**The Law Society of Scotland**

**Annual General Meeting – Thursday 28 May 2020 at 17:30pm**

**Report by Graham Watson, Treasurer**

The Society reported an after tax profit of £39,000 for the year, from a Turnover of £11.5m. Overall Turnover increased by £0.6m over 2018 with operating costs increasing by a similar amount (£0.5m). There was also a significant fluctuation between 2019 and 2018 in the performance of the investment portfolio. Unrealised gains of £0.2m were recorded at the year end valuation date, compared to unrealised losses of £0.1m in 2018.

Due to the disruptive impact of the Covid-19 outbreak in early 2020, additional work was carried out to assess the appropriateness of the going concern basis of preparation for the Society’s financial statements. Council is content, having reviewed the work done, that it does not believe there to be a material uncertainty over the going concern basis of preparation and therefore this remains the appropriate basis of preparation for these financial statements.

The budget approved by the Council for 2019/20 is once again to deliver a broadly break-even operating position. Despite the disruptive impact of the Covid-19 outbreak, Council is satisfied that this remains a realistic expectation, a position supported by the updated financial forecasts prepared by the executive team in April 2020.

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

There is more detailed commentary on the financial statements within the Financial Review section of the Annual Report <https://www.lawscot.org.uk/about-us/strategy-reports-plans/annual-reports/>

The auditors have completed their work and have concluded that these financial statements give a true and fair view of the state of the Society’s affairs as at 31 October 2019 and of its profit for the year then ended.

I therefore propose that the members approve the Report and Consolidated Financial Statements of the Law Society of Scotland for the year ended 31 October 2019.

Graham Watson

Treasurer