewed the TLS approach being taken to these commercial investments and was updated on each entity within the portfolio.

**Financial Statements - Key Matters Considered**

The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Law Society Group’s financial statements or the level of complexity or estimation involved in their application and will report on these to Management Board. It has considered the following key areas during the financial period.

<table>
<thead>
<tr>
<th>Matter considered</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solicitors Indemnity Fund case provision and recoveries</td>
<td>The Audit Committee was presented with audited accounts from SIF with an overview of the case provisions by the relevant management teams. The Committee discussed the various provisions and judgements made with regard to the calculation of each provision. The provisions have been calculated on a consistent basis and are consistent with the underlying calculations as adjusted to reflect current trends in claims received.</td>
</tr>
<tr>
<td>Commercial investments</td>
<td>The Audit Committee has been provided with updates on current trading and development by the CEO and management of TLS. The treatment of the investment in LPT and its results consolidated into the group financial statements have been discussed with the Audit Committee. Following the termination of activities within LPT in December 2015, this has been treated as a discontinued activity.</td>
</tr>
<tr>
<td>Key Strategic projects</td>
<td>Throughout the year the Audit Committee received updates on any significant projects from the CEO and finance team. The impairment during the year was a result of review carried out by Deloitte as to the long term viability of the project, the outcome of which was that it would not deliver a robust long term, cost effective solution. As such a decision was taken to stop further development and impair costs capitalised to date.</td>
</tr>
</tbody>
</table>
The provision has been reviewed at the end of 2015 compared to actual claims experience during the period and an updated valuation was not considered necessary. At 31 October 2015 the provision was £2.9m (2014: £2.9m).

Assigned Risks Pool
The ARP provided PII cover for firms who were unable to obtain cover from qualifying insurers and closed in 2013. Certain liabilities arising from claims made in relation to applied firms are to be met by the Law Society. An actuarial valuation was performed in 2014 by an independent external valuer and a policy put in place requiring further external valuations to be performed triennially as a minimum. The provision has been reviewed at the end of 2015 compared to actual claims experience during the period and an updated valuation was not considered necessary. At 31 October 2015 the provision was £2.9m (2014: £2.9m).

Management Board
The Management Board is responsible for preparing the consolidated financial statements in accordance with the basis of preparation and accounting policies in note 1. The Management Board must not approve the consolidated financial statements unless it is satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the consolidated financial statements.

In preparing these consolidated financial statements, the Management Board has:

- selected suitable accounting policies and then applied them consistently.
- made judgments and accounting estimates that are reasonable and prudent.
- stated the basis of preparation and the accounting policies applied.
- prepared the consolidated financial statements on the going concern basis unless it is inappropriate to assume that the Law Society will continue in business.

The Management Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Law Society’s transactions and disclose with reasonable accuracy at any time the financial position of the Law Society. It is also responsible for safeguarding the assets of the Law Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Management Board is primarily responsible for reviewing both the system of internal controls and risk management, with the Business and Oversight Board and the SRA Board sharing responsibility.
Statement of going concern
The Management Board considers (on behalf of the Council) that the Law Society will have sufficient resources to meet its liabilities as they fall due for the foreseeable future, at least over the next 12 months from the date of signing the financial statements. As a result, the Management Board (on behalf of the Council) has satisfied itself that the Law Society is a going concern.

Independent auditors
PricewaterhouseCoopers LLP were appointed as external auditors in 2009 following a competitive tender process.

Following a recommendation from the Audit Committee, Management Board has adopted a policy in relation to the provision of non-audit services by the auditors, with the objective of ensuring that the provision of such services does not impair the external auditors’ independence or objectivity.

How we ensure controls are in place
Internal control
The Law Society recognises the value of the internal control principles and, in doing so, the Law Society acknowledges that internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss. Further details on the internal control environment can be found in the Audit Committee Statement on Page 47.

Monitoring of internal controls
The Council has given specific responsibility for internal control to the Management Board, although other Boards have some risk management responsibilities.

During 2015, the Law Society continued to focus on implementing a detailed plan to improve the internal control environment.

Risk management
The Council, through Management Board, the Chief Executives of the Law Society and the SRA and the Chief Operating Officer, has established a process for identifying, evaluating and managing significant risks faced by the Law Society. The Business and Oversight Board has responsibility for overseeing the Group Risk Register (further details on page 45). The supporting risk registers are regularly updated and the governance of risk management activity and reporting is documented in the group risk framework.

Approved by the Management Board of the Law Society and signed on behalf of the Council of the Law Society.

Report on the consolidated financial statements
Our opinion
In our opinion, the Law Society’s consolidated financial statements (the “financial statements”):

• give a true and fair view of the state of the group’s affairs as at 31 October 2015 and of its surplus and cash flows for the year then ended
• have been properly prepared in accordance with United Kingdom accounting standards.

What we have audited
The Law Society’s financial statements comprise:

• the Consolidated Balance Sheet as at 31 October 2015
• the Consolidated Income and Expenditure Account and the Consolidated Statement of Total Recognised Gains and Losses for the year then ended
• the Consolidated Cash Flow Statement and related notes for the year then ended
• the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards.

In applying the financial reporting framework, the Management Board have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Management Board
As explained more fully in the Statement of Responsibilities set out on page 51, the Management Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for management’s purposes to assist the Council of the Law Society to discharge their stewardship obligations and fiduciary responsibilities in respect of the Society under the Bye-laws in accordance with our engagement letter dated 30 October 2015 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Approved by the Management Board of the Law Society and signed on behalf of the Council of the Law Society.

Independent Auditor’s Report to the Council of the Law Society

Jonathan Smithers
President
Date: 13 June 2016

Michael Garson
Treasurer
Date: 13 June 2016
What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group’s circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the Management Board
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Management Board’s judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Consolidated Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Consolidated Income and Expenditure Account for the year ended 31 October 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Continuing operations £’000</td>
<td>Discontinued operations £’000</td>
</tr>
<tr>
<td>Income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practising fee income</td>
<td>2</td>
<td>105,107</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>18,788</td>
</tr>
<tr>
<td>Indemnity operations</td>
<td>3</td>
<td>711</td>
</tr>
<tr>
<td>Total income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Law Society excluding funding of external bodies and indemnity operations</td>
<td>4</td>
<td>(96,565)</td>
</tr>
<tr>
<td>Funding of external bodies</td>
<td>5</td>
<td>(15,114)</td>
</tr>
<tr>
<td>Indemnity operations</td>
<td>3</td>
<td>(2,328)</td>
</tr>
<tr>
<td>Fixed asset impairment</td>
<td>13</td>
<td>(5,058)</td>
</tr>
<tr>
<td>Total operating cost</td>
<td>(119,065)</td>
<td>(5,007)</td>
</tr>
<tr>
<td>Operating result:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,541</td>
<td>(5,007)</td>
<td>534</td>
</tr>
<tr>
<td>Impairment loss on termination</td>
<td>7</td>
<td>(6,935)</td>
</tr>
<tr>
<td>TLS share of associates operating profit</td>
<td>12</td>
<td>(6,153)</td>
</tr>
<tr>
<td>Results before interest and tax</td>
<td></td>
<td>(6,183)</td>
</tr>
<tr>
<td>Income from investments and claims recoveries</td>
<td>8</td>
<td>(4,508)</td>
</tr>
<tr>
<td>Tax charge</td>
<td></td>
<td>(116)</td>
</tr>
<tr>
<td>Results after taxation</td>
<td></td>
<td>(4,624)</td>
</tr>
<tr>
<td>Equity minority interest - for discontinued entity</td>
<td></td>
<td>4,858</td>
</tr>
<tr>
<td>Surplus for financial period</td>
<td></td>
<td>234</td>
</tr>
</tbody>
</table>

Continuing operations above include indemnity operations which were discontinued from 2000 but continue to wind-down, see note 3.

Discontinued operations above include the trading results of Legal Practice Technologies Limited.

There are no material differences between the result before taxation and the surplus for the financial period stated above and their historical cost equivalents.

The notes on pages 63 to 84 form part of these financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants London
Date: 13 June 2016
Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 October 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the financial year</td>
<td>10</td>
<td>234</td>
</tr>
<tr>
<td>SIF unrealised gain on fixed investments</td>
<td>3</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total recognised gain for the period</strong></td>
<td></td>
<td><strong>292</strong></td>
</tr>
</tbody>
</table>

The notes on pages 63 to 84 form part of these financial statements.

Consolidated Balance Sheet as at 31 October 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>13</td>
<td>21,184</td>
</tr>
<tr>
<td>Investments - long-term</td>
<td>14</td>
<td>294</td>
</tr>
<tr>
<td><strong>Total tangible assets</strong></td>
<td></td>
<td><strong>21,478</strong></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks - goods for resale</td>
<td></td>
<td>222</td>
</tr>
<tr>
<td>Debtors</td>
<td>16</td>
<td>29,706</td>
</tr>
<tr>
<td>Investments - short term</td>
<td>14</td>
<td>106,326</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td></td>
<td>355</td>
</tr>
<tr>
<td>Bank and cash</td>
<td></td>
<td>77,915</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td><strong>214,524</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>236,002</strong></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>17</td>
<td>(123,601)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>(123,601)</td>
</tr>
<tr>
<td>Liabilities due in more than one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross indemnity claims provision</td>
<td>15</td>
<td>(14,855)</td>
</tr>
<tr>
<td>Related party loans</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Society provisions</td>
<td>18</td>
<td>(8,117)</td>
</tr>
<tr>
<td><strong>Total liabilities due in more than one year</strong></td>
<td></td>
<td>(22,972)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>(146,573)</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td></td>
<td><strong>89,429</strong></td>
</tr>
</tbody>
</table>
Consolidated Balance Sheet as at 31 October 2015 (continued)

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated funds at the start of the year</td>
<td>10</td>
<td>93,792</td>
</tr>
<tr>
<td>Total recognised gain for the year</td>
<td>10</td>
<td>292</td>
</tr>
<tr>
<td>Accumulated funds</td>
<td></td>
<td>93,792</td>
</tr>
<tr>
<td>Minority interest</td>
<td>10</td>
<td>(4,655)</td>
</tr>
<tr>
<td>Accumulated funds after minority interest</td>
<td></td>
<td>89,052</td>
</tr>
</tbody>
</table>

The notes on pages 63 to 84 form part of these financial statements.

The financial statements were approved by the Management Board of the Law Society and signed on behalf of the Council of the Law Society.

Jonathan Smithers  
President  
Date: 13 June 2016

Michael Garson  
Treasurer  
Date: 13 June 2016

Consolidated Cash Flow Statement for the year ended 31 October 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>I</td>
<td>23,577</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>II</td>
<td>1,658</td>
</tr>
<tr>
<td>Taxation paid</td>
<td></td>
<td>(103)</td>
</tr>
<tr>
<td>Capital expenditure and financial investments</td>
<td>III</td>
<td>(7,571)</td>
</tr>
<tr>
<td>Cash inflow before management of liquid resources and financing</td>
<td></td>
<td>17,561</td>
</tr>
<tr>
<td>Management of liquid resources</td>
<td>IV</td>
<td>(76,246)</td>
</tr>
<tr>
<td>Financing</td>
<td>V</td>
<td>2,360</td>
</tr>
<tr>
<td>Decrease/increase in cash in the year</td>
<td></td>
<td>(56,325)</td>
</tr>
</tbody>
</table>

Reconciliation of net cash flow to movement in net funds:

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net funds resulting from cash flows</td>
<td>VI</td>
<td>19,921</td>
</tr>
<tr>
<td>Unrealised gain on investments</td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>Movement in net funds</td>
<td></td>
<td>19,979</td>
</tr>
<tr>
<td>Net funds as at 1 November</td>
<td></td>
<td>164,617</td>
</tr>
<tr>
<td>Net funds at 31 October</td>
<td>VI</td>
<td>184,596</td>
</tr>
</tbody>
</table>
Notes to the Consolidated Cash Flow Statement for the year ended 31 October 2015

I. Reconciliation of surplus for the year to net cash inflow from operating activities

<table>
<thead>
<tr>
<th>Note</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td>534</td>
<td>29,605</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6</td>
<td>3,860</td>
</tr>
<tr>
<td>Fixed asset impairment</td>
<td>6</td>
<td>5,058</td>
</tr>
<tr>
<td>Decrease/(increase) in stock</td>
<td>126</td>
<td>(21)</td>
</tr>
<tr>
<td>Decrease in debtors</td>
<td>7,803</td>
<td>44</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors &lt; 1 year</td>
<td>5,470</td>
<td>(19,350)</td>
</tr>
<tr>
<td>Increase/(decrease) in PII claims incurred net of reinsurance</td>
<td>696</td>
<td>(1,265)</td>
</tr>
<tr>
<td>Increase/(decrease) in provisions</td>
<td>24</td>
<td>(2,881)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>23,577</td>
<td>11,065</td>
</tr>
</tbody>
</table>

II. Analysis of cash flow for headings netted in the cash flow

Returns on investments and servicing finance:
- Investment income and interest: 1,658 £’000 (1,585 £’000)

Net cash inflow from returns on investments and servicing of finance: 1,658 £’000 (1,585 £’000)

III. Capital expenditure and financial investments

Capital expenditure and financial investment:
- Purchase of tangible fixed assets: (7,571) £’000 (8,300) £’000
- Purchase of shares: - (16) £’000

Net cash flow capital expenditure and financial investment: (7,571) (8,316) £’000

IV. Management of liquid resources

(Purchase)/sale of current asset investments:
- (76,246) £’000 18,911 £’000

V. Financing

Issue of ordinary shares in subsidiary: - 400 £’000
- Proceeds of new loans with related parties: 2,360 £’000 1,720 £’000

Net cash inflow from operating activities: 23,577 £’000 11,065 £’000

Notes to the Consolidated Cash Flow Statement for the year ended 31 October 2015 (continued)
Notes to the Consolidated Cash Flow Statement for the year ended 31 October 2015 (continued)

VI. Analysis of net funds

<table>
<thead>
<tr>
<th></th>
<th>As at 01 Nov 14 £’000</th>
<th>Cash flow £’000</th>
<th>Non-cash items £’000</th>
<th>As at 31 Oct 15 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>134,595</td>
<td>(56,325)</td>
<td></td>
<td>78,270</td>
</tr>
<tr>
<td>Current asset investments</td>
<td>30,022</td>
<td>76,246</td>
<td>58</td>
<td>106,326</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164,617</strong></td>
<td><strong>19,921</strong></td>
<td><strong>58</strong></td>
<td><strong>184,596</strong></td>
</tr>
</tbody>
</table>

Notes to the Consolidated Financial Statements for the year ended 31 October 2015

1. Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. As the Law Society is a body incorporated by Royal Charter it is not required to comply with the Companies Act 2006. However, the Law Society has complied with those elements of the Companies Act relevant to the financial statements that the Management Board believes are necessary to enable the financial statements to give a true and fair view.

The financial statements are prepared under the historical cost convention with the exception of the valuation of investments. The indemnity entities included in the consolidation also adopt certain elements of the Association of British Insurers Statement of Recommended Practice (ABI SORP) relevant to those entities.

The most significant accounting policies adopted by the Law Society are described below and these have been applied consistently.

Basis of consolidation
Consolidated financial statements have been prepared which comprise the Law Society and its principal subsidiary undertakings, as disclosed in note 12. The financial statements only disclose the consolidated Law Society Group’s results. No separate Income and Expenditure Account or Balance Sheet is presented for the Law Society itself.

Non-consolidated entities
In the opinion of the Management Board the following entities should not be consolidated into the financial statements as these entities are not considered to be subsidiaries, associates or joint ventures as defined by FRS2 or FRS9:

- Statutory Trust Accounts
- The Law Society Educational Trust
- The Law Society Trustees Limited
- The Law Society Charity
- Assigned Risks Pool
- Queen’s Counsel Appointments Limited
- Global Law Summit Limited

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

Significant judgements and key sources of estimation
To be able to prepare the financial statements in accordance with United Kingdom accounting standards, management and the Management Board must make estimates and assumptions that affect the recorded assets and liabilities. These estimates are based on historical experience and various other assumptions that management and Management Board believe are reasonable. The result of these forms the basis for making judgements about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions however they are based on the Board’s best estimate and all available information and after consideration of the sensitivity of key assumptions. All key accounting estimates have been included and explained in the relevant accounting policies which follow.
Funding of external bodies
The Law Society is required to fund three independent organisations, the Legal Services Board, the Legal Ombudsman and the Solicitors Disciplinary Tribunal with ongoing commitment to fund their operating costs or a proportion thereof. The amounts levied by each entity each year are based on budgeted costs of those bodies and notified in advance. Both the Legal Ombudsman and the Legal Services Board have a year end of 31 March with the Solicitors Disciplinary Tribunal having a year end of 31 December. The Law Society is formally notified of variations to budget by the Legal Ombudsman and the Legal Services Board on an annual basis, in March, and by the Solicitors Disciplinary Tribunal on a quarterly basis. These levy costs are accounted for in the period to which the Law Society is advised those costs relate. Any variations to budget are accounted for upon notification.

Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

Income

Practising fees collected to fund operating activities
Revenue in relation to practising fees is recognised on an accruals basis, proportioned over the period to which the practising certificate relates (1 November to 31 October, except where people join during the year). Income invoiced but not yet received prior to year end is included in debtors and deferred income to match the period to which they relate. Practising fees collected by the Law Society are only used to fund permitted activities under section 51 of the LSA.

Legal practice course income
The granting of legal practice course (LPC) status to a training company entitles that company to provide legal practice course training. Revenue in relation to legal practice course income is proportioned over the period to which the LPC status relates, which runs from 1 September to 31 August, except where LPC status is granted to a new training provider during the year.

Accreditations
The Law Society accreditation schemes represent a recognition by the Law Society of the expertise of scheme members in a given area of law. Members pay an annual fee to the Law Society and subject to checks being undertaken the accreditation is granted an application. Revenue in relation to accreditations is proportioned over a 12 month period.

Funding of external bodies
The Law Society is required to fund three independent organisations, the Legal Services Board, the Legal Ombudsman and the Solicitors Disciplinary Tribunal with ongoing commitment to fund their operating costs or a proportion thereof. The amounts levied by each entity each year are based on budgeted costs of those bodies and notified in advance. Both the Legal Ombudsman and the Legal Services Board have a year end of 31 March with the Solicitors Disciplinary Tribunal having a year end of 31 December. The Law Society is formally notified of variations to budget by the Legal Ombudsman and the Legal Services Board on an annual basis, in March, and by the Solicitors Disciplinary Tribunal on a quarterly basis. These levy costs are accounted for in the period to which the Law Society is advised those costs relate. Any variations to budget are accounted for upon notification.

Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

Foreign currency
Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the year. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. All foreign exchange differences have been taken to the income and expenditure account during the year.

Exceptional items
Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income and expenditure account to enable a full understanding of the financial performance.

Taxation
With the exception of its commercial activities the Law Society is only liable for taxation on its investment income and gains and obtains no tax relief for its overhead expenditure, which is regarded as being incurred for the benefit of members whose fees are correspondingly not taxed. Tax relief is obtained on annual payments made under deed of covenant and Gift Aid.

Commercial activities of the Law Society and Legal Practice Technologies Limited are liable for corporation tax on their profits for the year at the standard rate of United Kingdom Corporation Tax. SIF is liable for Income Tax on its taxable surplus for the year at a rate agreed with HMRC of 20%.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Recoveries
The Law Society as Approved Regulator will incur costs in protecting the public. These costs may be recoverable from solicitors in due course and any potential recovery will be recognised at the point there is reasonable expectation of recovery and provision is made for the likelihood of recovery. The Law Society does not make provision for other potential future recoveries due to the uncertainty of whether any amounts can be recovered. Recoveries due to SIF are recognised on the same basis.

Interest on claims recoveries
The Solicitors Indemnity Fund is entitled to interest on certain claim recoveries. Where the legal right to interest exists, and the interest can be accurately calculated and there is reasonable expectation of recovery, the interest receivable has been recognised within these financial statements as a receivable item within debtors. Further details are provided in note 16.
Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

Fixed assets and depreciation

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

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building structure</td>
<td>50 years</td>
</tr>
<tr>
<td>External works</td>
<td>35 years</td>
</tr>
<tr>
<td>Services and fittings</td>
<td>25 years</td>
</tr>
<tr>
<td>Internal finishes</td>
<td>15 years</td>
</tr>
</tbody>
</table>

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

ii. In respect of short leasehold property and improvements:

- Premiums paid over the period to the next open market rent review
- Improvements over ten years or the period of the lease if shorter

iii. In respect of furniture and equipment: 5 years

iv. In respect of computers and hardware:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware assets</td>
<td>3 years</td>
</tr>
<tr>
<td>Software assets</td>
<td>5 years from the point of first use</td>
</tr>
<tr>
<td>Licences</td>
<td>Over the period of the licence, or not capitalised if &lt; 1 year</td>
</tr>
</tbody>
</table>

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

Claims provisions

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

Ultimate claim settlements are estimated by the use of statistical projections of historical data, together with case by case reviews of notified losses and are based on information available at the time the estimates are made. This is done at regular intervals during the year. There is uncertainty as to the quantum of the ultimate settlement of the liabilities which is inherent in the process of estimating such that, in the normal course of events, unforeseen or unexpected future developments could cause the ultimate cost of settling the outstanding liabilities to differ from that currently estimated. Any differences between provisions and subsequent settlements are dealt with in later accounting periods as actual costs and recoveries are known. Claims provisions include the estimated future costs of panel solicitors and of internal claims handling staff, including overheads. Claims provisions are not discounted.

Reinsurance recoveries

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

Run-off costs

In accordance with FRS3 and ABI SORP, provision is made for future run-off costs as SIF is in wind down. Under the SORP it is not necessary to provide for future anticipated administrative run-off costs to the extent that they are offset by the expected future investment return of the Fund. The Board consider that all costs incurred by SIF fully relate to claims handling costs in relation to closure of SIF and so are fully provided for in the current year (2014: fully provided for).

Provisions

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

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

- Interventions, disciplinary proceedings and litigation - the Law Society recognises provisions for the unavoidable costs of completing proceedings in these areas based on earlier activity.
- Dilapidations - the Law Society recognises provisions for the unavoidable costs of restoring leased property to the same state as when the property lease was taken on by the Law Society. These costs are provided for evenly over the life of the lease.
- Ex-gratia payments - the Law Society has a small number of ex-employees who are contractually entitled to payments. The Law Society recognises all costs expected to be payable under the contract.
- Assigned Risks Pool costs – the Law Society has recognised, based on predicted claim values for the current economic environment, probable liabilities for the firms who have applied and been provided with a professional indemnity insurance policy from the Assigned Risks Pool for a specific indemnity year under a contractual arrangement with this related entity.
- Other - provision is made for any other items where a liability is considered to be probable.

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

Pension costs

Defined contribution scheme

The Law Society makes contributions towards the defined contribution scheme up to maximum of 12.25% of basic salary. A separate defined contribution pension scheme is also available to staff involved in the PII operations.

The amount charged to the Income and Expenditure account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension: unfunded

The unfunded scheme (also referred to as ex-gratia or top-up scheme) was implemented by the Law Society in the 1980s when inflation was running very high. Under the scheme the Law Society agreed to top-up / increase pensioners' payments to account for the erosion of the value of pensions. A monthly payment is made by the Law Society to Punter Southall and in turn Punter Southall pay this money to the pensioners. The amounts payable are reviewed regularly by Punter Southall, scheme administrators, and valued by a qualified actuary. Any change in value of the scheme is charged to the income statement.
Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

Liquid resources
For the purposes of the cash flow statement, liquid resources are defined as current asset investments, representing amounts receivable within one year.

Compensation fund recharge
The Law Society recharges an element of SRA costs and Corporate Solutions shared services costs, as allowed under the SRA rules approved by the LSB, based upon agreed parameters to the Compensation Fund each year which relate to costs in intervening in solicitors’ practices, managing the grant and adjudication process and of administering the Fund as it has no employees. The Compensation Fund is associated to the Law Society with responsibilities set out in statute but is not included within the Society financial statements as explained in note 1. Elements of income from defaulting solicitors and amounts recovered from STAs are proportionally deducted from the recharge.

The recharge calculation parameters are subject to change each year based on SRA Board approval and the terms are agreed by both the Law Society and the Compensation Fund.

Heritage assets
The Law Society has a number of historical assets which are held and maintained for their contribution to knowledge and culture. These include mainly books and paintings. These items were acquired historically and have no value attributed to them in these financial statements as the Management Board have no method of establishing their value.

2. Practising Fee income

The process for the collection of the 2015/16 practising fees commenced in October 2015, therefore the income received during October 2015 that relates to the 2015/16 period has been deferred for release in the year ended 31 October 2016. The amount of income deferred within creditors was £82.8m (2014: £82.1m).

Practising fees collected by the Law Society are predominantly collected from UK based members with those coming from international solicitors being insignificant.

3. SIF financial statements summary

SIF, SIFL and LIOL form the Indemnity Operations as presented in the consolidated financial statements. As SIF is a quasi-subsidiary of the Law Society, a summary of the financial statements of SIF are shown below. No summary of LIOL financial statements are provided as LIOL is a subsidiary and SIFL, whilst a quasi-subsidiary, is the administrator for the Fund and therefore has nothing in its financial statements other than some recharge costs.

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

<table>
<thead>
<tr>
<th>2015  £’000</th>
<th>2014  £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIF gross claims paid - recoveries</td>
<td>688</td>
</tr>
<tr>
<td>Decrease in net provision for claims</td>
<td>-</td>
</tr>
<tr>
<td>Reinsurance recoveries</td>
<td>12</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>11</td>
</tr>
<tr>
<td>Income statement - income from indemnity operations</td>
<td>711</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2015  £’000</th>
<th>2014  £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net provision for claims</td>
<td>(1,138)</td>
</tr>
<tr>
<td>SIF gross claims paid - payment</td>
<td>(991)</td>
</tr>
<tr>
<td>Other</td>
<td>(198)</td>
</tr>
<tr>
<td>LIOL operating costs</td>
<td>(1)</td>
</tr>
<tr>
<td>Income statement - operating costs from indemnity operations</td>
<td>(2,328)</td>
</tr>
</tbody>
</table>

SIF income and expenditure account

<table>
<thead>
<tr>
<th>2015  £’000</th>
<th>2014  £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grass claims (costs)</td>
<td>(303)</td>
</tr>
<tr>
<td>Reinsurance recoveries</td>
<td>12</td>
</tr>
<tr>
<td>Net claims (costs)</td>
<td>(291)</td>
</tr>
<tr>
<td>(Increase)/decrease in gross provision for claims</td>
<td>(696)</td>
</tr>
<tr>
<td>Decrease in expected claim recoveries</td>
<td>(442)</td>
</tr>
<tr>
<td>(Increase)/decrease in net provision for claims</td>
<td>(1,138)</td>
</tr>
<tr>
<td>(Increase)/decrease in claims incurred net of insurance</td>
<td>(1,629)</td>
</tr>
<tr>
<td>Realised losses on investments</td>
<td>(159)</td>
</tr>
<tr>
<td>Income from investments and claim recoveries</td>
<td>1,125</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>(39)</td>
</tr>
<tr>
<td>Investment return</td>
<td>927</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>11</td>
</tr>
<tr>
<td>(Deficit)/surplus before taxation</td>
<td>(491)</td>
</tr>
<tr>
<td>Surplus brought forward</td>
<td>19,775</td>
</tr>
<tr>
<td>Other unrealised gains</td>
<td>58</td>
</tr>
<tr>
<td>Surplus carried forward</td>
<td>19,342</td>
</tr>
</tbody>
</table>

SIF statement of total recognised gains and losses

<table>
<thead>
<tr>
<th>2015  £’000</th>
<th>2014  £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit)/surplus for the financial year</td>
<td>(491)</td>
</tr>
<tr>
<td>Unrealised gain on investments</td>
<td>58</td>
</tr>
<tr>
<td>Total recognised (losses)/gains relating to the financial year/period</td>
<td>(433)</td>
</tr>
</tbody>
</table>
Notes to the Consolidated Financial Statements

3. SIF financial statements summary (continued)

SIF balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>31,226</td>
<td>29,922</td>
</tr>
<tr>
<td>Debtors</td>
<td>2,467</td>
<td>3,246</td>
</tr>
<tr>
<td>Cash held in escrow</td>
<td>355</td>
<td>700</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>334</td>
<td>215</td>
</tr>
<tr>
<td>Total current assets</td>
<td>34,362</td>
<td>34,083</td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>(165)</td>
<td>(149)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(165)</td>
<td>(149)</td>
</tr>
<tr>
<td>Liabilities due in more than one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>(14,855)</td>
<td>(14,159)</td>
</tr>
<tr>
<td>Total liabilities due in more than one year</td>
<td>(14,855)</td>
<td>(14,159)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(15,020)</td>
<td>(14,308)</td>
</tr>
<tr>
<td>Net assets</td>
<td>19,342</td>
<td>19,775</td>
</tr>
<tr>
<td>Retained surplus</td>
<td>19,342</td>
<td>19,775</td>
</tr>
</tbody>
</table>

4. Segmental reporting

The Law Society is not required to comply with the requirements of SSAP25, segmental reporting, however, information is included below to show how the Law Society results relate to the different operating segments. The operating segments have been determined by business structure and reflect the way in which management manage the business. PC fee and other income is collected by Corporate Solutions and is used to fund regulatory activities under Section 51 of the LSA in the Law Society professional body.
Notes to the Consolidated Financial Statements

4. Segmental reporting (continued)

Inter-segment revenues
There are no material inter-segment revenues (2014: nil).

Corporate Solutions
Corporate Solutions activities during the year fell under the responsibility of the Chief Operating Officer who was responsible for the areas of Group Risk & Assurance, Finance, Human Resources & Development, IT, Facilities & Procurement and Programme Management. Following the departure of the Chief Operating Officer, these responsibilities were taken on jointly by the CEOs of TLS and the SRA.

Solicitors Regulation Authority
SRA activities are split between the CEO’s office as well as the four key areas of business which have specific executive directors: Operations, Supervision & Authorisation, Compliance, Policy, Standards, Strategy & Research.

Operations activities comprise:
- Intelligence & Investigation; Business Programmes; Outsourcing & Operations Support; Contact Centre;
- Risk & Performance.

Supervision & Authorisation activities comprise:
- International Affairs; Supervision; Authorisation; Education & Training.

Compliance activities comprise:
- Legal & Enforcement; Legal Policy & Advice; Legal Operations; Chief Adjudicator; Client Protection.

Policy & Strategy activities comprise:
- Policy; Standards; Risk; Strategy; Planning; Audit; Research.

Law Society Professional Body
TLS activities are split between the CEO and President’s Offices as well as the key areas of business that were broken into five distinct directorates in the current year: External Affairs, General Counsel, Delivery and Performance, Membership Services and Business Development.

External Affairs activities comprise the following areas:
- Gazette Publishing; Communications and Marketing; International; Public Affairs; Relationship Management Team.

General Counsel activities comprise the following areas:
- Legal Services; Governance Services; Policy.

Delivery and Performance activities comprise the following areas:
- Business Planning & Performance Management; CRM.

Membership Services activities comprise the following areas:
- Events & Publications; Accreditations; Communities; Library; Membership and Support Services; Corporate Responsibility, Equality and Diversity.

Business Development activities comprise the following areas:
- Consulting; Commercial Investments; Business Development.

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

Net assets
The Law Society net assets comprise assets and liabilities which cannot practicably be divided between all of the respective operating segments of Law Society Professional Body, the SRA and Corporate Solutions.

5. Funding of external bodies
As disclosed in note 1, the Law Society was required to fund the set-up costs and ongoing operating costs of the Legal Ombudsman, the Legal Services Board and the Solicitors Disciplinary Tribunal.

These costs can be analysed as:

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Ombudsman operating cost</td>
<td>9,932</td>
<td>12,249</td>
</tr>
<tr>
<td>Legal Services Board operating cost</td>
<td>3,209</td>
<td>3,409</td>
</tr>
<tr>
<td>Solicitors Disciplinary Tribunal operating cost</td>
<td>1,973</td>
<td>1,827</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,114</strong></td>
<td><strong>17,485</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>1,714</td>
<td>1,059</td>
</tr>
<tr>
<td>Fixed asset impairment</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Provision for Assigned Risks Pool liabilities</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Audit fees:</td>
<td>368</td>
<td>340</td>
</tr>
<tr>
<td>Non audit fees:</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Audit and non-audit fees relating to the Law Society only are as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees:</td>
<td>283</td>
<td>296</td>
</tr>
<tr>
<td>Non audit fees:</td>
<td>15</td>
<td>57</td>
</tr>
<tr>
<td>Services provided by the auditors - tax consultancy</td>
<td>226</td>
<td>106</td>
</tr>
<tr>
<td>Services provided by the auditors - other consultancy</td>
<td>15</td>
<td>57</td>
</tr>
<tr>
<td>Services provided by the auditors - other consultancy</td>
<td>226</td>
<td>106</td>
</tr>
</tbody>
</table>
Notes to the Consolidated Financial Statements

7. Impairment loss on discontinued operations

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write down of Fixed Assets</td>
<td>6,807</td>
<td>-</td>
<td>6,807</td>
</tr>
<tr>
<td>Write down of prepayments</td>
<td>128</td>
<td>-</td>
<td>128</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,935</strong></td>
<td><strong>-</strong></td>
<td><strong>6,935</strong></td>
</tr>
</tbody>
</table>

During 2014 the Law Society partnered with Mastek (UK) Limited (Mastek) to form Legal Practice Technologies Limited with the aim of creating an online conveyancing portal. The Society acquired a 60% shareholding in the entity with the remaining 40% being held by Mastek.

A decision was taken by the Law Society and Mastek during December 2015 to cease further investment in LPT and wind down the company. The result of this decision is to treat this entity as discontinued in the Law Society Group financial statements and to fully impair the carrying value of all assets where the benefit is no longer realisable.

Further trading losses of £1m were incurred within LPT prior to company cessation in December 2015. These losses have been included within the 2015 results consolidated into these financial statements.

There is a balance within creditors of £4.1m (note 17) representing loans made by Mastek (UK) Limited directly into LPT. These are included in the consolidated financial statements as an external creditor at year end and have been settled post year end as part of the final closure of the company.

The below table summarises the total amount invested by the Society in LPT from inception to closure.

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPT operating losses</td>
<td>5,007</td>
<td>397</td>
<td>5,404</td>
</tr>
<tr>
<td>Impairment on termination</td>
<td>6,935</td>
<td>-</td>
<td>6,935</td>
</tr>
<tr>
<td><strong>Total loss recognised</strong></td>
<td><strong>11,942</strong></td>
<td><strong>397</strong></td>
<td><strong>12,339</strong></td>
</tr>
<tr>
<td>Minority interest share of losses net of intercompany trading</td>
<td>(4,858)</td>
<td>(197)</td>
<td>(5,055)</td>
</tr>
<tr>
<td>Minority interest additional contribution</td>
<td>(144)</td>
<td>-</td>
<td>(144)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,940</strong></td>
<td><strong>200</strong></td>
<td><strong>7,140</strong></td>
</tr>
</tbody>
</table>

8. Income from Investments and claims recoveries

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposit interest</td>
<td>159</td>
<td>332</td>
</tr>
<tr>
<td>Fixed interest and deposits</td>
<td>1,351</td>
<td>1,029</td>
</tr>
<tr>
<td>Interest on payments into court</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Interest on claims recoveries</td>
<td>173</td>
<td>1,311</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,683</strong></td>
<td><strong>2,683</strong></td>
</tr>
</tbody>
</table>

9. Taxation

The Indemnity Operations have carried forward tax losses as at 31 October 2015 of £2,335k (2014: 2,070k). LPT had tax losses carried forward at 31 October 2015 of £12,432k (2014: £492k).

No deferred tax asset has been recognised in respect of these losses as there is uncertainty as to the timing of any future profits within those entities to which they relate.

The unrecognised deferred tax asset within the Indemnity Operations as at 31 October 2015 is £467k (2014: £414k). The unrecognised deferred tax asset within LPT as at 31 October 2015 is £2,325k (2014: £106k).

Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company’s profit for this year is taxed at an effective rate of 20.41%.

Further changes to the UK corporation tax rates were announced in the Chancellor’s Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2010. These changes had been substantially enacted at the balance sheet date and, therefore, are included in these financial statements. Accordingly, the closing deferred tax asset in these financial statements has been recognised at 18%.

The Law Society Group Annual Report 2014/15
Notes to the Consolidated Financial Statements

10. Accumulated funds

<table>
<thead>
<tr>
<th></th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 November</td>
<td>93,792</td>
<td>60,882</td>
</tr>
<tr>
<td>Surplus for the financial year</td>
<td>234</td>
<td>32,436</td>
</tr>
<tr>
<td>Unrealised gains on investments</td>
<td>56</td>
<td>474</td>
</tr>
<tr>
<td>As at 31 October</td>
<td>94,084</td>
<td>93,792</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(4,655)</td>
<td>203</td>
</tr>
<tr>
<td>As at 31 October after minority interest</td>
<td>89,429</td>
<td>93,995</td>
</tr>
</tbody>
</table>

11. Compensation, remuneration and staff numbers

Council, Boards and Committees

As the Law Society has no statutory directors, this note discloses the total remuneration of those considered to be in similar key management roles including the two Chief Executive Officers, the Chief Operating Officer and their executive teams. Council members are paid an annual expense allowance of £3,885 (2014: £3,850) when they Chair a Board or Committee, unless the Board they sit on has stipulated a different payment as disclosed below. Council members who do not Chair a Board or Committee are paid an annual expense allowance of £1,295 (2014: £1,283). Council members who sit on multiple Boards or Committees may only claim one such allowance.

Members of Management Board receive no emoluments in respect of their roles.

Members of the SRA Board receive £12,500 (2014: £10,000) per annum in respect of their role on the board, with some members receiving additional fee’s if they chair any other committee’s or hold position as a Senior Independent Director of £5,000. The exception to this is the Chair whose emoluments are listed below.

Members of Audit Committee receive no emoluments in respect of their roles. The exception to this is the Chair whose emoluments are listed below.

The Independent members of the Business and Oversight Board receive £7,200 per annum in respect of their roles, and a further £2,600 for their position on the Remuneration Committee. The exception to this is the Chair whose emoluments are listed below.

Member of the Remuneration Committee received no emoluments in respect of their roles. The exception to this are the Independent Business and Oversight Board members and the Chair whose emoluments are listed below.

The amount paid to employees during the year include those amounts paid to the Chief Executives and Executive teams of TLS and the SRA, and the Chief Operating Officer aforementioned as well as the office holders.

<table>
<thead>
<tr>
<th></th>
<th>2015 £'000</th>
<th>2014 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLS SRA CSO TLS SRA CSO</td>
<td>984</td>
<td>1,347</td>
</tr>
<tr>
<td>Total 984</td>
<td>1,347</td>
<td>1,000</td>
</tr>
<tr>
<td>10.74</td>
<td>1,000</td>
<td>903</td>
</tr>
<tr>
<td>1.64</td>
<td>978</td>
<td>649</td>
</tr>
<tr>
<td>The highest paid member: Salary and benefits</td>
<td>229</td>
<td>328</td>
</tr>
<tr>
<td>233</td>
<td>314</td>
<td>407</td>
</tr>
<tr>
<td>214</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Pension contributions</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>7</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Total emoluments including pension contributions</td>
<td>236</td>
<td>328</td>
</tr>
<tr>
<td>237</td>
<td>357</td>
<td>467</td>
</tr>
<tr>
<td>221</td>
<td>217</td>
<td></td>
</tr>
</tbody>
</table>

Staff numbers

The average number of full time equivalent staff was 1,036 (2014: 1,001).
Notes to the Consolidated Financial Statements

12. Subsidiaries and other undertakings - The Law Society only

Subsidiaries

The Law Society had the following principal subsidiary undertakings as at 31 October 2015. They are all incorporated in the United Kingdom and operate in England and Wales and are consolidated in these financial statements:

<table>
<thead>
<tr>
<th>Undertaking (nature of trade)</th>
<th>Issued share capital</th>
<th>% ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>(The) Law Society Services Limited (dormant)</td>
<td>£1</td>
<td>100%</td>
</tr>
<tr>
<td>Legal Indemnity Operations Limited (professional indemnity claims handling), (dormant)</td>
<td>£500,000</td>
<td>100%</td>
</tr>
<tr>
<td>†Solicitors’ Indemnity Fund (professional indemnity for solicitors)</td>
<td>Fund</td>
<td>100%</td>
</tr>
<tr>
<td>†Solicitors’ Indemnity Fund Limited (acting as agent for the Solicitors’ Indemnity Fund)</td>
<td>Limited by guarantee</td>
<td>100%</td>
</tr>
<tr>
<td>*Legal Practice Technologies Limited</td>
<td>£600,000</td>
<td>60%</td>
</tr>
</tbody>
</table>

†SIF is considered to be a quasi-subsidiary under the terms of FRS5 by virtue of joint control and the Law Society’s entitlement to any surpluses of SIF upon approval by the SIF Board. As such there is a requirement to disclose a summary of SIF’s financial statements within these financial statements, see note 3. The Fund was put into run-off in 2000 when the Fund ceased to write PII so all SIF activities are considered discontinued operations, although there are ongoing costs and recoveries.

*Legal Practice Technologies Limited is consolidated into the Law Society Group financial statements. This company is 60% owned by the Law society and as such the results of Legal Practice Technologies Limited has been fully consolidated and a minority interest created for the 40% minority shareholding.

The accounting policies on page 63 explain related entities which are not considered subsidiaries and the reason for their non consolidation.

Associated Undertakings

The Law Society had the following associated undertakings, incorporated in the United Kingdom and operating in England and Wales, as at 31 October 2015:

<table>
<thead>
<tr>
<th>Undertaking</th>
<th>Issued share capital</th>
<th>% ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six Clerks Insurance Services Limited (trading as Chancery PII)</td>
<td>Limited by shares</td>
<td>49.99%</td>
</tr>
<tr>
<td>Rilance Software Limited</td>
<td>Limited by shares</td>
<td>33.13%</td>
</tr>
</tbody>
</table>

Chancery PII is a managed general agency which earns a management fee based on a percentage of the premium written but does not take on any underwriting risk.

The Law Society invested £16,667 in October 2013 in consideration for 33% of the share capital of Six Clerks Insurance Services Limited. A further investment of £16,661 was made in 2014 to increase the shareholding to 49.99%. The Law Society also had loan notes in the company of £99,980.

Rilance is a company that is the market leader providing online compliance support tools for law firms. On 9 October 2012 the Law Society invested in Rilance Software Limited comprising of £3,333 of shares and £197,000 loan notes which were repaid to the Law Society in October 2014.

Both Six Clerks Insurance Services Limited and Rilance Software Limited are consolidated as associated entities of the Law Society group.

13. Fixed assets

<table>
<thead>
<tr>
<th>Cost</th>
<th>Leasehold land &amp; buildings £’000</th>
<th>Freehold land &amp; buildings £’000</th>
<th>Furniture &amp; Equipment £’000</th>
<th>IT hardware &amp; software £’000</th>
<th>Assets under construction £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 01.11.14</td>
<td>2,591</td>
<td>21,198</td>
<td>2,595</td>
<td>24,503</td>
<td>6,654</td>
<td>57,448</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>93</td>
<td>85</td>
<td>7,393</td>
<td>7,571</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(6)</td>
<td>-</td>
<td>(6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5,058)</td>
<td>(5,058)</td>
<td></td>
</tr>
<tr>
<td>Impairment on discontinued operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(25)</td>
<td>(6,798)</td>
<td>(6,823)</td>
</tr>
<tr>
<td>Transfer from AUC</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,613</td>
<td>(1,613)</td>
<td></td>
</tr>
<tr>
<td>As at 31.10.15</td>
<td>2,591</td>
<td>21,192</td>
<td>2,595</td>
<td>25,976</td>
<td>778</td>
<td>53,132</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>569</td>
<td>9,394</td>
<td>1,703</td>
<td>16,638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for year</td>
<td>259</td>
<td>528</td>
<td>276</td>
<td>2,797</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write off on termination</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(16)</td>
<td>(16)</td>
<td></td>
</tr>
<tr>
<td>As at 31.10.15</td>
<td>828</td>
<td>9,922</td>
<td>1,979</td>
<td>19,219</td>
<td></td>
<td>31,948</td>
</tr>
<tr>
<td>Net book value</td>
<td>1,763</td>
<td>11,270</td>
<td>616</td>
<td>6,757</td>
<td>778</td>
<td>21,184</td>
</tr>
<tr>
<td>As at 31.10.14</td>
<td>2,022</td>
<td>11,804</td>
<td>799</td>
<td>8,065</td>
<td>6,654</td>
<td>29,344</td>
</tr>
</tbody>
</table>

In line with our policy for capitalising software development costs. IT hardware and software costs have been capitalised and where in service depreciated from the software go-live date.

The impairment during the year of £5,058 relates to development costs for software primarily in relation to the OneView programme. Deloitte were engaged to perform a review of the IT environment. The results of their review were that, without significant changes to the IT infrastructure ahead of the project launch, it will not deliver a robust long-term cost effective solution. A decision was therefore taken to stop the OneView programme while further IT infrastructure development is undertaken.

The impairment on discontinued operations of £6,823 relates to the write down of assets held by LPT and related software development costs previously capitalised. Details of the total impairment costs in relation to LPT are included in note 7.

14. Investments
15. Gross indemnity claims provision

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
<th>Movement £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross claims reserve</td>
<td>3,607</td>
<td>2,305</td>
<td>1,302</td>
</tr>
<tr>
<td>IBNR</td>
<td>6,074</td>
<td>5,942</td>
<td>132</td>
</tr>
<tr>
<td>Run-off costs</td>
<td>5,174</td>
<td>5,912</td>
<td>(738)</td>
</tr>
<tr>
<td><strong>Gross indemnity claims provision</strong></td>
<td><strong>14,855</strong></td>
<td><strong>16,159</strong></td>
<td><strong>(696)</strong></td>
</tr>
</tbody>
</table>

Gross claims reserve

Provision is made for known cases. Estimates are made by specialist claims experts and panel solicitors of the likely damages and potential costs involved in settling the claim, as well as any expected recoveries to be made. These are revised on a regular basis based on updated information as the claims progress. These provisions are sensitive to changes in the complexity of the case and the potential outcome and therefore cost of damages changing.

**Incurred but not reported (IBNR)**

An actuarial estimate is made of those cases where the event that triggers a claim has already happened i.e. an act of negligence has occurred at some time in the past but is presently unknown to the Fund because it has not been reported. When disclosed to the Fund it would still be subject to any statutory limitation provisions applying. The risk exposure of all IBNR claims reduces over time as cases reach their primary or statutory limitation period. There remains significant risk in the post 6-year run-off provision as this is an undeveloped and immature area of business that took effect from 1 September 2007 when the Fund began providing cover for post 6 year run-off claims.

**Run-off costs**

As SIF is in run-off, estimated future costs are all recognised in the financial statements. In the current year and prior period, some of the provision is based on the agreed contract with Liberty Mutual Insurance Europe Limited and therefore the uncertainty in this aspect of the provision has been reduced. The main uncertainty is the period of time for which the Fund will need to manage ongoing claims and this will depend on the complexity of the remaining cases. In the current and prior period, the provision includes estimates of maintaining some claims handling services until 2030. However the level is expected to gradually decrease. Significant uncertainty remains in relation to the claims handling costs associated with the post cessation cover referred to above.

16. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Debtors</td>
<td>3,216</td>
<td>2,664</td>
</tr>
<tr>
<td>PC Fee Debtor</td>
<td>19,959</td>
<td>20,211</td>
</tr>
<tr>
<td>Amounts due from Law Society affiliated entities</td>
<td>-</td>
<td>7,255</td>
</tr>
<tr>
<td>Other debtors</td>
<td>244</td>
<td>1,209</td>
</tr>
<tr>
<td>Prepayment and accrued income</td>
<td>3,849</td>
<td>2,773</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Taxation - VAT</td>
<td>424</td>
<td></td>
</tr>
<tr>
<td>Indemnity operations expected claims recoveries</td>
<td>1,533</td>
<td>1,975</td>
</tr>
<tr>
<td>Indemnity operations interest on claims recoveries</td>
<td>902</td>
<td>1,097</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,706</strong></td>
<td><strong>37,611</strong></td>
</tr>
</tbody>
</table>

Interest on claim recoveries receivable includes £0.7 million (2014: £0.6 million) falling due after more than one year. All other amounts are considered due within one year except for the expected claim recoveries, of which £1.1 million (2014: 1.2 million) is falling due after more than one year.

17. Creditors

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>2,587</td>
<td>4,723</td>
</tr>
<tr>
<td>PC fee deferred income</td>
<td>82,784</td>
<td>82,061</td>
</tr>
<tr>
<td>Amounts due to the Legal Ombudsman</td>
<td>7,764</td>
<td>9,037</td>
</tr>
<tr>
<td>Amount due to other Law Society affiliated entities</td>
<td>4,760</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to minority interests</td>
<td>1,684</td>
<td>1,774</td>
</tr>
<tr>
<td>Loans from minority shareholder</td>
<td>4,080</td>
<td>-</td>
</tr>
<tr>
<td>Other creditors</td>
<td>3,534</td>
<td>3,000</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>14,999</td>
<td>13,387</td>
</tr>
<tr>
<td>Taxation - PAYE and National Insurance</td>
<td>1,258</td>
<td>13</td>
</tr>
<tr>
<td>Taxation - VAT</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td>Taxation - Corporation Tax</td>
<td>56</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>123,601</strong></td>
<td><strong>114,037</strong></td>
</tr>
</tbody>
</table>

Loans from minority shareholder represent loans made by Mastek (UK) Limited into Legal Practice Technologies Limited. These loans are non interest bearing unsecured loan notes with no set repayment date. The loans are included within current liabilities following agreement of the decision to wind down LPT. Details of the total costs in relation to LPT are included in note 7.

Amounts due to other Law Society affiliated entities are non interest bearing and repayable on demand.
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Notes to the Consolidated Financial Statements

18. Law Society provisions

<table>
<thead>
<tr>
<th></th>
<th>2014 £’000</th>
<th>Utilised £’000</th>
<th>Released £’000</th>
<th>Added £’000</th>
<th>2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interventions, disciplinary proceedings and litigation</td>
<td>4,190</td>
<td>(3,326)</td>
<td>(781)</td>
<td>4,121</td>
<td>4,204</td>
</tr>
<tr>
<td>Dilapidations</td>
<td>430</td>
<td></td>
<td>(58)</td>
<td>148</td>
<td>520</td>
</tr>
<tr>
<td>Ex-gratia pensions for ex-employees</td>
<td>600</td>
<td>(80)</td>
<td></td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>ARP</td>
<td>2,873</td>
<td>(215)</td>
<td></td>
<td>235</td>
<td>2,873</td>
</tr>
<tr>
<td>Total</td>
<td>8,093</td>
<td>(3,643)</td>
<td>(839)</td>
<td>4,504</td>
<td>8,117</td>
</tr>
</tbody>
</table>

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

The dilapidations provision represents the unavoidable cost of restoring leased property to the same state as when the property lease was taken on by the Law Society. These costs are provided for evenly over the life of the lease. Costs are calculated based on third party estimates of restoration costs per square foot for each property. The first call upon this provision is expected to be 2016.

The ex-gratia pension payments for ex-employees provision provides for the capital cost of ex-gratia pensions. This provision covers ex-gratia pensions paid by the Scheme administrator and those paid by Legal & General. Calls upon this provision are expected to be spread over more than 10 years.

The ARP provides professional indemnity insurance cover for firms who are unable to obtain cover from Qualifying Insurers. The ARP’s last year of operation was 2013. An arrangement is in place for liabilities under claims made by applied firms in the final year of the ARP to be met by the Group and Qualifying Insurers under agreed layers. The provision is based on estimates of claims arising from this final year and includes provision for the six year run off period for applied firms ceasing to trade during the final year. The provision will be utilised over the next 6 years.

19. Related Party Loans

<table>
<thead>
<tr>
<th></th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans from minority shareholder</td>
<td>-</td>
<td>1,720</td>
</tr>
</tbody>
</table>

Loans from minority shareholder represent loans made by Mastek (UK) Limited into Legal Practice Technologies Limited. These loans are non interest bearing unsecured loan notes with no set repayment date. The loans at 31 October 2015 totalled £4.08m and have been transferred to current liabilities following announcement of the decision to wind down LPT.

Details of the total costs in relation to LPT are included in note 7.

20. Related party transactions

Compensation Fund

The Law Society is related to the Compensation Fund as the Society has a responsibility through rules established under statute to maintain and administer a Compensation Fund. During the year the Law Society collected contributions on behalf of the Compensation Fund totalling £8,914k (2014: £9,970k) and the Law Society recovered costs from the Compensation Fund totalling £10,692k (2014: £10,613k). At the year end the amount due from the Law Society totalled £6,760k (2014: £7,255k due to the Law Society).

Notes to the Consolidated Financial Statements

20. Related party transactions (continued)

Council, Board and Committee members

Transactions the Law Society has directly with individual Council, Business and Oversight Board, Management Board, SRA Board, Audit Committee and Remuneration Committee members, excluding transactions expected in order for the member to carry out their duties, are considered related party transactions for the purposes of FRS8.

Furthermore, Law Society transactions with entities which any member of the Management Board, SRA Board, Audit Committee and Remuneration Committee has significant influence over are also considered related party transactions for the purposes of FRS8.

Council members are not considered to be akin to directors given their role and, as a whole, the Council is deemed to be the ultimate controlling party of the Law Society. As such transactions with entities any member of the Council has significant influence over are not considered related party transactions for the purposes of FRS8.

Council members are not considered to be akin to directors given their role and, as a whole, the Council is deemed to be the ultimate controlling party of the Law Society. As such transactions with entities any member of the Council has significant influence over are not considered related party transactions for the purposes of FRS8.

All related party transactions are carried out at arms length. Other than disclosed within this note, there were no material related party transactions.

<table>
<thead>
<tr>
<th>Member</th>
<th>Nature</th>
<th>2015 £</th>
<th>2014 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board and committee members - direct transactions to members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linda Lee</td>
<td>Panel member of QCAL</td>
<td>22,225</td>
<td>25,645</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and committee members - direct transactions to entities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Beasdale (C&amp;G Group Services Limited)</td>
<td>Legal services</td>
<td>800</td>
<td>4,000</td>
</tr>
<tr>
<td>Martin Coleman (Norton Rose Fulbright LLP)</td>
<td>Legal services</td>
<td>30,137</td>
<td>157,963</td>
</tr>
<tr>
<td>Michael Garson (Kogan Moss and Co)</td>
<td>Consultancy services</td>
<td>2,705</td>
<td>-</td>
</tr>
<tr>
<td>Muni Mannings (Olswang)</td>
<td>Legal services</td>
<td>985</td>
<td>6,100</td>
</tr>
<tr>
<td>Peter Phippen (Sangster Partners Ltd)</td>
<td>Consultancy services</td>
<td>12,107</td>
<td>-</td>
</tr>
<tr>
<td>Charles Plant (Herbert Smith Freehills)</td>
<td>Legal services</td>
<td>-</td>
<td>6,346</td>
</tr>
<tr>
<td>Jeremy Taham (Michael Page International plc)</td>
<td>Recruitment services</td>
<td>993,704</td>
<td>513,372</td>
</tr>
<tr>
<td>David Wilks (Herbert Smith Freehills LLP)</td>
<td>Legal services</td>
<td>1,033</td>
<td>-</td>
</tr>
</tbody>
</table>

Sales to Associates

During 2015 The Law Society made purchases from Rilance Software Limited of £2,500 (2014: sales £5,250) and to Six Clerks Insurance Services Limited of £25,288 (2014: £34,269). There were no amounts outstanding at the year end for either entity (2014: £Nil).

Other related entities

Income for the year includes £26,800 (2014: £55,967) of management fees charged to Queens Counsel Appointments Limited. At the year end the amount due from Queens Counsel Appointments Limited was £15,000 (2014: £37,500).

Income for the year also included £34,947 (2014: £65,452) of management fees and recharges charged to the Global Law Summit. There were no amounts outstanding within debtors at the year end (2014: £65,237).

During 2015 Legal Practice Technologies Limited, a member of the Law Society Group made purchases of £4,290,705 from Mastek (UK) Limited (2014: £2,757,650) a company related by virtue of its investment in Legal Practice Technologies Limited.

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Notes to the Consolidated Financial Statements

21. Litigation

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

The Management Board does not consider there to be any other legal claims that require provision or disclosure other than those already included.

22. Contingent gains and losses

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

23. Operating lease commitments

As at 31 October 2015, the Law Society’s annual commitments for rental payments under non-cancellable operating leases are:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 £’000</th>
<th>2014 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases expiring within one year</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>Leases expiring between two and five years</td>
<td>66</td>
<td>296</td>
</tr>
<tr>
<td>Leases expiring after five years</td>
<td>1,818</td>
<td>1,563</td>
</tr>
<tr>
<td>Total</td>
<td>1,911</td>
<td>1,859</td>
</tr>
</tbody>
</table>

The main commitment within operating leases is as a result of acquiring a ten year lease for The Cube offices in Birmingham with a break clause in February 2022, totalling £15.6m. The lease costs shown above include a contractual in-built increase based upon a forecast RPI index. The increase in commitment in 2015 reflects a seven year lease extension on the Martin Lane property.

24. Capital commitments

As at 31 October 2015 there were capital commitments of £Nil (2014: £1,564).

25. Post balance sheet events

Following the year end, announcements were made regarding the termination of activities within Legal Practice Technologies Limited. This has been reflected within these financial statements.

There are no further post balance sheet events that require disclosure.

Council, board and committee membership

Council membership for 2015 comprised:

Andrew Caplen Chair to July-15
Jonathan Smithers Chair from July-15
Robert Bourns
Joe Egan
Sushila Abraham Joined July-15
Matthew Alkan Joined July-15
Robin Ap Cynan Passed away October-15
Sarah Austin
Paul Barnes
Richard Barnett Removed from roll July-15
Richard Barr
Clare Betcher
Ashish Bhatia Joined July-15
Sundeep Bhatia
Christina Blacklaws
John Bleasdale
Stephanie Boyce
Roger Buxton
Dennis Cameron
Sara Chandler
Ravinder Chumber Joined July-15
Chris Clark
Helen Clarke
Tim Crook
Beverley Cullen
Helen Davies
Paul Davies
Simon Davis
Nigel Day
Alien Davine
Laura Devine
Emma Dickenson Left July-15
Christopher Digby Bell
David Dixon
Clive Dobbin
Keith Etherington
Nicholas Emmerson Joined July-15
Mark Evans Joined July-15
Nichola Evans
Tony (Anthony) Fisher
Nick Fluck
Jeffrey Forrest
Beth Forrester
Malcolm Fowler Left July-15
Michael Franks
Emma Garnett Left July-15
Davina Garrod
Michael Garsen
David Greene
Nicholas Gurney-Champion
Krist Hardington
Simon Harker
Robert Meslett Left July-15
Clare Johnson
Charlie Jones
Mary Kaye
Jan Kelcey
Robert Meslett Left July-15
Philip Kim
Carolyne Kirby
Carolyn Kirby
Nawaz Khan Joined July-15
Steve Kunczewicz
Sarah Lapsley Joined Oct-15
Linda Lee
Kayleigh Leonie Joined July-15
Denise Lester
Ian Lithman
Patricia Lush
Laurie Lush
Nicola Macintosh
Nicola Manning
Nikita Marsh Joined July-15
Paulette Martin
Catherine Melia Left July-15
Mara Memisi
David Merkel
Jo Memram
Rod Mole
David Morgan Left July-15
Tim Mutti
Mark Newby Joined Nov-15
Nawabzuzei Nuwokolo
Tim O’Sullivan
John Perry
John Pickup Left July-15
Deborah Prince
Aln Radford Left July-15
Peter Rodd
Lucy Scott-Marnieff
Razi Shah
Catherine Melia
Michael Singleton
David Steed
David Zead Left July-15
David Taylor
Neha Vescani
Jonathan Stephens
John Weaver Left July-15
Jo (Joanne) Wharton
Jonathan Wheeler
Fraser Whitehead
Paul Widdup
Nigel Wheeler
Nail Williams
Gavin Whitegg
John M Williams Joined July-15
Colin Withall
John M Williams
Jonathan Wright Joined Aug-15
Peter Wright
Raymond Xu

Notes to the Consolidated Financial Statements
Council, board and committee membership

Boards & Committees

The membership records for Management Board, SRA Board, Business and Oversight Board, Audit Committee and Remuneration Committee are shown below.

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

Management Board

Management Board membership and attendance for 2015 comprised:

<table>
<thead>
<tr>
<th>Name</th>
<th>Joined</th>
<th>Left</th>
<th>Chair from</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Bleasdale</td>
<td>Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Bourns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denis Cameron</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrew Caplen</td>
<td>Jul-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Coen</td>
<td>Dec-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catherine Dixon</td>
<td>Jan-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joe Egan</td>
<td>Jul-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Garson</td>
<td>Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maria Memoli</td>
<td>Aug-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim O’Sullivan</td>
<td>Aug-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Singleton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jonathan Smithers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rodney Warren</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mike Williams</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† = Council member
All other members are independent of Council.

SRA Board

SRA Board membership and attendance for 2015 comprised:

<table>
<thead>
<tr>
<th>Name</th>
<th>Joined</th>
<th>Left</th>
<th>Chair from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enid Rowlands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Julia Black</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graham Chisnall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Martin Coleman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jane Furniss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Golein</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Heath</td>
<td>Jan-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cindy Leigh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maria Mannings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Marsh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Phuppan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Randall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shamit Saggar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elaine Williams</td>
<td>Jan-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Wilks</td>
<td>Jan-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tom Keevil</td>
<td>Dec-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sara Nathan</td>
<td>Dec-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles Plant</td>
<td>Dec-14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business and Oversight Board

Business and Oversight Board membership and attendance for 2015 comprised:

<table>
<thead>
<tr>
<th>Name</th>
<th>Joined</th>
<th>Left</th>
<th>Chair from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Blacker</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrew Caplen</td>
<td>Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graham Chisnall</td>
<td>Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baroness Brenda Dean</td>
<td>Oct-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catherine Dixon</td>
<td>Jan-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Fisher</td>
<td>Aug-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Garson</td>
<td>Sep-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Heaps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Healett</td>
<td>Jul-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim O’Sullivan</td>
<td>Aug-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Philip</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charlie Plant</td>
<td>Dec-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End Rowlands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shamit Saggar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jonathan Smithers</td>
<td>Jul-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alan Vallance</td>
<td>May-15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Council, board and committee membership

Committees

Audit Committee
Audit Committee membership and attendance for 2015 comprised:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
<th>Left/Joined</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Jane Clarkson</td>
<td></td>
<td>Left Sep-15</td>
</tr>
<tr>
<td>4</td>
<td>Linda Lee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Linda McHugh</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Peter Phippen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Murray Ross</td>
<td></td>
<td>Left Aug-15</td>
</tr>
<tr>
<td>5</td>
<td>Bob Spedding</td>
<td>Chair</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Jeremy Tatam</td>
<td></td>
<td>Re-elected Sep-15</td>
</tr>
</tbody>
</table>

Remuneration Committee
Remuneration Committee membership and attendance for 2015 comprised:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
<th>Left/Joined</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Michael Blacker</td>
<td>Chair</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>David Fisher</td>
<td></td>
<td>Left Jun-15</td>
</tr>
<tr>
<td>4</td>
<td>Jane Furniss</td>
<td></td>
<td>Joined Jan-15</td>
</tr>
<tr>
<td>3</td>
<td>Michael Garson</td>
<td></td>
<td>Joined Sep-15</td>
</tr>
<tr>
<td>5</td>
<td>John Heaps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tim O’Sullivan</td>
<td></td>
<td>Left Jul-15</td>
</tr>
<tr>
<td>0</td>
<td>Baroness Brenda Dean</td>
<td></td>
<td>Joined Oct-15</td>
</tr>
</tbody>
</table>

†Council member
All other members are independent of Council

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