

The Law Society of Scotland Services Limited

Annual Report and Financial Statements for the year ended 31 October 2022

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Company information

Reference and administrative details

The Law Society of Scotland Services Limited is a private company limited by shares.

Governing document	The company's governing instrument is the Memorandum and Articles of Association.
Company name	The Law Society of Scotland Services Limited
Company registration number	SC212094
Registered office	Atria One 144 Morrison Street Edinburgh EH3 8EX
Directors	Paul Mosson Kenneth Dalling Wilhelmina Strachan Murray Etherington Diane McGiffen Sheila Webster
Bankers	The Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Auditor	BDO LLP Citypoint, 65 Haymarket Terrace Edinburgh EH12 5HD

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 October 2022.

Principal Activities

The principal activity of the company is to undertake certain commercial opportunities on behalf of the Law Society of Scotland.

Overview

The company reports an operating loss for the year of £973 (2021: £3,232 loss). A reduction in the value of the Company's investment portfolio as a result of the general economic market movement, returned an overall net loss of £13,675 for the year ended 31 October 2022 (2021: £12,648 profit).

Going Concern

The Board has a reasonable expectation at the time of approving the financial statements that the company has adequate resources to continue its operations and meet its liabilities as they fall due for a period of at least 12 months from the date of this report. This conclusion has been reached following an assessment of projected activities in the near future, which is not expected to result in significant liabilities, the significant cash balance at the end of the year and the ability to convert investments into cash at short notice if required.

Structure, Governance and Management

The Law Society of Scotland Services Limited was incorporated as a private company limited by shares. It is governed by the memorandum and articles of association. The Board meets approximately twice a year and makes any decisions in relation to the company. New directors are appointed by the Board. Induction and training of new directors is dealt with by the Board.

Directors

The directors during the year were:

- Paul Mosson
- Kenneth Dalling
- Wilhelmina Strachan
- David Murray Etherington
- Diane McGiffen (appointed 5 January 2022)
- Sheila Webster (appointed 22 August 2022)
- Amanda Millar (resigned 22 August 2022)

Disclosure of information to auditor

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

This report is prepared in accordance with special provisions of part 15 of the Companies Act 2006 relating to small companies.

By order of the board



Murray Etherington, Director
10 May 2023

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to Members of The Law Society of Scotland Services Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Law Society of Scotland Services Limited ("the company") for the year ended 31 October 2022 which comprise the statement of income and retained earnings, the balance sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report to Members of The Law Society of Scotland Services Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Independent Auditor's Report to Members of The Law Society of Scotland Services Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

The procedures we designed and executed included:

- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our testing;
- assessing the design and implementation of controls over the IT Systems relevant to financial reporting;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

Independent Auditor's Report to Members of The Law Society of Scotland Services Limited (continued)

- addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the
- business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 October 2022; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh
United Kingdom
12 May 2023

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

Statement of income and retained earnings

for the year ended 31 October 2022

	Note	2022 £	2021 £
Income			
Investment income		2,301	1,995
Total Income		2,301	1,995
Administrative expenses		(3,274)	(5,227)
Total expenses		(3,274)	(5,227)
Operating loss	2	(973)	(3,232)
Realised gains on sale of investments		819	-
Unrealised (losses)/gains on investments	4	(13,521)	15,880
		(12,702)	15,880
(Loss)/profit before taxation		(13,675)	12,648
Taxation on (loss)/profit	3	-	-
(Loss)/profit for the year		(13,675)	12,648
Retained profits at 1 November		225,969	213,321
(Loss)/profit for the year		(13,675)	12,648
Retained profits at 31 October		212,294	225,969

The notes on pages 12 to 15 form part of these financial statements.

Balance sheet

as at 31 October 2022

	Note	2022 £	2021 £
Fixed Assets			
Investments	4	93,473	105,710
Current Assets			
Cash and cash equivalents	5	128,979	130,161
Current Liabilities			
Trade and other creditors	6	(3,300)	(3,300)
Owed to Law Society of Scotland		(6,856)	(6,600)
		<u>(10,156)</u>	<u>(9,900)</u>
Net Current Assets		118,823	120,261
Net Assets		<u>212,296</u>	<u>225,971</u>
Capital and reserves			
Called up share capital	7,8	2	2
Profit & loss account	8	212,294	225,969
		<u>212,296</u>	<u>225,971</u>

Company registration number SC212094

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, and in accordance with the provisions of FRS102 Section 1A – Small entities.

The financial statements were approved by the board of directors and are signed on its behalf by:



Murray Etherington
Director
10 May 2023

The notes on pages 12 to 15 form part of these financial statement.

Notes to the financial statements

for the year ended 31 October 2022

1. Accounting policies

1.1 Basis of preparation

The Law Society of Scotland Services Limited is a private company limited by shares, incorporated in Scotland, and with its registered office and registered number as set out on the Company Information page. These financial statements have been prepared in accordance with and are compliant with FRS 102 Section 1A “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies’ regime.

The financial statements are prepared in sterling, which is the functional currency of the company and have been rounded to the nearest £1.

Going Concern

The directors have considered the position for a period greater than 12 months from the date of approval of the financial statements and concluded the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast doubt about the ability of the company to continue as a going concern. This has been assessed with reference to the level of reserves, liquidity and expenditure commitments.

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

1.2 Income Recognition

Investment income is recognised when receivable.

1.3 Investments

Investments comprise investments in quoted and unquoted equity instruments which are measured at fair value where this can be measured reliably. Where fair value cannot be measured reliably then the investment is carried at cost less impairment. Changes in fair value are recognised in income and expenditure.

1.4 Taxation

Corporation tax payable is based on taxable profit for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Any deferred tax balance has not been discounted.

1.5 Cash and cash equivalents

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

1.6 Debtors

Trade and other debtors are recognised at the settlement amount.

Notes to the financial statements (continued)

for the year ended 31 October 2022

1. Accounting policies (continued)

1.7 Creditors and provisions

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

1.8 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.9 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The directors consider there to be no key sources of estimation uncertainty in the year.

2. Operating loss

The Operating Loss is stated after charging:

	2022	2021
	£	£
Auditor's remuneration - audit services	1,845	1,757
Other administrative expenses	1,429	3,470

The company has no employees (2021: none), other than the directors who did not receive any remuneration for their services (2021: none).

3. Taxation

Due to a loss on ordinary activities the company is not due to pay any Corporation Tax for 2022 (2021: £Nil). A deferred tax asset has not been recognised in respect of these losses as it is not probable that future taxable profit will be available to utilise it.

Notes to the financial statements (continued)

for the year ended 31 October 2022

4. Investments

	2022 £	2021 £
Market value at the beginning of the period	105,710	89,559
Additions during the period	3,906	271
Disposals at opening market value	(2,622)	-
Unrealised gain/(loss)	(13,521)	15,880
Market value at the end of the period	<u>93,473</u>	<u>105,710</u>
<i>Comprises:</i>		
Listed investments	<u>93,473</u>	<u>105,710</u>
	<u>93,473</u>	<u>105,710</u>

The historical cost of listed investments at 31 October 2022 was £99,376 (2021: £98,092). The listed investments are valued monthly to market value (bid price).

5. Cash and cash equivalents

	2022 £	2021 £
Cash at bank	127,240	129,085
Cash held by investment manager	1,739	1,076
	<u>128,979</u>	<u>130,161</u>

6. Trade and other creditors

	2022 £	2021 £
Accruals	3,300	3,300
	<u>3,300</u>	<u>3,300</u>

7. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2 ordinary shares of £1	<u>2</u>	<u>2</u>

All shares have equal voting rights

Notes to the financial statements (continued)

for the year ended 31 October 2022

8. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends and paid and other adjustments.

9. Related Party Transactions

The company is controlled and administered by the Law Society of Scotland. At 31 October 2022, £6,856 was due to the Law Society of Scotland (2021: £6,600).

10. Ultimate Controlling Party

The Law Society of Scotland Services Limited is ultimately controlled by the Law Society of Scotland, which owns the complete shareholding. The financial statements of the company are included within the consolidated financial statements of the Law Society of Scotland. The address of the Law Society of Scotland is the same as the registered address of the company disclosed on page 3.