

Solicitors Regulation Authority Limited Financial Statements for the year ended 31 October 2024

June 2025



<https://publications.sra.org.uk/sra-ltd-2023-24/>

Foreword

Good regulation is key to delivering public trust and confidence in solicitors and law firms. This report shows we have made good progress against our four corporate strategy objectives, although 2023/2024 has been a challenging year. We have had to respond to new pressures, with significant shifts in the risks in the legal sector – most notably dealing with the impacts of the increasing number and size of interventions we have had to carry out into larger firms.

In response, we launched our Consumer Protection Review at the start of 2024 – a large programme of work to make sure we can continue to protect consumers, focused on safeguarding client money. Changes in the market have also driven us to move more quickly on work to improve how we manage our data and join up intelligence, so we can better spot risks in the market.

The scale of our Consumer Protection Review means that we have had to look at our plans and reprioritise. This resulted in some projects being delayed, and this has been a significant factor in SRAs Limited's £5.6m surplus for the 2023/24 year (2022/23: £1.4m), with our free reserves within the range set by our Board.

We are in a good financial position underpinned by better performance of our investments. Our consolidated expenditure has increased, but that has nearly all been driven by a large increase in candidates taking the SQE, which has been funded through their fees.

We will use this year's surplus to fund deferred programmes of work in the 2024/25 financial year. In addition to expecting to see expenditure exceed income during 2024/25, we anticipate the need for additional investment in our work to better manage data and



identify and respond to new and emerging risks. This will be a transformational piece of work that will enable us to regulate more effectively. It will, however, require significant long-term investment – both in people and technology.

If trust and confidence is to be maintained, it is critical that the legal sector is backed by modern and fit-for-purpose regulation, and that we are an open, transparent, efficient and effective regulator. Good governance and financial management are central to that.

We hope you find the contents of this report helpful. More information is available on the SRA website, including regular reporting on decision making and performance. We are always open to hearing your views and your feedback.

Anna Bradley
Chair of the Board, Solicitors Regulation Authority

[Open all \[#\]](#)

[Strategic report](#)

The directors present their strategic report on the group for the year ended 31 October 2024.

Introduction to the Solicitors Regulation Authority

The Solicitors Regulation Authority Limited (SRA Limited) was incorporated on 18 May 2020. On 1 June 2021 we began operating, carrying out a number of functions previously undertaken by the Solicitors Regulation Authority (SRA) as part of the Law Society (TLS), a Royal Charter Company (RC000304). The year ended 31 October 2024 is our third full year of operating.

The SRA is the regulator of solicitors and law firms in England and Wales. Our purpose is to drive confidence and trust in legal services. We work to protect members of the public and support the rule of law and the administration of justice. We are focused on the issues that can transform legal services, making sure the profession delivers the high standard of service the public deserves.

The SRA is a public benefit entity.

[You can read more about our work in our Corporate Strategy 2023–2026.](https://referral.sra.org.uk/sra/corporate-strategy/)
[<https://referral.sra.org.uk/sra/corporate-strategy/>]

Business review

2023/24 was the first year of our 2023–2026 corporate strategy, which focuses on four objectives:

- we will deliver high professional standards
- we will strengthen our risk-based and proactive approach
- we will support innovation and technology
- we will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.

We are pleased to report some of our key achievements in delivering these four strategic priorities.

Objective one: we will deliver high professional standards

Protecting the public

- The vast majority of solicitors work to high standards. However, if solicitors fall short of what is expected, we step in to keep the public safe. We brought 78 cases to the Solicitors Disciplinary Tribunal (SDT) in 2023/24 compared to 99 in 2022/23. The



number of cases we bring to the SDT varies year on year and, over the last five years, has ranged from 76 to 112 per year. We also intervened into and closed down 59 law firms where we felt there was a significant and immediate risk to clients and the public. This compares to 65 interventions in the 2022/23 year. In recent years, we have seen a general increase in the number of interventions we are carrying out, as well as more large-scale interventions.

- We can help members of the public and small businesses that have lost money in certain circumstances – for instance, due to a dishonest solicitor. In 2023/24, we paid out £27.9m from the SRA Compensation Fund, compared to £41m paid out in 2022/23. The compensation fund is a non-consolidated fund. It is maintained and administered by the SRA under requirements set out in statute.
- We continued to make payments through the fund to individuals who lost money following a suspected fraud at law firm Axiom Ince. After we identified that more than £60m of client money had gone missing, we intervened into the law firm in October 2023. We have been liaising with the Serious Fraud Office (SFO), which arrested and, in November 2024, charged five individuals. We have agreed to pause our investigation until the SFO completes its investigation. We have protected the public by restricting the practice of key individuals who were working at the firm.
- We have recognised that there are lessons learned from this case and have taken steps to tighten up our investigation and intervention processes.
- The scale of the Axiom intervention and money lost, alongside a general rise in the number of larger firm failures, has raised questions about the issue of consumer protection, how we can make sure client money is better protected, and the role of the compensation fund – which is funded by the contributions of solicitors and law firms. [In early 2024, we announced our Consumer Protection Review, which is considering a range of issues.](https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/) [\[https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/\]](https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/) These include whether we can improve how we spot risks, whether we have the right checks and balances in place to protect client money and the compensation fund. This review is not only a result of the Axiom Ince intervention, but also because of a pattern of increased claims on the fund and several larger-than-normal interventions taking place in recent years. You can read more about our engagement work in this area under objective four.
- In October 2024, [the Legal Services Board \(LSB\) published a report about the events leading up to our intervention into Axiom Ince and to which we responded.](https://referral.sra.org.uk/sra/news/press/2024-press-releases/axiom-ince-update-october-2024/) [\[https://referral.sra.org.uk/sra/news/press/2024-press-releases/axiom-ince-update-october-2024/\]](https://referral.sra.org.uk/sra/news/press/2024-press-releases/axiom-ince-update-october-2024/) It has initiated a process to set directions to us following this report. If imposed, the directions would be aimed at improving how we regulate. It has been engaging with statutory consultees on these, with a final decision on directions expected later this year. We are committed to delivering on any directions, driving forward work in the public interest.
- [We have been investigating cases relating to law firms SSB and Pure Legal.](https://referral.sra.org.uk/sra/news/ssb-group/) [\[https://referral.sra.org.uk/sra/news/ssb-group/\]](https://referral.sra.org.uk/sra/news/ssb-group/) Former clients of the firms have been unexpectedly asked to pay adverse legal costs in relation to their discontinued cavity wall insulation claims. These cases raise serious concerns about the solicitors and law firms involved, including how work was obtained and how claims were handled. We are investigating, while also making sure people impacted have access to the right information on possible options for redress. The case also highlights wider questions about how the claims management market is working, including the role of insurance, claims management companies, litigation funders and legal services. We are exploring with other regulators and the government whether changes are needed to better safeguard the public.
- The Post Office Horizon Scandal is one of the biggest miscarriages of justice in British legal history. We are currently investigating more than 20 solicitors and firms who worked on behalf of the Post Office/Royal Mail Group. [The scale of the issues and documentation we are dealing with is unprecedented.](https://referral.sra.org.uk/sra/news/statement-post-office-horizon-scandal/) [\[https://referral.sra.org.uk/sra/news/statement-post-office-horizon-scandal/\]](https://referral.sra.org.uk/sra/news/statement-post-office-horizon-scandal/) We expect to be in the best position to take action to get to the right outcome after the full facts and all relevant issues have been aired through the ongoing public inquiry.
- Following consultation and changes in legislation, our fining powers for traditional firms increased and we also introduced fixed financial penalties. This change should help us resolve cases more quickly, saving time, cost and stress for everyone involved.

These fines are payable to HM Treasury and do not represent income for the SRA. In 2023/24, we invoiced a total of 173 fines. This compares to 73 in 2022/23. Of the 173 fines:

- Seventy-Three were fixed financial penalties.
- Eighty resulted in a fine worth more than £2,000, which was previously the maximum fine we could issue to solicitors and traditional law firms. The total value of these fines was around £1.3m. This compares to 31 fines worth more than £2,000 in 2022/23 and worth around £400,000 in total.
- Twenty were worth less than £2,000 each, but were not fixed financial penalties.

Chartered Institute of Legal Executives

- In summer 2024, our Board agreed it would be willing to regulate Chartered Institute of Legal Executive (CILEX) members after being approached by CILEX in 2022. We believe the change could simplify the regulatory landscape and offer tangible benefits to consumers. We, alongside CILEX, will look to submit an application to the LSB to approve the changes.

Investigation and Enforcement - timeliness of work

- We have been progressing work to improve both the timeliness and quality of our investigation and enforcement work. A key priority has been reducing the number of longstanding investigations. We have made good progress on this: in October 2023, we had 161 cases which were more than 24 months old. We reduced this to 60 such cases by October 2024.
- Throughout 2023/24, we hit our targets for completing 93% of cases in 12 months and 95% of cases within 18 months. For three of the four quarters in 2023/24, we hit our target for completing 98% of cases within 24 months. For comparison, in 2022/23, we hit the same 12-month and 18-month targets in each quarter. We hit the 24-month target in one quarter in 2022/23.
- The performance against our stretch target of resolving 70% of investigations within 10 months held between 50% and 60% for the year. In 2022/23, this target roughly held between 55% and 65%. We have plans in place including new tools, guidance and training that we anticipate will deliver an improved performance against this target.

Continuing competence

- We delivered a programme of work to further enhance how we make sure solicitors and firms meet our continuing competence obligations. This included placing restrictions on solicitors practising unsupervised if they did not confirm their competence to us. We also further developed our resources to help solicitors maintain their competence and published our second annual assessment of continuing competence. It found that most firms we regulate have robust systems and controls in place to maintain solicitors' competence and deliver good-quality legal services. However, we identified family and landlord and tenant law as areas we want to explore in more detail. In the coming year, we will carry out thematic inspections, review sample training records and engage with stakeholders to understand more about firms' supervision arrangements. We will also consider what further work we can do to make sure that solicitors maintain their competence and plan to issue a consultation on our proposed approach this year.

Anti-money laundering and financial crime regulations

- When we find serious failings in this area, we will take regulatory action and did so in 78 cases in 2023/24. In more than half the cases, the most common breaches related to firms having inadequate risk assessments or anti-money laundering (AML) controls. We issued 44 fines totalling almost £600,000. The SDT handed out two fines with a combined total of more than £500,000 as well as a condition placed on a solicitor's practising certificate. Please note, our AML work is reported to a different financial year, so these figures relate to 6 April 2023 to 5 April 2024.



- For comparison, in 2022/23, we took regulatory action in 47 cases, issuing 23 fines totalling just over £60,000. The increase in the regulatory action we took is due to a mix of increased proactive action (which you can read more about under objective two) and reports made to us concerning AML. The reason for the increase in the value of fines between 2022/23 and 2023/24 is due to our increased fining powers. The SDT handed out six fines with a combined total of almost £76,000 in 2022/23. Our AML work for 2022/23 relates to 6 April 2022 to 5 April 2023.
- We set out below – under objective two – how we have increased our proactive work to tackle the risks of money laundering and how this has driven significant increases in firm compliance.
- The Economic Crime and Corporate Transparency Act 2023 gives us unlimited fining powers to sanction certain breaches that involve economic crime. This came into force in March 2024, and [we consulted on developing our financial penalties framework in light of this](https://referral.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-further-developing-framework/). [\[https://referral.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-further-developing-framework/\]](https://referral.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-further-developing-framework/). We will consider any responses and feedback we receive about our proposals in finalising our position. We will only be able to issue these types of fines for breaches of our rules which took place after the Act came into being.

The Solicitors Qualifying Examination

- The 2023/24 year was the third year of running the Solicitors Qualifying Examination (SQE), the single rigorous assessment for all aspiring solicitors. It was introduced to give assurance of consistent, high standards at the point of admission. [Of the 9,602 individuals admitted in 2023/24, 27% came through the SQE route \(2,596 individuals\)](https://referral.sra.org.uk/sra/research-publications/regulated-community-statistics/data/routes_admission/). [\[https://referral.sra.org.uk/sra/research-publications/regulated-community-statistics/data/routes_admission/\]](https://referral.sra.org.uk/sra/research-publications/regulated-community-statistics/data/routes_admission/) This proportion will continue to grow in the years to come and has already increased since 2022/23. Of the 8,818 individuals admitted in 2022/23, 17% came through the SQE route. The assessment consists of two parts: SQE1, which tests functioning legal knowledge and SQE2, which tests practical legal skills. Six examination sittings took place in 2023/24 across test centres in the UK and around the world. The majority of individuals still qualify through the Legal Practice Course route. However, in the coming years, fewer people will be eligible to take this route as it is phased out, and most people will have to take the SQE to qualify.
- [The independent reviewer for the SQE found that the SQE continues to perform well](https://referral.sra.org.uk/sra/research-publications/sqe-independent-22-23/) [\[https://referral.sra.org.uk/sra/research-publications/sqe-independent-22-23/\]](https://referral.sra.org.uk/sra/research-publications/sqe-independent-22-23/) and there can be confidence it is a rigorous assessment. And, to support access to legal services in England and Wales, a single legal jurisdiction comprising two nations and two official languages, we now offer the entirety of the SQE in Welsh.
- We progressed work on commissioning an independent evaluation of aspects of the SQE route to qualification – demonstrating our commitment to understanding the early impact of the SQE's introduction and making improvements if necessary. We also remain committed to finding ways in which we can publish SQE performance data by provider, to help candidates make informed choices about how they prepare for the assessment.

Equality, diversity and inclusion (EDI)

- We published the findings of two significant equality, diversity and inclusion (EDI) research projects. The [potential causes of differential outcomes by ethnicity in legal professional assessments](https://publications.sra.org.uk/differences-in-outcomes-by-ethnicity-in-legal-professional-assessments-research-summary/) [\[https://publications.sra.org.uk/differences-in-outcomes-by-ethnicity-in-legal-professional-assessments-research-summary/\]](https://publications.sra.org.uk/differences-in-outcomes-by-ethnicity-in-legal-professional-assessments-research-summary/) research found that no single reason explains why candidates from certain ethnic groups perform better than others, yet multiple factors combined do explain the differences. The [overrepresentation of Black, Asian and minority ethnic solicitors in reports to the SRA](https://publications.sra.org.uk/overrepresentation-of-black-asian-and-minority-ethnic-solicitors/) [\[https://publications.sra.org.uk/overrepresentation-of-black-asian-and-minority-ethnic-solicitors/\]](https://publications.sra.org.uk/overrepresentation-of-black-asian-and-minority-ethnic-solicitors/) research found that some factors intersect with ethnicity, but that these factors do not fully account for the overrepresentation seen, and the relationship between these factors is complex and difficult to unpick.
- As a result of both pieces of research, we have begun engaging and working with relevant stakeholders across the sector to do what we can to address the findings. In October 2024, we ran a summit with a range of stakeholders to begin work to agree an



action plan to tackle the causes of differential outcomes. In the case of the overrepresentation research, we will also refine our data approach to enhance our understanding for the overrepresentation of Black, Asian and ethnic minority solicitors, consider what further support we can give to smaller firms, and consider suggestions on improvements to our assessment process when we first receive reports of concern about solicitors.

- We work collaboratively with law firms and others to gather best practice and information about initiatives which are driving diversity in the profession. We held a [webinar to promote best practice on improving retention and progression in law firms](https://referral.sra.org.uk/sra/news/events/on-demand-events/improving-retention-progression/) [https://referral.sra.org.uk/sra/news/events/on-demand-events/improving-retention-progression/]. This highlighted the experiences of two law firms in the profession which have seen success through their work to promote diversity. We also updated the resources we provide on our website about [disability inclusion](https://referral.sra.org.uk/solicitors/resources/equality-diversity/disability-inclusion/) [https://referral.sra.org.uk/solicitors/resources/equality-diversity/disability-inclusion/] and [recruitment, retention and progression](https://referral.sra.org.uk/solicitors/resources/equality-diversity/promote-diversity/) [https://referral.sra.org.uk/solicitors/resources/equality-diversity/promote-diversity/]. We engaged with law firms to identify examples and case studies to share within these resources and promote these through our social media and [SRA Update](https://referral.sra.org.uk/sra/news/sra-update/) [https://referral.sra.org.uk/sra/news/sra-update/].

Objective two: we will strengthen our risk-based and proactive approach

- We are looking to improve how we use our data about law firms and complaints to spot patterns – for instance, where certain types of firm or areas of work present higher risks to the public. We have set up a new Risk and Intelligence Framework to draw together our proactive views on risk. This is part of redoubling our efforts to ensure we have robust processes in place to identify and act on emerging risks.
- We carried out a number of thematic reviews in areas where we are seeing newly emerging risks, such as strategic lawsuits against public participation and conduct in disputes. We also carried out thematic reviews of areas which we know carry a heightened risk, such as AML, or which have been of ongoing concern for some time, such as asylum services. As part of our thematic reviews, we visit firms, review files and more widely share our findings. If we see standards falling short of what we expect, we can take action and refer the matter for an investigation, if necessary.
- Our Transparency Rules are there to help the public make informed decisions when choosing a legal services provider. As part of our proactive work, we have carried out reviews of more than 1,000 firms in the course of a project to check compliance with the rules. Since we started this work in mid-2023 and until the end of the 2023/24 year, we have issued 35 fixed financial penalties and 577 letters of warning. Please note, these regulatory actions are a result of this proactive project alone and not any wider investigations work. We will continue our work on this project in the 2024/25 year.

Proactively regulating anti-money laundering and the sanctions regime

- Preventing money laundering is a priority for the legal sector. We have a rolling programme of inspections to ensure firms' compliance with the money laundering regulations. We almost doubled the number of proactive engagements (inspections and reviews) we carried out (545), compared to the previous year (273). Through this work, we have helped 394 firms to improve their AML controls, and we have seen marked improvements in the way firms assess risk. Only 12% of client and matter risk assessments were deemed to be ineffective, compared to 51% in the previous reporting year. Please note, our AML work is reported to a different financial year, so the above figures relate to 6 April 2023 to 5 April 2024. Our AML work for 2022/23 relates to 6 April 2022 to 5 April 2023.
- During the year, we wrote to more than 1,000 firms with guidance and support on complying with the UK's financial sanctions regime. [The UK financial sanctions regime](https://www.gov.uk/guidance/uk-sanctions) [https://www.gov.uk/guidance/uk-sanctions] is operated by the Office of Financial Sanctions and the measures are imposed by the government. We [gathered data from a number of firms](https://referral.sra.org.uk/sra/news/financial-sanctions-questions/) [https://referral.sra.org.uk/sra/news/financial-sanctions-questions/] and, [based on their responses](https://referral.sra.org.uk/sra/news/sra-update-119-sanctions-data/) [https://referral.sra.org.uk/sra/news/sra-update-119-sanctions-data/], identified a large



number of firms that had indicated they had poor controls in place. The letters sent include [guidance on complying](https://referral.sra.org.uk/solicitors/guidance/financial-sanctions-regime/) [https://referral.sra.org.uk/solicitors/guidance/financial-sanctions-regime/], with the regime and guidance on completing [firm-wide sanctions risk assessments](https://referral.sra.org.uk/solicitors/guidance/sanctions-regime-firm-wide-risk-assessments) [https://referral.sra.org.uk/solicitors/guidance/sanctions-regime-firm-wide-risk-assessments], including [a template](https://referral.sra.org.uk/globalassets/documents/solicitors/sanctions-regime-firm-wide-risk-assessment-template.docx?version=492a46) [https://referral.sra.org.uk/globalassets/documents/solicitors/sanctions-regime-firm-wide-risk-assessment-template.docx?version=492a46], for firms to use.

Objective three: we will support innovation and technology

- We were awarded our third grant from the Regulators' Pioneer Fund. We are using this latest round of funding to explore how online dispute resolution can help tackle the unmet legal need of individuals, consumers and micro/small enterprises. We progressed this in 2023/24, talking to and engaging with more than 100 people to better understand more about the barriers both users and providers face, as well as possible solutions. All the feedback will be fed into the next stage for the possible development of an online tool and/or guidance for the sector.
- As part of our SRA Innovate programme and our commitment to work with small firms and technology providers, we engaged with more than 30 organisations (including law firms, start-ups, and more established tech providers) in 2023/24. We offered regulatory advice, help in navigating lawtech and signposted businesses to other regulators or organisations for support and information on investment. We also brought small and medium-sized firms together at our two SRA Innovate events to learn from experts on how to adopt technology and to innovate.
- [We published a dedicated Risk Outlook](https://referral.sra.org.uk/sra/news/press/2023-press-releases/risk-outlook-ai/) [https://referral.sra.org.uk/sra/news/press/2023-press-releases/risk-outlook-ai/] which considered how artificial intelligence (AI) was impacting the legal services sector. The report outlines current and potential future developments, and what firms may need to think about in each area to help them assess if and how they might be affected.
- We started work on developing our approach to regulating the use of AI in light of the rapid development of AI systems and the government's proposed regulatory framework. We have been actively involved in a range of government-led forums and programmes, including the LawtechUK Regulatory Response Unit, the Information Commissioner's Office Regulators AI Working Group and the Digital Property Market Steering Group. We also publish Lawtech Insight to summarise the latest news and comments on technology and innovation in the legal sector, alongside practical insights for law firms looking to innovate. Editions published in 2023/24 have had more than 2,700 unique visitors. Editions published in 2022/23 had more than 2,600 unique visitors.

Objective four: we will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff

- As discussed under objective one, [in early 2024, we announced our Consumer Protection Review, which is considering a range of issues.](https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/) [https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/]. To inform discussion, we gathered wide-ranging feedback and views from our stakeholders. For example, more than 200 stakeholders attended 14 roundtable events or discussions with us, almost 40 consumers collectively spent 350 hours giving us their views and we gained insights from online polling conducted with 2,000 members of the public. [We used these engagements and others to form our Consumer Protection Review consultation paper](https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/#consultation) [https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/#consultation], launched in November 2024.
- We have encouraged interaction and debate about big issues affecting the legal sector through a series of roundtables, panel discussions and/or insight pieces in the press. Topics covered have included AI, the role of the client account and bulk litigation. Our in-house conference brought together a space for in-house lawyers to share insights and experiences. The in-person event was attended by around 200 people, with more than 300 viewers watching online. We continued to host a raft of webinars, such as on our financial penalties consultation, the SQE and our Consumer Protection Review, as well as others. We made a commitment in our Corporate Strategy for 2023–26 to benchmark our performance in a number of areas, including customer service. As part

of this journey, we carried out a survey with our staff, and a survey of our customers, to help us to understand where we are in terms of our approach to customers, and to benchmark ourselves against other organisations.

- We continue to see increases in the number of visitors to our consumer-facing web pages. Our Solicitors Register is particularly popular, attracting 9.2 million views in 2023/24 – an increase of 42% compared to 2022/23. Views to our website scam alerts – a well-used page to inform members of the public about people who call themselves solicitors but are not – also increased. Visits went up by 8%, from 178,000 in 2022/23 to 192,000 in 2023/24.
- Legal Choices is the public-facing website and social media presence we manage on behalf of all legal regulators in England and Wales. The number of visits to the website was 1.6 million, the same as in 2022/23.
- To further support law firm compliance with our Transparency Rules, where law firms must proactively publish certain information on price, services and complaints procedures, we have issued a suite of new and updated resources for firms. This includes new, even more accessible pricing templates, which firms can easily adapt for use on their own websites. We know from research published in 2023 that the Transparency Rules are bringing benefits to firms and consumers. Further research, carried out in 2024, has shown that stakeholders, including consumers, see clear information on cost structures are a key factor in driving confidence and trust in legal services. We have committed to additional work on consumer information in 2024/25.
- We carried out our first corporate strategy benchmarking survey. It surveyed around 3,400 stakeholders to assess what drives confidence and trust in legal services. We spoke to the legal profession, the public, small and medium-sized enterprises, elected representatives and other opinion formers. This has helped inform and shape our work, identifying areas we need to work on more, while also enabling us to benchmark our strategy. We will repeat the full research exercise again when our current strategy finishes in 2026 to find out whether and how our work and that of others has changed levels of confidence and trust in legal services.
- We were recognised for our commitment to supporting LGBTQ+ staff and customers after reaching number 11 on Stonewall's Top 100 Employers list for 2024. This is a rise of 14 places; in 2022/23, we reached number 25. We also secured a 'gold award' for the third time in 2023/24, which Stonewall gives to 'exceptional employers who are committed to supporting their LGBTQ+ staff and customers'.
- The UK government has committed to decarbonising all sectors of the UK economy and reaching net zero by 2050. We need to play our part and give some leadership to the sector. We have already made good progress in reducing emissions, particularly through changes to our offices and working practices. There is more we can do – for instance, to continue to reduce the impacts of staff travel. But the bigger impact will be by working with our supply chain to reduce emissions. We have set ourselves a plan for achieving net zero, and our target is to halve our greenhouse gas emissions by 2030 and reduce them by 90 per cent by 2050.
- As a regulator in England and Wales, we want to make sure we improve our Welsh-language offering, both to the profession and to Welsh consumers. We have had detailed discussions with the Welsh government about their expectations of our communication with stakeholders in Wales. We are also working with Bangor University to develop a pilot dispute resolution tool (as part of the latest grant of Regulators' Pioneer Funding mentioned above) which will be bilingual. Information about taking the SQE in Welsh is now also available bilingually on the SQE website. We are also engaging with other regulators on how they approach offering services in Welsh.

Financial review

This financial review looks at the SRA's and the Solicitors Indemnity Fund (SIF)'s activities and income and expenditure. The balance sheet review looks at the assets and liabilities of the SRA and the SIF.

Income

The majority of our funding comes from annual fees set each year. We charge these fees to individuals (primarily the practising certificate fee) as well as to firms (recognised bodies

and licensed bodies). These are mandatory and must be paid for individuals and firms to practise as solicitors in England and Wales.

These fees are invoiced from 1 October to cover the following November to October period. Therefore, the fee income recognised in the 2023/24 year was largely collected before the start of the financial year. The amount recognised in the financial year was £68.1m (2023: £60.6m). At the end of October 2024, there were 171,697 practising solicitors and 9,197 solicitor firms (2023: 166,256 and 9,377, respectively). The types of these firms range from sole practitioners to large firms with a global presence and thousands of solicitors. There is a long-term trend of an increase in the number of practising solicitors and a gradual reduction in the number of firms.

Not all solicitors are currently practising law. There were more than 206,000 solicitors on the roll at the end of October 2024. Non-practising solicitors who wish to remain on the roll of solicitors pay an annual fee of £20. At the end of October 2024, there were 35,090 non-practising solicitors on the roll (2023: 35,434).

For 2023/24, the individual practising certificate fee was set at £307, an increase from £286 in 2022/23. We keep around half the fees collected. We collect a proportion on behalf of TLS, to fund elements of its work, and levies payable to external bodies, including the LSB and Legal Ombudsman. TLS's share of the practising fee income is reported in The Law Society Group's consolidated accounts. Around £162 (2023: £151) of the 2023/24 fee funded our work. Our portion of the 2024/25 fee increased by 1% to £164.

Fees for firms vary and are related to the turnover of each firm. The 2024/25 fee collection window opened on 1 October 2024 and closed on 31 October 2024. On 31 October 2024 £68.3m (2023: £64.5m) worth of invoices had been raised and recognised as deferred income for the 2024/25 renewal year. This means the amount invoiced will appear in the statement of comprehensive income in the 2024/25 financial statements. The amount invoiced will appear alongside the expenditure for the year, which the amounts raised will fund.

In addition to the practising fees, a levy is collected on behalf of the SRA Compensation Fund (compensation fund). The compensation fund is a non-consolidated entity which funds compensation claims against defaulting practitioners and related management costs. All individual practising certificate holders, except for those working for the Crown Prosecution Service, and by all firms holding client money pay contributions towards the fund. The above figures exclude invoices raised and cash collected on behalf of the compensation fund. Information on the compensation fund is available in its financial statements.

Other income

We recognise income from recharging the costs of managing the compensation fund (administration, maintenance, applications). This totalled £15.6m in the financial year (2023: £23.7m). These costs are recharged to the fund in accordance with an agreed methodology and cost allocation rates. The most significant element of the recharge relates to third-party intervention and our own legal costs, which totalled £11.7m (2023: £20.4m). The 2023 year included the cost of the Axiom intervention in October 2023. Other costs include indexing, archiving and storage of the files of the firms we intervene into.

Additionally, we collected £4m in administration fees for other applications from individuals and firms (2023: £3.6m).

Education and training

The main component within education and training income is the Solicitors Qualifying Examination (SQE). This is the assessment aspiring solicitors need to take to qualify. The SQE is provided by Kaplan SQE Ltd., working with us and on our behalf. During the financial year, we recognised £36.6m (2023: £19.2m) in income related to assessment and delivery costs of £36m (2023: £18.8m). This is in addition to the internal costs associated with

delivering the exam. We expect the SQE income and expenditure figure to continue to increase over the coming years as more candidates sit the examination.

To be eligible to provide education, research or vocational training – specifically the delivery of the SQE – any surplus from supplying these services must only be used for the continuation or improvement of such services.

In addition to the examination delivery costs, we also incur internal costs through our Education and Training team. The work this team does supports the SQE delivery, as well as our other education and training activity. The overall cost of this team is greater than the income we receive, and no surpluses have been realised to date. If we received a surplus, we would separate it and invest it solely in education and training, and not any other area of our responsibilities.

Solicitors Indemnity Fund (SIF) consolidation

The SIF is a special purpose entity set up in 1987 to provide compulsory professional indemnity cover to all solicitors. In 1999 TLS decided to move to an open market professional indemnity insurance (PII) system and so SIF stopped receiving premiums and stopped providing primary PII cover to solicitors. However, using residual funds that had been collected from previous years, TLS decided that, for a time-limited period, the SIF would continue to provide run-off cover to solicitors and firms who had been closed for more than six years (and were therefore beyond the period of mandatory run-off cover required under the new system).

Responsibility for indemnification arrangements was delegated to the SRA in 2006, at which point it took over responsibility for governance of the operation of the SIF from TLS. On 1 October 2023, the SRA took over the management of the SIF, to provide assurance of future consumer protection for post six-year negligence claims and achieve a reduction in the scheme's running costs compared to the previous arrangements, so that more money would be available for SIF's core purpose of settling claims.

From 1 October 2023, the SIF became a subsidiary of the SRA, with its financial statements consolidated in these SRA group financial statements. The SRA's financial statements can be seen in isolation in the:

- company income and expenditure statement,
- statement of comprehensive income and company balance sheet, and in the
- company-only columns of the notes to the financial statements.

From 1 October 2023 the SRA took over responsibility for managing and administering SIF, a function previously undertaken by Solicitors Indemnity Fund Limited (SIFL). In doing so, the SRA effectively took control of the SIF and the Board considers that the SIF and SIFL became subsidiaries of SRA from this point. SRA and SIF are therefore consolidated within these financial statements (SIFL ceased trading in 2024 and was dissolved on 25 February 2025). Any transactions of SIFL within the financial year are included in the consolidated results.

This year, the overall consolidated surplus is £2.3m (2023: £21.8m). The majority of the surplus in 2023 arose because of the acquisition of the fair value of SIF's net assets of £20.6m. Excluding the SIF consolidation, the surplus for 2022/23 was £1.2m.

Fair value of SIF net assets

From 1 October 2023, we took responsibility for managing and administering the SIF. The fair value of the SIF's net assets has been consolidated within the financial statements of the group. As a public benefit entity, we recognised this fair value in our income in 2022/23. The fair value of the net assets as of 1 October 2023 was £20.6m. This had reduced to £20.1m at the end of October 2024.

Expenditure

Our total operating expenditure for the SRA for the year was £120.7m (2023: £106.8m). This increase is mainly because of increased SQE costs, which were recovered via SQE fees, leading to the related increase in income. SRA staff related costs for the year were £45.2m (2023: £39.9m). This rise is due to an increase in headcount to deliver increased activity. There was a decrease in the costs of administering the compensation fund, which, as noted above, were recovered from the compensation fund.

The SIF's operating expenditure for the year was £4m, the majority of which arose on the movement in the value of its indemnity provisions. In the 2022/23 year, there was £0.5m credit on operating expenditure, again due to the movement in provisions.

Fixed assets

Group tangible assets increased in value, from £1.4m to £1.6m. This was due to significant investment in computer equipment (£0.9m), with a depreciation charge in the year worth £0.7m.

Group fixed asset investments have increased by £4.6m to £39.1m. The SRA's investments increased by £1.3m (15%). The SIF's investments increased by £3.3m (12%).

The SRA Limited's investment holdings represent long-term reserves and are not needed to fund day-to-day operations. They are invested with Cazenove, with the objective of achieving a long-term return on investment.

The group's investment strategy is to hold a varied and diversified portfolio to maximise returns at a level of risk agreed by the directors. The group holds an investment portfolio consisting of equities, sovereign and investment grade bonds, as well as other securities and cash. This provides the group with a constant income from investment. There remains volatility in the underlying value of the funds within the investment portfolio, which is accounted for as either an unrecognised loss or gain in the Statement of Comprehensive Income. Further details are provided in note 10.

Debtors

Year-end trade debtors are at their highest following the annual practising fee renewals exercise, undertaken during October, and reduce rapidly in November each year. Group debtors have reduced by £10.8m from £44.6m in 2023 to £33.8m in 2024. This is due in part to earlier receipt of annual practising certificate income which meant that the trade debtors were £26.8m, £3.8m lower than the figure of £30.6m in 2023. In 2023 debtors included a balance of £5.3m owing from the SRA Compensation Fund to the SRA however this balance was £nil in 2024 with £10.4m in creditors owed to the Compensation Fund. This relates to the timing of cash payments between SRA and the Compensation Fund.

Cash

Cash balances are also at their highest level following the annual practising fee renewals exercise in October 2024. The cash balance at the end of the year is therefore higher than at most times during the year. Cash flows continue to be positive in November and then gradually reduce through the remainder of the financial year, with a relatively smooth flow of annual expenditure until the next renewal period. Under our investment policy, we aim for our cash balances to be actively managed to maximise returns as much as possible while limiting the risk to funds. The average cash balance held during the year was £55.8m (2023: £51.7m).

Provisions

The company provision for disciplinary proceedings, intervention and litigation costs as of 31 October 2024 was £14.6m (2023: £14.8m). The provision represents the cost of fees to complete ongoing matters at the year-end. Costs incurred during the year in relation to interventions are recharged in full to the compensation fund.

The consolidated balance sheet includes a total SIF claims provision of £11m (2023: £7.9m). This provision is for current and future claims against SIF and the cost of dealing with those claims. The provision for claims incurred but not reported is for claims not yet received against SIF but expected to be received in the future in relation to events that have already occurred. This is estimated using external actuarial advice, based on all available information at that time, including historic trends and recent developments and amounts to £4.4m (2023: £3.8m). Further information is provided in note 2 r) and note 3 of the financial statements. The remainder of the provision includes £2m (2023: £2.2m) for claims reserves and £4.6m (2023: £1.9m) for claims handling costs.

Reserves

Group reserves

The group balance sheet reports net assets of £44.0m, up from £37.8m in 2023. The company balance sheet shows net assets of £23.9m (2023: £17.9m), of which £22.3m (2023: £16.5m) is unrestricted reserves once tangible fixed assets are excluded.

The reserve requirements of the SIF are very different in nature to those of the SRA and need to be considered separately. SIF had net assets of £20.1m at the balance sheet date, and a surplus for the year of £0.1m (2023: £0.4m). A reserves policy was established during the 2023/24 financial year and is presented below.

The reserves of SRA can only be used to fund the operations of the SRA and the reserves of the SIF can only be used to fund the operations of the SIF. Reserves are not transferable between the SRA and the SIF. Additionally, to be considered an eligible body for the delivery of education activities, any surpluses in the future arising from these activities can be used only for the continuation of such activity.

Company reserves

Our reserves policy for the SRA outlines a requirement to hold between £17.7m and £25m of unrestricted reserves after tangible fixed assets are excluded. The policy is guided in part by guidance issued by the LSB, which regulates the SRA. The policy identifies the long-term level of reserves considered appropriate, with consideration of:

- potential reductions in income
- additional liabilities that may arise or commitments that may be made
- the risk of unexpected expenditure in relation to legal costs
- planned increases in expenditure.

The reserves range represents between approximately three to five months' expenditure for the financial year when the policy was agreed and excludes SQE income and expenditure. This is appropriate because the SQE is an almost entirely cost-neutral activity. The SQE income and expenditure is expected to grow significantly in future years.

Our Board considers the reserves position each year. It last reviewed and agreed the position in April 2025. We must outline our reserves policy and any plans to move towards the minimum level of reserves (if not already at that level), as part of the annual approval of practising fees. This is an LSB requirement. We will consult on the fees for 2025/26 in the summer of 2025. As mentioned above, unrestricted reserves (excluding fixed assets) stand at £22.3m, which is well within the targeted reserves policy.

The SIF reserves

The reserves policy for the SIF considers total assets less current liabilities as a proxy for a specific general reserves figure that is net of claims provision. The policy is for this to be between 50% and 400% of the last claims provision value provided by independent actuaries. For the 2023/24 year and until we have an updated independent actuarial valuation, this represented a value range of from £5.5m to £44m.

Financial key performance indicators

The directors consider that the key financial performance indicators are as follows:

- consolidated income for the year was £124.3m (2023: £127.8m)
- consolidated operating surplus for the year was £0.5m (2023: £20.6m)
- company unrestricted reserves as of 31 October 2024 were £22.3m (2023: £16.5m)

Risk governance and management

Our risk management framework sets out the policy and framework for managing and obtaining assurance on all risks likely to adversely impact on the successful delivery of our strategic and regulatory objectives.

It provides the guiding principles within which the risk management process is managed and operated. In accordance with that framework, we maintain risk registers at three levels:

- high-level risks are documented on our strategic risk register
- a mid-tier risk register brings together more significant or organisation-wide risks which are not at the strategic level
- both the strategic and mid-tier registers are underpinned by operational risk registers across the organisation.

The principal risks relate to delivery of crucial areas of work, such as investigations and enforcement, and our approach to emerging technology, EDI and risk-based regulation.

To support the transparency of a structured risk reporting cycle, the strategic risk register is presented to our Audit and Risk Committee and Board three times a year. The Audit and Risk Committee also reviews the mid-tier risk register. Management of both these registers sits with the Executive Team, which monitors them regularly.

We continued to enhance risk governance and management systems during this period. This has included deep dives on strategic risks by our Audit and Risk Committee, a wider internal quarterly review of strategic and mid-tier risks and dedicated training and awareness sessions.

We have been ever mindful of the increasing cyber security risk, as faced by most other organisations. We are certified to the ISO:27001 standard in information security and apply all the controls contained within.

We continue to invest in our technical resources and capabilities to deal with existing and emerging risks as effectively as we can. This includes testing and scenario planning to prepare for incidents.

Over the course of the year, we have also implemented a new Governance Risk and Compliance platform. This will give us the ability to gain better insights into our risk and control framework and identify areas for development.

Statement of compliance with section 172 (1) of the Companies Act 2006

Directors' duties

The directors must act in a manner which complies with their duties as set out in the UK Companies Act 2006. In summary, section 172 of the Act requires a director of a company to act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members. In doing this, the director must have regard, amongst other matters, to:

- the likely consequences of any decision in the long term
- the interests of the company's employees



- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the company.

The following is an overview of how the Board has performed its duties in this regard during this year.

Key decisions

- In December 2023, the Board decided the scope of a review of consumer protection, to consider firm approval and monitoring processes, rules on holding client money, and the compensation fund model.
- At its July 2024 meeting, the Board decided that there would be a small increase in our share of the individual practising certificate fee, increasing from £162 to £164. It also decided that the 2024/25 compensation fund contribution would increase to £90 per individual and £2,220 per firm. This followed a public consultation and was approved by the LSB in September 2024.
- In July 2024, the Board concluded that it would be in the public interest for us to take on the regulation of CILEX members, and it decided it was willing to do so. This decision was on the basis that this outcome would simplify the complex regulatory landscape, making it easier for consumers to navigate, bring more consistent standards and levels of protection and result in efficiencies.
- In September 2024, the Board decided to extend the term of the Chair for two years. This was in response to new and emerging challenges, and the need for maintaining stability at board level to help manage them, and the required organisational development.
- In October 2024, the Board agreed the investment and reserve policies for the SIF. It also approved a target to halve our greenhouse gas emissions by 2030 and reduce them by 90 per cent by 2050, with a related plan to deliver these targets.

People

Our people are fundamental to the successful performance of the organisation. Employees are regularly kept updated through monthly organisation-wide business updates which provide an opportunity to feedback on key business activity and upcoming changes. The staff forum and staff trade union offer employee representatives regular access to members of the senior management team to address important and topical issues. The structure of annual pay awards is agreed with the trade union each year. Union members are consulted before any decisions are made.

Throughout the year, the Board receives regular updates on matters relating to employees as part of quarterly performance reporting. An annual staff survey offers employees the opportunity to provide their views in an anonymous format. The results of these surveys are provided to the Board and clear action plans are developed and delivered based on the feedback. In this reporting year, we supplemented the annual staff survey with a small number of pulse surveys, providing a deeper dive into particular issues to give greater insight.

We expect the law firms we regulate to create and champion an equal and diverse culture, and we make sure we do the same. We expect our staff to consider EDI throughout their work, whatever their role, and our staff networks help to promote a culture of inclusion. We have active networks for women, race ethnicity and cultural heritage, sexual orientation and gender identity, carers and working parents, mental health and disability, and men's health and wellbeing. We also have mental health first aiders.

We promote inclusion for all staff through our EDI policy, which covers our values and behaviours, attraction and retention, reasonable adjustments and how we support the health, and wellbeing needs of our staff. We refreshed our values as part of preparing and



launching our new 2023–2026 corporate strategy. We retained our commitment to inclusion in our fourth strategic priority within the corporate strategy (to be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff).

Our training and other initiatives to promote career development are made available to all staff. We also track a range of employment areas throughout the employment lifecycle to make sure these opportunities are being accessed fairly by all groups.

We monitor the diversity of our staff, covering all the diversity characteristics we collect from the profession and publish an annual breakdown of the data. This includes questions about socio-economic diversity and caring responsibilities. We publish our gender pay gap data as we are required to do, and we continue to publish our ethnicity pay gap. We have an underrepresentation of Black, Asian and ethnic minority staff at senior levels in our workforce. We have published targets to double the number of people within our senior team from these backgrounds from eight to 16 per cent within five years and 20 per cent by 2032. We also have an action plan in place to address this.

We are a disability confident level 2 employer, which enables us to make the most of the opportunities provided by employing disabled people. Our activities over this reporting year to promote LGBTQ+ inclusion resulted in us being awarded a gold employer's award from Stonewall.

Work with other regulators

We work with the LSB, the oversight regulator of legal services in England and Wales, and under its rules, including the Internal Governance Rules 2019. These safeguard the independent exercise by approved regulators of their regulatory functions. We also work with the Office for Professional Body Anti Money Laundering Supervision. It supervises the professional body supervisors, such as the SRA, to make sure they are providing high standards of AML supervision. We also have significant engagement with the other eight legal sector regulators in England and Wales, as well as with regulators such as the Office of the Immigration Services Commissioner, Information Commissioner's Office and the Financial Conduct Authority. We are an associate member of the UK Regulators Network (UKRN).

Consulting on our business plan and wider consultation work

Our business plan and budget for 2024/25 were approved during the year. Both were consulted on through a multi-channel approach, using traditional media and digital channels, including a launch webinar, social media and e-newsletters. We also held direct engagement with a wide range of stakeholders through discussions and roundtables. Our aim was to raise awareness of the consultation, encourage formal written responses, while also gathering feedback through direct engagement and on specific points through social media.

The Board considered the responses to the consultation in July 2024 before making a decision on the final budget and business plan for the 2024/25 year.

The budget, alongside that of TLS, determines the level of practising fees paid by the regulated population. The Board approved the practising fee level on 18 July 2024, ahead of LSB approval.

Any significant changes to the way in which the profession is regulated or any changes which may significantly impact the profession are subject to consultation before decisions are made. During the reporting period we consulted on a number of issues:

- Arrangements for Regulation Non-Authorised CILEX members
- Changes to the rules on SQE exemptions
- Proposals to change how the English or Welsh language proficiency of qualified lawyers is assured
- Business plan and budget 2024/25

- Arrangements for SRA regulation of CILEX members
- Financial Penalties: further developing our framework.

[All current and previous consultations are available on our website.](https://referral.sra.org.uk/sra/consultations/)
[\[https://referral.sra.org.uk/sra/consultations/\]](https://referral.sra.org.uk/sra/consultations/)

Members

TLS is the sole member of the company. The company is committed to successfully performing and discharging any and all functions as delegated or conferred upon the company by TLS.

Supplier relationships

To successfully manage the business, strong relationships are maintained with key suppliers. The organisation expects suppliers to conform to its code of conduct to ensure good practice across its supplier base. Regular engagement is sought from suppliers on both commercial matters and other considerations, such as:

- environmental issues
- EDI
- innovation
- building resilient partnerships with suppliers
- reinforcing the importance of the organisation's commitment to high standards of behaviour, both for itself and its suppliers.

Modern slavery encompasses the offences of slavery, servitude, forced and compulsory labour and human trafficking. As the regulator of solicitors and law firms in England and Wales, we have an important role in supporting the rule of law and the administration of justice, and so we fully support the government's commitment to tackling this issue. Given the nature of our work, our main risk is our supply chain. We have in place robust procurement processes to manage this risk. We expect any supplier we work with to have suitable policies, processes, and compliance in place within their own organisation to prevent child labour, modern slavery and human trafficking. We will continue to develop this in the future, ensuring staff are aware of these risks and can easily raise any concerns.

The Board of Directors consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members (having regard to the stakeholders and matters set out in section 172 (1) of the Act) in the decisions taken during the period ended 31 October 2024.

This Strategic Report was approved by order of the Board on 29 April 2025

Anna Bradley
Chair
12 May 2025

[Directors' report](#)

The directors present their report and the audited financial statements of the company for the period 1 November 2023 to 31 October 2024.

Directors

The directors during the reporting period were as follows:

	Attended Meetings	
Anna Bradley (Chair)	8	8
Ann E Harrison	8	8
Lisa Mayhew	7	8

Vikas S Shah	7	8
Elizabeth H Smart	7	8
Nicola Williams	8	8
Claire Bassett	8	8
Rob McWilliam	7	8
Paul B Loft	Until 31 December 2024	7
Selina Ullah	Until 31 December 2024	6
Claudio Pollack	From 1 January 2025	-
Simon Millhouse	From 1 January 2025	-

The SRA maintained liability insurance for its directors and officers throughout the financial year.

The Board

We had a Board of 10 directors for this reporting period, two of whom subsequently completed their terms on 31 December 2024, with two replacements appointed from 1 January 2025.

The Board Chair, Anna Bradley, was appointed for a further term of two years from 1 January 2025. Appointments and reappointments to the Board are governed by our Board composition and appointments protocol. [This forms part of our governance handbook. \[https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c51\]](https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c51) which is available to view on our website.

All appointments to the Board, including the appointment of the Chair, are made on merit following open and fair competition, with no element of election or nomination by any particular sector or interest groups. Our Board makes appointments on advice from an appointment panel. The Nomination Committee selects appointment panel members each time a recruitment round is held.

The Board makes decisions on the reappointment of directors, taking advice from the Nominations Committee. The Committee is guided by objective annual appraisals and the desirability of ensuring a balance between regular turnover and continuity. Appointment to the post of Chair (including the selection criteria and make-up of the appointment panel) is made by the Board, advised by the appointment panel which are established by the Board on the advice of the Nomination Committee.

A proposal to reappoint an existing Chair must have Board support. The decision to reappoint the Chair, including the length of the term to be served, was recommended by the Board to a panel for ratification.

Board member remuneration was £18,000 per annum. Chairs of committees receive an additional £7,500 per annum, as does the senior independent director. The Board Chair remuneration was £105,000 per annum.

The Chair is contracted for a minimum commitment of two days per week and Board members for 20 days a year.

The performance of all Board members is considered on an annual basis through an appraisal process. This is conducted against an appraisal framework.

Board meetings

The Board held eight formal meetings during 2023/24. These included four meetings in person: two in London, one in Exeter and one in Cardiff. [Board papers and minutes are published on the SRA website. \[https://referral.sra.org.uk/sra/how-we-work/our-board/board-engagement/\]](https://referral.sra.org.uk/sra/how-we-work/our-board/board-engagement/)

The Board has continued to hold regular workshop sessions. These provide the opportunity for engaging with external parties and more free-ranging discussion of particular issues in

advance of the Executive formulating more formal proposals for the Board to consider. The Board also holds regular strategy discussions.

Board transparency

The Board maintains openness of its decision-making so that the public can see that decisions are properly made. This includes:

- publication of a full accountability statement that sets out where our powers derive from, to whom we are accountable, including the public and profession, and how we discharge that accountability
- publication of a Board transparency statement which describes how we share information about the Board, how it works and makes decisions, our meeting papers and what we can publish, what we cannot, and why
- Board minutes and publication of papers and a Chair's blog post meetings
- publication of a Board decision-making framework setting out the factors the Board considers when making its decisions.

Delegation

We have in place a Board delegation framework which sets out how the Board, Committees and Executive Team work together to discharge the SRA's functions. The Board has three committees: the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

The Audit and Risk Committee provides assurance to the Board on matters including:

- the effectiveness of systems to identify and manage risk
- the effectiveness and independence of the internal and external audit processes
- the effectiveness of systems of internal control
- the integrity of the company's financial statements and management accounts.

The Remuneration Committee advises the Board on policies relating to the remuneration of non-executive Board Members, committee members, the Executive Team and the wider workforce.

The Nomination Committee oversees and advises the Board on matters relating to the appointment, reappointment and removal of non-executive directors and the Chief Executive and the effectiveness of the Board.

The Board delegates the day-to-day operational management of the company to the Executive Team:

- Paul Philip: Chief Executive Officer
- Aileen Armstrong: Executive Director – Strategy, Innovation and External Affairs
- Juliet Oliver: General Counsel and Executive Director – Investigations and Enforcement
- Liz Rosser: Executive Director – Operations and Resources

Paul Philip will be retiring in late 2025.

Nomination Committee Annual Report

Background

The Committee's role is to oversee and advise the Board on matters relating to the appointment, reappointment and removal of non-executive directors and the Chief Executive and the effectiveness of the Board.

The Committee's terms of reference are included in the [Governance Handbook](https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c5) [<https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c5>]. The Committee Chair provides reports to the Board at Board meetings following each Committee meeting.



Membership

The members of Nomination Committee from November 2023 to October 2024 were:

- Anna Bradley (Chair)
- Ann Harrison
- Paul Loft
- Lisa Mayhew.

Meetings

The Committee met four times in 2023/24:

- 8 November 2023
- 26 February 2024
- 1 July 2024
- 22 August 2024.

The key issues considered at these meetings were: Executive Director succession planning, the recruitment and reappointment of Board members, recruitment of a new Board Chair and plans for the evaluation of the most recent Board effectiveness review.

The Committee has confirmed to the Board that it has carried out its responsibilities to date in line with its terms of reference.

Remuneration Committee Annual Report

Background

The Remuneration Committee's role is to advise the Board on policies relating to the remuneration of non-executive Board Members, committee members, the Executive Team and the wider workforce.

The Committee's terms of reference are included in the [Governance Handbook](https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c5) [https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c5]. The Committee Chair provides reports to the Board at Board meetings following each Committee meeting.

Membership

The members of Remuneration Committee for the period November 2023 to October 2024 were:

- Ann Harrison (Chair)
- Nicola Williams
- Liz Smart
- Anna Bradley (usually in attendance)
- Selina Ullah

Meetings

The Committee met three times in 2023/24:

- 27 February 2024
- 26 September 2024
- 22 October 2024.

The key issues considered at these meetings were: gender and ethnicity pay gap reporting; a review of staff benefits and Executive Team pay awards for 2023/24.

The Committee has confirmed to the Board that it has carried out its responsibilities to date in line with its terms of reference.

Audit and Risk Committee Annual Report

Background

The Committee's role is to provide assurance to the SRA Board on:

- the effectiveness of systems to identify and manage risk
- the effectiveness and independence of the internal and external audit processes
- the effectiveness of systems of internal control
- the integrity of the company's financial statements and management accounts.

The Committee's terms of reference are included in the [Governance Handbook](https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c51) (<https://referral.sra.org.uk/globalassets/documents/sra/sra-governance-handbook.pdf?version=4ab6c51>). The Committee Chair reports to the Board at Board meetings following each Committee meeting.

Membership

The members of Audit and Risk Committee for November 2023 to October 2024 were as follows:

- Paul Loft (Chair until March 2024)
- Rob McWilliam (Chair from April 2024)
- Vikas Shah
- Claire Bassett.

Meetings

During this period, the Committee met four times:

- 28 November 2023
- 11 March 2024
- 23 April 2024
- 9 September 2024

The key issues considered by the Committee at these meetings were: management of risk; internal controls and internal audit, including the internal control environment; and external audit and financial reporting.

The Committee has confirmed to the Board that it has carried out its responsibilities in line with its terms of reference.

Statement of corporate governance arrangements

We are not required to adopt the UK Corporate Governance Code. However, the SRA Governance Handbook requires that Board members should at all times have regard to their obligations as directors of the SRA under relevant legislation, the Articles of Association and the principles of the UK Corporate Governance Code.

Engagement with employees

As referenced within the section 172 statement in the strategic report, the staff forum and trade union represent an opportunity for employees to have their voices heard in a formal setting. We also engage with employees through consultation on significant issues such as changes to working arrangements – for example, hybrid working.

Employment of disabled people

As an organisation, we expect the law firms we regulate to create and champion an equal and diverse culture, and we do the same. We expect our staff to consider EDI throughout their work, whatever their role. Our staff networks support the promotion of equal opportunities in terms of policies, procedures, practices, recruitment and career development for employees to ensure disabled employees are treated equally. We also offer a portfolio of training to develop our staff in a fair and non-discriminatory manner. We are a disability confident level 2 employer, which enables us to make the most of the opportunities provided by employing disabled people. During the year, we made some enhancements to our Birmingham premises for the benefit of wheelchair users. We have a specific staff network to support staff with disability and mental health wellbeing.

Supplier payments

It is our policy to ensure all suppliers, when entering into contractual relationships with us, are aware of our payment terms of 30 days from date of invoice once goods or services have been delivered. It is our policy to make payments in line with this policy. We do not always manage to achieve this but have, over the course of the year, been successful in substantially improving the timeliness of our payment of suppliers. We have no business or working capital need to delay payments to suppliers and no suppliers have complained to us over the timing of our payments to them. We estimate that, on average, we took fewer than 30 days to pay our suppliers during the financial year as measured from the date of receipt of invoice.

Environmental report

We appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess our greenhouse gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.

The GHG emissions have been assessed following the GHG Protocol and ISO 14064-1:2018 standard using 2024 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based reporting approach for assessing scope 2 emissions from electricity usage. The financial control approach has been used.

The table below summarises the GHG emissions for the financial year. We asked our staff to use public transport where possible when travelling for business, rather than using their personal vehicles. This reduced our business travel carbon output by 15.4 tonnes (32%). Comparing the reporting year to the previous year we reduced our total energy consumption by 116,623 kWh (22%). The results in the table below demonstrate our commitment to reducing our overall emissions by 50% by 2030 and achieving net zero by 2050.

Scope	Emission Source	2023/24 tCO ₂ e	2022/23 tCO ₂ e
1	Natural Gas	3.2	2.5
		3.2	2.5
2	Electricity	54.2	58.9
		54.2	58.9
	Grey Fleet (employee-owned vehicles)	33.3	48.7
3.6	Hirecars	-	1.2
		33.3	49.8
	Total tCO ₂ e	90.7	111.2
All	Total tCO ₂ e per employee (FTE)	0.1	0.1
	Total tCO ₂ e per £m Turnover	0.07	1.3
SECR	Total energy consumption (kWh)*	414,195	530,818

* Streamlined energy and carbon reporting (SERC) mandatory elements only (scope 1, scope 2, scope 3 grey fleet & hire cars).

The table below presents the year-on-year comparison. This shows that we have achieved a material reduction in carbon emissions through our reduction in office space.

Activity	2023/24	2022/23	% Change
Total energy consumed (kWh)	414,195	530,818	-22%
Total Gross Location-based Emissions – SECR elements only (tCO ₂ e)	90.7	111.2	-18%
Intensity ratio: tCO ₂ e (gross SECR mandatory elements only, location-based) per £m income	0.7	1.3	-46%
Intensity ratio: tCO ₂ e (gross SECR mandatory elements only, location-based) per employee	0.11	0.14	-21%

Statement of directors' responsibilities

The directors are responsible for preparing the Solicitors Regulation Authority Limited group annual report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors must have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgments and 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and



- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Anna Bradley
Chair
12 May 2025

Independent auditors' report to the members of solicitors regulation authority limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2024 and of the Group's surplus and the Parent Company's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Solicitors Regulation Authority Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 October 2024 which comprise Consolidated Income and Expenditure Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Company Income and Expenditure Statement, Company Statement of Comprehensive Income, Company Balance Sheet, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and the Parent 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 Group or Parent 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 Group's and the Parent 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 Group or the Parent 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company/Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's/Group's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be Companies Act 2006, FRS 102 the applicable accounting framework and UK tax legislation.

The Company/Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of any relevant correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's/Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias

in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias including the cost allocation methodology used to calculate the recharge of costs to SRA Compensation Fund and the valuation and assumptions used in the calculation of significant provisions which included the interventions, disciplinary proceedings and litigation provision and claims provision; and

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

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](https://www.frc.org.uk/auditorsresponsibilities) [<https://www.frc.org.uk/auditorsresponsibilities>].

This report is made solely to the Parent 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 Parent 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 Parent Company and the 4Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK

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

Consolidated income and expenditure statement

		Note	2024	£'000	2023	£'000
Income		4	124,334		127,752	
Operating expenses			(123,851)		(107,109)	
Operating surplus for the year		5	483		20,643	
Interest and dividends receivable		7	1,430		290	
Surplus before taxation			22,073		1,698	
Tax on surplus		8	(323)		(32)	
Surplus for the financial year			21,750		1,666	

All operations are continuing.

The notes on pages 45 to 69 form part of these financial statements.

Consolidated statement of comprehensive income

	Note 2024	£'000	2023	£'000
Surplus for the financial year		5,639		1,360
Unrealised losses on investments 10		456		(117)
Total comprehensive income		6,095		1,243

The notes on pages 45 to 69 form part of these financial statements.

Consolidated balance sheet

	Note	2024	£'000	2023	£'000
Fixed assets					
Tangible assets	9		1,619		1,367
Investments	10		39,083		34,517
			40,702		35,884
Current assets					
Debtors	11		33,807		44,618
Investments			7,394		1,403
Cash			110,189		90,605
			151,390		136,626
Creditors: amounts falling due within one year 12			(122,392)		(111,915)
Net current assets			28,998		24,711
Total assets less current liabilities			69,700		60,595
Creditors: amounts falling due after one year 12			(34)		(90)
Provision for other liabilities 14			(25,622)		(22,690)
Net assets			44,044		37,815
Capital and reserves					
Capital contribution			13,337		13,337
Accumulated funds			30,707		24,478
Total	22		44,044		37,815

Approved and authorised for issue by the Board of Directors on 12 May 2025 and signed on its behalf by:

Anna Bradley
Chair

Solicitors Regulation Authority Limited
Registered no. 12608059

The notes on pages 45 to 69 form part of these financial statements.

Consolidated statement of changes in equity

	Note	Capital Contribution	£'000	Retained earnings	£'000	Total equity	£'000
Balance as at 31 October 2022		13,337		3,274		16,611	
Total comprehensive income for the period	-			21,204		21,204	
Balance as at 31 October 2023	22	13,337		24,478		37,815	
	Note	Capital Contribution	£'000	Retained earnings	£'000	Total equity	£'000
Balance as at 31 October 2023		13,337		24,478		37,815	

Total comprehensive income for the period	-	6,229	6,229
Balance as at 31 October 2024	22 13,337	30,707	44,044

The notes on pages 45 to 69 form part of these financial statements.

Company income and expenditure statement

	Note	2024 £'000	2023 £'000
Income	4	125,126	107,114
Operating expenses		(120,722)	(106,835)
Operating surplus for the financial year	5	4,404	279
Interest and dividends receivable	7	1,918	1,404
Surplus before taxation		6,322	1,683
Tax on surplus	8	(683)	(323)
Surplus for the financial year		5,639	1,360

All operations are continuing.

The notes on pages 45 to 69 form part of these financial statements.

Company statement of comprehensive income

	Note	2024 £'000	2023 £'000
Surplus for the financial year		5,639	1,360
Unrealised losses on investments	10	456	(117)
Total comprehensive income		6,095	1,243

The notes on pages 45 to 69 form part of these financial statements.

Company balance sheet

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible fixed assets	9	1,619	1,367
Investments	10	9,870	8,608
		11,489	9,975
Current assets			
Debtors	11	34,319	43,928
Investments	10	5,906	-
Cash	10	109,204	90,275
		149,429	134,203
Creditors: amounts falling due within one year	12	(122,301)	(111,417)
Net current assets		22,786	22,786
Total assets less current liabilities		38,617	32,761
Creditors: amounts falling due after one year	12	(34)	(90)
Provision for other liabilities	14	(14,634)	(14,817)
Net assets		23,949	17,854
Capital and reserves			
Capital contribution		13,337	13,337
Accumulated funds		10,612	4,517
Total		23,949	17,854

Approved and authorised for issue by the Board of Directors on 12 May 2025 and signed on its behalf by:

Anna Bradley
Chair

Solicitors Regulation Authority Limited
Registered no. 12608059

The notes on pages 45 to 69 form part of these financial statements.

Company statement of changes in equity

	Capital Contribution £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 October 2022	13,337	3,274	16,611
Total comprehensive income for the period	-	1,243	1,243
Balance as at 31 October 2023	13,337	4,517	17,854
	Capital Contribution £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 October 2023	13,337	4,517	17,854
Total comprehensive income for the period	-	6,095	6,095
Balance as at 31 October 2024	13,337	10,612	23,949

The notes on pages 45 to 69 form part of these financial statements.

Consolidated statement of cash flows

	Note	2024 £'000	2023 £'000
Cash flow from operating activities	16	24,625	13,173
Taxation expense		(323)	(4)
Net cash generated from operating activities		24,302	13,169
Cash flow from investing activities			
SIF cash on acquisition		-	528
Interest and dividends	7	1,759	1,339
Cash withdrawal from fixed asset investments		484	-
Cash invested in short term investments		(5,900)	-
Purchase of fixed assets		(903)	-
Net cash (used in) / generated from investing activities		(4,560)	1,867
Cash flow from financing activities			
Finance lease payments	17	(158)	(136)
Net cash used in financing activities		(158)	(136)
Net increase in cash and cash equivalents		19,584	14,900
Cash and cash equivalents at the beginning of the year		90,605	75,705
Cash and cash equivalents at the end of the year		110,189	90,605
Cash and cash equivalents consist of:			
Cash at bank and in hand	17	110,189	90,605

The notes on pages 45 to 69 form part of these financial statements.

Notes to the consolidated financial statements

1. Statement of compliance

The financial statements of Solicitors Regulation Authority Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. Solicitors Regulation Authority Limited (SRA) is a public benefit entity and these consolidated financial statements are those of a public benefit entity group. As the regulator of solicitors and law firms in England and Wales, the SRA works to protect the public.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention with the exception of the valuation of investments. The most significant accounting policies adopted by the Group are described below and these have been applied consistently, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

SRA Limited was incorporated on 18 May 2020 and began operating on 1 June 2021.

The Board of the SRA has concluded that the SRA is a public benefit entity as defined in FRS 102. This conclusion was reached after considering the regulatory objectives as outlined in section 1 of the Legal Services Act 2007.

b) Going concern

The financial statements have been prepared on a going concern basis.

The Executive and the Board continue to closely monitor all aspects of the Group's activities and financial performance. Sensitivity analysis relating to potential reductions in practising fee income has been carried out. The liquidity of investments has also been considered to ensure that funds are sufficiently accessible should they be called upon.

Given the strength of the consolidated balance sheet and availability and liquidity of investments and the relative certainty of income, the Board believes that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern. The Board, therefore, considers it appropriate for the consolidated accounts to be prepared on a going concern basis.

The reserves of the group include the reserves of the SRA and the SIF. The reserves of SRA can only be used for the activity of the SRA and the reserves of SIF can only be used for the activity of SIF. Reserves cannot be used to cross-subsidise either entity. The Board has taken this into consideration when assessing the basis on which the group financial statements are prepared. The going concern status of SRA and SIF are therefore considered separately, taking into account the specific circumstances that affect this in each case, including expected expenditure and the certainty around that, and the availability and certainty of income in each case.

c) Basis of consolidation

Consolidated financial statements have been prepared which comprise the results of Solicitors Regulation Authority Limited (SRA) and its subsidiaries, Solicitors Indemnity Fund Limited (SIFL) (SIFL ceased trading in 2024 and was dissolved on 25 February 2025) and the Solicitors Indemnity Fund (SIF) from 1 October 2023. One month of activity from 1 October to 31 October 2023 is included in the consolidated accounts for the prior year ended 31

October 2023, together with the full year of SIF activities for the year ended 31 October 2024.

SIF has been consolidated as a subsidiary entity of SRA, in line with section 9 of FRS 102. Since 1 October 2023 SRA took responsibility for the management and administration of SIF. SIF is also governed by the SRA Indemnity Rules and it is these rules that give SRA the power to manage and administer the fund. This includes the power to govern the financial and operating policies of SIF through its day-to-day management and through the Indemnity Rules. In line with FRS102 sections 9.4 and 9.5 the Board considers SIF to be within the control of and a subsidiary of SRA.

Individual financial statements are also produced for SIF.

Section 34.77 of FRS 102 has been applied in respect of public benefit entity combinations. The impact of this is that the excess of the fair value of SIF assets received over the fair value of the liabilities assumed on 1 October 2023 of £20.6m was recognised as a gain in income and expenditure in the prior year. This gain represents the gift of the value of one entity to another and was recognised as income.

SIFL has been consolidated as a subsidiary of SRA. Since 1 October 2023, SRA controlled SIFL and was able to appoint the directors of the Company. In line with section 9.4 and 9.5 of FRS102 the Board considered SIFL to be within the control of and a subsidiary of SRA. SIFL ceased trading in 2024 and was dissolved on 25 February 2025.

d) Special purpose entity (SIF)

SIF is considered a special purpose entity and in line with section 9.10 and 9.11 of FRS 102. SIF is consolidated within these financial statements. The operations, financing and use of SIF are distinctly separate from SRA with legal frameworks in place that require that separation to be maintained, however, the SRA has control over the day-to-day operations and also the rules that govern the use of SIF.

The fund was created by TLS in 1987 for the purposes set out in section 37 of the Solicitors Act 1974 (to provide compulsory professional indemnity cover to all solicitors).

SIF, therefore, has a specific legal purpose, which was initially to provide indemnity in respect of the practices of solicitors, recognised bodies and registered foreign lawyers carried on wholly or in part in England and Wales. This continued until 31 August 2000 when this function was replaced by the requirement for law firms to purchase indemnity insurance in the open market. From 1 September 2007, the fund began to provide cover for claims and the associated liabilities arising from firms insured in the open market which have ceased without successor subsequent to 1 September 2000 and where the requisite six-year run-off period has elapsed. SIF continues to perform this function and continues to operate for this purpose.

There is a strict separation between the assets and liabilities of SIF and those of the SRA. The funds of SIF can only be used for the activity of SIF and are not available to fund the wider activity of the SRA. It also has separate funding from the SRA as the income of SRA cannot be used to fund the activity of SIF. Were SIF to require additional funding this would require a separate levy to be collected for this purpose. In the event that either the SRA or SIF were to become insolvent the income of one could not be used to fund any shortfall in the other.

Some of the assets and liabilities of SIF are held in the name of SRA for the benefit of SIF. This includes the investments of SIF which are held by the SRA but in the name of SIF. These assets are held on behalf of SIF and, as no economic benefit can flow to SRA due to the legal restrictions on the fund, are not considered to be assets of SRA. In addition, liabilities resulting from SIF activities are in the name of SRA, but settled from SIF's cash balances. As such, whilst the technical obligation may fall on SRA on SIF's behalf, no outflow of economic benefit occurs from these entities. This arrangement is analogous to an agency arrangement in practice. As a result, the assets and liabilities relating to SIF's legal purpose

are included within the balance sheet of SIF and not within the balance sheet of the SRA. This is consistent with how SIF's financial statements have been prepared in previous years.

As and when the SRA no longer considers it necessary or appropriate that the Fund is required for providing indemnity in any way the Fund would be released to the Law Society for the overall benefit of the solicitors' profession. Further detail on the treatment of SIF's assets and liabilities is included within note 10.

e) Non-consolidated entities

In the opinion of the Board the SRA Compensation Fund should not be consolidated into the financial statements as this entity is not considered to be a subsidiary, associate or joint venture as defined by FRS 102.

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

f) Ultimate parent undertaking

The company is limited by guarantee and the sole member is TLS. TLS was incorporated by Royal Charter. The company is included in the consolidated accounts of TLS.

g) Foreign currency

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. All foreign exchange differences have been taken to the income statement during the year.

h) Income recognition policies

i. Practising fees collected to fund operating activities

Income in relation to practising fees is recognised on an accruals basis, apportioned over the period to which the practising certificate relates (1 November to 31 October, except where individuals join during the year). Income invoiced but not yet received prior to year-end is included in debtors and in deferred income to match with the period to which it relates. Practising fees collected by the SRA are only used to fund permitted activities under section 51 of the Legal Services Act 2007.

ii. Solicitors Qualifying Examination

The Solicitors Qualifying Examination (SQE) is the assessment for all aspiring solicitors in England and Wales. The first examinations took place in November 2021. Income from SQE entries is recognised on an accruals basis ensuring income is recognised as services are delivered.

iii. Other income

There are a number of other income streams. For each, income is recognised on an accruals basis ensuring that income is recognised as the services are delivered. The date of delivery is typically the invoice date.

There is one significant exception to this which is Periods of Recognised Training. Income in relation to Periods of Recognised Training is apportioned over the period to which the training is undertaken which is two years.

iv. Income from the SRA Compensation Fund

The SRA manages and administers the activity of the Compensation Fund on behalf of the Compensation Fund. The cost of this activity is recovered from the Compensation Fund. This income is recognised when actually calculated and notified to the Compensation Fund by the SRA on a monthly basis. The costs to be charged to the Compensation Fund are agreed by the Audit and Risk Committee. The amount recharged represents the work done directly on behalf of the fund as well as an agreed proportion of overhead costs allocated to the Compensation Fund.

v. Investment income

Income from investments is recorded as interest income or capital gains or losses as realised. Changes in the value of the investment portfolio are included as unrealised gains within the statement of comprehensive income.

vi. Interest from indemnity claim recoveries

Interest from indemnity claim recoveries is recognised when it can be reliably measured and there is a reasonable expectation of recovery.

vii. Contributions to SIF

Contributions are accounted for on the accruals basis.

i) Employee benefits

Payments or other benefits arising from the termination of a person's employment are recognised as a liability and expensed when an individual is notified of the redundancy or termination.

The SRA makes contributions towards the defined contribution scheme up to a maximum of 12.25% of basic salary. 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.

j) SIF claims costs

Claims costs recognised each year comprise claims handling costs including the costs of panel solicitors, damages paid out, and other costs net of indemnity recoveries. Claims costs are accounted for when incurred and indemnity recoveries are recognised at the point they can be reliably measured and when there is a reasonable expectation of recovery.

k) Taxation

Taxation expense comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income and expenditure statement, except to the extent that it relates to items recognised in other comprehensive income. In this case tax is recognised in the statement of comprehensive income.

l) Tangible assets

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

Furniture and equipment - 5 years straight

Furniture and equipment - 5 years straight line

Computers and hardware - 3 years straight line

Computers and hardware (with 4-year warranty)- 4 years straight line

Short leasehold property improvements - Over the period of the lease

Leasehold property improvements are capitalised where there is future economic benefit arising from the improvements. Assets under construction are not depreciated until the asset is completed. The cost of repairs and maintenance is expensed as incurred.

Laptops acquired in the year ended 31 October 2024 include a four-year warranty and are depreciated on a straight line basis over the warranty period.

Tangible assets are assessed for indicators of impairment at each reporting end date. Assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated values have been affected. The impairment loss is recognised in the Statement of Comprehensive Income.

m) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the SRA. All other leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are recognised initially at the lower of the fair value of the asset or the present value of the minimum payments at the inception of the contract. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases and hire purchase agreements are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets. Rentals paid under operating leases are charged to the Statement of

Comprehensive Income on a straight-line basis over the lease term. The benefits of lease incentives are recognised as a reduction to the rental expense over the lease term on a straight-line basis.

n) Valuation of investments

Fixed asset and current asset investments comprise managed investment funds and listed securities. Realised gains or losses represent the difference between net sale proceeds and purchase price. Investments are measured at fair value. Changes in fair value are recognised in other comprehensive income. The fair value of investments is obtained at the balance sheet date based on valuations normally using prices obtained from an independent pricing source.

Investments intended to be held on a continuing basis and for long term growth are recognised as fixed asset investments. Investments that may be required to fund ongoing activities within the next 12 months, or investments held on short term deposit over three months, are recognised as current asset investments.

o) SIF indemnity recoveries provisions

Indemnity recoveries are recognised at the point at which they can be measured and there is a reasonable expectation of recovery. In practise this means when SIF is notified of entitlement to amounts. Assessment is made of the likelihood of recovery and subsequent provision made if required. No provision is made for other potential future indemnity recoveries due to the uncertainty of whether any amounts can be recovered.

p) Interest from indemnity claim recoveries

Interest from indemnity claim recoveries is recognised when it can be reliably measured and there is a reasonable expectation of recovery.

q) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash at bank and in hand, and short-term cash deposits defined as those maturing within three months of acquisition. The managed investment portfolios are not included in the definition of cash and cash equivalents as, while they can be liquidated without penalty with 24 hours' notice, there is a risk of a change in the value.

Investments that may be required to fund ongoing activities within the next 12 months, or funds held on short term deposit over three months, are recognised as current asset investments.

r) Provisions and contingencies

i. Provisions (note 14)

Provisions are recognised where there is 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. All provisions are made based on management's best estimate given past experience and available information.

We recognise provisions for the following items on the basis outlined below:

- Interventions, disciplinary proceedings and litigation - the unavoidable costs of completing proceedings in these areas based on earlier activity. Provisions are made when third party firms are instructed to carry out work following a decision to intervene into a law firm, take disciplinary action against a solicitor or firm, or defend litigation against the SRA.
- Dilapidations - the unavoidable costs of restoring leased property to the same state as when the property lease was taken on.
- Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.
- 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. There is uncertainty as to the quantum of the ultimate settlement of the liabilities. This 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 the estimate. Any differences between provisions and subsequent settlements are dealt with in later accounting periods as actual costs and non-insurance recoveries become known. Claims provisions include the estimated future costs of panel solicitors and claims handling costs, including a proportion of overheads. Claims provisions are included at a discounted rate representing the present value of the amount expected to be required to settle the obligation.

ii. Contingencies

Contingent liabilities are not recognised but are disclosed. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or the amount cannot be reliably measured at the reporting date or (ii) when

the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

s) Financial instruments

The SRA has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

i. Financial Assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are measured at transaction price including transaction costs.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

t) Related party transactions

Transactions with directors and key management are disclosed in note 6. Transactions with the Compensation Fund, TLS and any other related parties are disclosed in note 23.

u) Reserves

Reserves of the company comprise a capital contribution from TLS upon the transfer of activities from TLS to Solicitors Regulation Authority Limited in 2021 and accumulated surpluses made within SRA. Practising fees collected by the SRA and consequently any resulting surpluses made can only be used for purposes permitted by Section 51 of the Legal Services Act 2007. Reserves are not distributable outside of the company other than if the company were to be wound up.

The reserves of the Group related to the activity of SIF can only be used for activity related to SIF and cannot be used to fund the activity of SRA.

v) Fixed asset investment in subsidiaries

Fixed asset investments in subsidiaries are accounted for at cost less any impairment.

3. Critical accounting judgements and key sources of estimation uncertainty

To be able to prepare the financial statements in accordance with United Kingdom accounting standards, management 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 believe are reasonable.

The result of these form 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 management's best estimate and all available information and after consideration of the sensitivity of key assumptions. The following accounting policies include significant judgments and key sources of estimation:

i. Consolidation of the Solicitors Indemnity Fund and treatment as a special purpose entity

On 1 October 2023 the SRA took responsibility for the management and administration of the Solicitors Indemnity Fund (SIF). SIF has been included within these consolidated financial statements (see note 2 c and 2 d)

SIF is treated as a special purpose entity with the assets and liabilities held on its behalf by SRA not being recognised on the balance sheet of SRA. Further information is provided in note 2d and note 10.

ii. Recoveries

Costs incurred in protecting the public 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 company does not make provision for other potential future recoveries due to the uncertainty of whether any amounts can be recovered.

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.

We recognise provisions for the following items on the basis outlined below:

- Interventions, disciplinary proceedings and litigation - the SRA recognises provisions for the unavoidable costs of completing proceedings in these areas based on earlier activity. The cost of completing the works is based on estimates provided by the third party agents undertaking the works and agreed by SRA staff involved in the proceedings.
- Dilapidations - the SRA recognises provisions for the unavoidable costs of restoring leased property to the same state as when the property lease was taken on. The costs represent the full cost of dilapidations at the end of the lease term. The estimate is based on previous works undertaken and settlements previously agreed.
- The ultimate liability arising from SIF claims - this provision consists of three components: case reserves, claims incurred but not reported (IBNR) and a claims handling costs provision.

Case reserves are estimated on a case by case basis by claims handlers and, where deemed necessary and appropriate, further opinions are sought from third party solicitors. Indemnity claim recoveries reduce the cost of claims and are only recognised where there is a reasonable expectation of recovery. This is in practical terms when SIF is notified of entitlement to amounts and so subject to a lesser degree of uncertainty than case reserves.

External actuaries estimate IBNR using standard actuarial claims projection techniques on a triennial basis or when deemed appropriate. The most recent projection was prepared in 2023 for the 31 October 2023 financial year end. Such methods extrapolate the development of paid and incurred claims, indemnity recoveries from third parties, average cost per claim and expected loss ratios. The main assumption underlying these techniques is that past claims development experience is used to project ultimate claims costs. To the extent that the ultimate cost is different from the estimate, where experience is better or worse than what was assumed, the surplus or deficit will be credited or charged through the Statement of Comprehensive Income in future years.

Direct claims handling costs are recognised to the extent they can be separately identified as specifically relating to claims handling expected to be incurred due to known claims and IBNR cases.

4. Analysis of Income

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Practising fee income	68,101	60,604	68,101	60,604
Compensation Fund income	15,581	23,701	15,581	23,701
Education and training income	36,565	19,221	36,565	19,221
Other income	3,955	3,588	4,747	3,588
Grants	132	-	132	-
Fair value of SIF net assets	-	20,638	-	-
Total Income	124,334	127,752	125,126	107,114

5. Operating surplus

Operating surplus is stated after charging:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Impairment of trade receivables	1,620	1,444	1,620	1,444
Operating lease costs	930	919	930	919
Depreciation	663	594	663	594
Audit fees payable to the company's external auditors	271	189	175	179

6. Employees and directors

Employees (Group and company)

The average monthly number of full-time equivalent persons (including executive directors) employed by the Group and company during the reporting period was 783 (2023: 766).

Directors

	2024 £'000	2023 £'000
Aggregate remuneration	282	208

Highest paid director

The highest paid director's emoluments were as follows:

	2023 £'000	2022 £'000
Total amount of emoluments	105	90

The directors received no other financial benefits or remuneration.

Key management remuneration

Key management includes the directors and members of senior management. There were four members of the senior management team during the year, and six in the prior year. The remuneration paid to the senior management team in the reporting period is shown below:

	2024 £'000	2023 £'000
Salaries and other short-term benefits	1,121	1,244
Pension contributions	75	84
	1,196	1,1328

Staff costs (Group and company)

	2024 £'000	2023 £'000
Wages and salaries	37,969	33,486
Social security costs	3,909	3,487
Other pension costs	3,286	2,908
Staff costs	45,164	39,881

7. Interest and dividends receivable

Interest and dividends are received within the managed investments and on cash and cash equivalent deposits.

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Interest – fixed and current asset investments	398	17	135	12
Dividends - fixed and current asset investments	387	74	69	74
Interest – cash and cash equivalents	1,716	1,339	1,714	1,318
Interest and dividends	2,501	1,430	1,918	1,404

8. Taxation

The activities of the group are considered by the directors to be non-trading activities and therefore any surplus not subject to Corporation Tax. Tax is payable on interest received and capital gains on investments once realised.

Group

	2024 £'000	2023 £'000
UK Corporation tax at prevailing rate	683	323
Total current tax charge	683	323
Origination and reversal of timing differences -	-	-
Total deferred tax (credit)	-	-
Total tax charge / (credit)	683	323

Reconciliation of tax charge

	2024 £'000	2023 £'000
Surplus before taxation	2,984	22,073
Tax at prevailing rate	746	4,971
Amendments to tax		

Expenses not deductible for tax purposes	30,909	24,128
Income not taxable for tax purposes	(31,157)	(28,774)
Chargeable (losses)/gains	168	-
Remeasurement of deferred tax for changes in tax rates	-	-
Utilisation of prior year tax losses for which no deferred tax asset was recognised	(27)	-
Exempt distributions and adjustments in respect of prior periods	44	(2)
Tax charge for the period	683	323

Within SIF there is an unrecognised deferred tax asset at 31 October 2024 of £458k (2023: £485,000). This relates to tax losses available for carry forward to future periods without time limits of £2,267k (2023: £2,399,000), and to other deductible timing differences of £23k (2023: £28,000). Given the uncertainty in the Fund's future profitability, the Directors do not consider it appropriate to recognise a deferred tax asset for these items, as their utilisation is uncertain.

Company

	2023 £'000	2022 £'000
UK Corporation tax at prevailing rate	683	323
Total current tax charge	683	323
Origination and reversal of timing differences -	-	-
Total deferred tax (credit)	-	-
Total tax charge / (credit)	683	323

Reconciliation of tax charge

	2024 £'000	2023 £'000
Surplus before taxation	6,322	1,683
Tax at prevailing rate	1,581	379
Amendments to tax	-	-
Expenses not deductible for tax purposes	30,909	24,066
Income not taxable for tax purposes	(32,019)	(24,120)
Chargeable gains	168	-
Remeasurement of deferred tax for changes in tax rates	-	-
Exempt distributions and adjustments in respect of prior periods	44	(2)
Tax charge / (credit) for the period	683	323

9. Tangible assets (Group and company)

	Short leasehold property £'000	Furniture and equipment £'000	Computers and hardware £'000	Total
At 31 October 2023	459	469	439	1,367
Additions	-	21	894	915
Depreciation	(55)	(147)	(461)	(663)
Closing net book amount	404	343	872	1,619
At 31 October 2023 Cost	785	769	2,203	3,757
Accumulated depreciation and impairment	(381)	(426)	(1,131)	(2,138)
Net book amount	404	343	872	1,619

The net book value of assets held on finance lease is £98k (2023: £245k).

10. Investments

Fixed asset investments

Group

	2024 £'000	2023 £'000
At 1 November 2023 / 1 November 2022	34,517	8,640
Investments on acquisition of subsidiary -		26,403
Interest and dividends received	742	91
Management fees	(188)	(82)
Gain on disposal	659	11
Withdrawals	(484)	-
Unrealised gain / (loss) on investments	3,837	(546)
At 31 October 2024	39,083	34,517

Group investments are approximately 50% equities, 25% bonds, 6% alternatives and 19% in cash (2023: 45% equities, 30% bonds, 20% in alternatives and 5% in cash).

Company

	2024 £'000	2023 £'000
At 1 November 2023 / 1 November 2022	8,608	8,640
Interest and dividends received	204	86
Management fees	(63)	(40)
Gain on disposal	665	39
Unrealised gain / (loss) on investments	456	(117)
At 31 October 2024	9,870	8,608

Company investments are approximately 53% invested in listed equities, 27% in bonds, 15% in alternatives and 5% in cash assets (2023: 50% listed equities, 25% bonds, 15% in alternatives and 10% in cash).

Investment in subsidiary and special purpose entity

Name of the undertaking	Solicitors Indemnity Fund Limited	Solicitors Indemnity Fund
Type of undertaking	Company limited by guarantee (Company number 02143641)	Special purpose entity
Address of the registered office	The Cube, 199 Wharfside Street, Birmingham, England, B1 1RN	N/a
Principal place of business	England and Wales	England and Wales
Included in consolidation	Yes	Yes

SIFL

On 1 October 2023 the SRA took control of Solicitors Indemnity Fund Limited (SIFL). Since 1 October 2023, SRA controls SIFL and is able to appoint the directors of the Company. In line with FRS102 9.4 and 9.5 the Board considers SIFL to be within the control of and a subsidiary of SRA. SIFL ceased trading in 2024 and was dissolved on 25 February 2025.

SIF

On 1 October 2023 the SRA took over management of the Solicitors Indemnity Fund (SIF) and the results of SIF are consolidated in the group from this point. As there was no consideration paid for the assets of SIF, there is no value recognised in the balance sheet as an investment in SIF. SIF is a subsidiary of the SRA. SIF has been consolidated as a subsidiary entity of SRA.

In line with section 9 of FRS 102, SRA is determined to have control over SIF as it is responsible for managing and administering SIF as well as having the power to govern the operating policies of the entity.

The assets and liabilities of SIF are detailed in the table below in line with their legal form. While some of these assets and liabilities are held by SRA, all are considered to be beneficially held for SIF and therefore recorded in the financial statements of SIF and not in SRA.

SIF balance sheet SRA £'000 SIF £'000 Total £'000

Assets

Investments	30,701	-	30,701
Debtors	-	958	958
Cash	985	-	985
Total assets	31,686	958	32,644

Liabilities

Claims provisions	-	(10,988)	(10,988)
Creditors	(91)	(1,470)	(1,561)
Total liabilities	(91)	(12,458)	(12,549)
Net assets	31,595	(11,500)	20,095

Current asset investments

The group and company's current investments at the balance sheet date were as follows:

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Equities	214	171	-	-
Bonds	6,452	824	5,906	-
Alternatives	291	262	-	-
Cash assets	437	146	-	-
	7,394	1,403	5,906	-

11. Debtors

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade debtors	26,799	30,633	26,799	30,633
Other debtors	1,690	1,058	732	368
Prepayments	2,202	2,979	2,202	2,979
Amounts due from the SRA Compensation Fund	-	5,267	-	5,267
Amounts due from Solicitors Indemnity Fund	-	-	1,470	-
Accrued income	3,116	4,681	3,116	4,681
	33,807	44,618	34,319	43,928

Trade debtors includes £0.6m (2023: £1m) of debtors on payment plans which fall due in more than one year. Trade debtors are stated after provisions for impairment of £1.6m (2023: £1.4m).

12. Creditors: amounts falling due within one year

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade creditors	1,706	1,772	1,706	1,772
Amounts due to Law Society	30,667	31,930	30,667	31,930
Amounts due to the SRA Compensation Fund	10,390	-	10,390	-
Corporation Tax	683	323	683	323
Taxation and social security	1,046	1,141	1,046	1,004
Finance leases	65	155	65	155
Other creditors	1,359	1,270	1,359	1,270
Practising fee deferred income	68,284	64,509	68,284	64,509
Accruals and deferred income	8,192	10,815	8,101	10,454
	122,392	111,915	122,301	111,417

Creditors: amounts falling due after more than one year (Group and company)

	2024 £'000	2023 £'000
Finance leases	34	90
	34	90

The finance leases relate to laptop computers. Remaining lease terms vary from 2 months to 26 months. At the end of the leases the company has no option to purchase.

13. Loans and other borrowing (Group and company)

Finance leases

The future minimum finance lease payments are as follows:

	2024 £'000	2023 £'000
Not later than one year	65	155
Later than one year and not more than five years	34	90
Total gross payments	99	245
Less: finance charge	-	-
Carrying amount of liability	99	245

14. Provision for other liabilities

Group

	2023 £'000	New provisions £'000	Utilised £'000	Released £'000	2024 £'000
Interventions, disciplinary proceedings and litigation	14,153	13,593	(12,615)	(1,178)	13,953
Dilapidations	664	17	-	-	681
Claims provision – SIF	7,873	4,641	(902)	(624)	10,988
	22,690	18,251	(13,517)	(1,802)	25,622

Company

	2023 £'000	New provisions £'000	Utilised £'000	Released £'000	2024 £'000
Interventions, disciplinary proceedings, and litigation	14,153	13,593	(12,615)	14,153	13,953
Dilapidations	664	17	-	-	681
	14,817	13,610	(12,615)	(1,178)	14,634

Claims Provision

Gross claims reserve provisions are sensitive to changes in the complexity of the case and the potential outcome and therefore cost of damages changing. The settlement of reserves is dependent on the specific circumstances of the individual claim and can vary significantly case by case.

Incurred but not reported (IBNR) provisions represent an estimate of 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 SIF because it has not been reported. When disclosed to SIF it would still be subject to any statutory limitation provisions applying. An actuarial projection is made of this provision periodically. The risk exposure of all IBNR claims reduces over time as cases reach their primary or statutory limitation period.

SIF has an obligation to receive, assess the merits of claims and determine appropriate settlements for meritorious claims. Claims handling costs are therefore recognised to the extent they can be separately identified as specifically relating to claims handling expected to be incurred due to known claims and IBNR cases. The provision for direct claims handling costs comprises those relating to gross claims reserves, and to IBNR. The claims handling provision includes the estimated future costs of panel solicitors and other costs, including a proportion of overheads.

As outlined above the figures include provisions for claims not yet received by SIF and the claims handling costs associated with such claims. This provision may therefore not be utilised for several years.

Interventions, disciplinary proceedings and litigation

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. The majority of this provision is expected to be utilised across the 2024/25 financial year although some disciplinary cases can take several months to be heard at the Solicitors Disciplinary Tribunal and the provision may therefore not be utilised until 2025/26.

Dilapidations

The provision for dilapidations represents the unavoidable costs of restoring the leasehold properties to the same state as when the lease was taken by the SRA (or by TLS where subsequently transferred to the SRA). The costs represent the best available estimate of the costs of carrying out the required works or eliminating the obligation by way of a negotiated settlement. This provision is expected to be utilised at the end of the lease, which is expected to be no earlier than March 2027.

15. Financial instruments

The carrying value of the group and company's financial assets and liabilities measured at fair value through profit and loss are summarised by category below.

Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
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Fixed asset investments (note 10)	39,083	34,517	9,870	8,608
Current asset investments	7,394	1,403	5,906	-
	46,477	35,920	15,776	8,608

The group and company's income, expense, gains and losses in respect of financial instruments are summarised below.

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Interest: Fixed asset investments	398	17	135	12
Dividends: Fixed asset investments (note 7)	387	74	69	74
	785	91	204	86

16. Notes to the consolidated statement of cash flows

	2024 £'000	2023 £'000
Surplus for the financial year	2,301	21,750
Net interest and dividends	(2,501)	(1,430)
Capital gain on investments	(659)	(11)
Fees on managed investments	188	82
Taxation charge for the year	683	-
Depreciation of fixed assets	663	594
Fair value of SIF net assets	-	(20,638)
Increase in provisions	2,932	12,241
Working capital movements		
Decrease / (increase) in debtors	10,810	(8,115)
Increase in creditors	10,208	8,700
Cash flow from operating activities	24,625	13,173

17. Analysis of changes in net debt

	1 November 2023 £'000	Cashflow £'000	Other non- cash changes £'000	31 October 2024 £'000
Cash and cash equivalents	90,605	19,584	-	110,189
Finance leases	(245)	158	(12)	(99)
	90,360	19,742	(12)	110,090

18. Non-cash transactions

SRA has acquired tangible assets under finance leases. £12k has been capitalised as cost of the asset, being the present value of the minimum lease payments.

19. Litigation

Legal matters will arise as a matter of course due to the nature of operations, as solicitors may challenge decisions on action taken against them or their firms. The SRA has a robust process of reviewing and managing high profile litigation matters. Provisions and accruals are made in the financial statements to reflect litigation costs as appropriate. The Board does not consider there to be any litigation legal claims that require provision or disclosure.

20. Contingent assets and liabilities

There are a number of assets over which the SRA has some title or 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.

21. Capital and other commitments (Group and company)

At 31 October 2024 the company and group had no capital commitments. At 31 October 2024 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2024 £'000	2023 £'000
Not later than one year	1,064	1,038
Later than one year and not more than five years	3,402	3,292
Later than five years	4,242	5,417
	8,708	9,747

The company had no other off-balance sheet arrangements.

22. Composition of total equity

Total equity of the group as at 31 October 2024 is made up as shown in the table below.

	£'000
At 1 October 2023	37,815
Surplus for the financial year	6,229
At 31 October 2024	44,044
SRA	23,949
SIF	20,095
Total	44,044

The reserves of SRA can only be used to fund the operations of SRA and the reserves of SIF can only be used to fund the operations of SIF, they are not transferable between SRA and SIF.

23. Related Party Transactions

TLS, SIF and the Compensation Fund are related parties of Solicitors Regulation Authority Limited. Related party transactions with the Compensation Fund in the year totalled £15.6m (2023: £23.7m) which represented income received in respect of administration of the Compensation Fund. Additionally, the SRA collects contributions on behalf of the Compensation Fund annually.

Transactions with TLS are practising fee income collected on behalf of TLS and payments in respect of some shared services and contractual arrangements. These transactions totalled £60.6m and £0.5m respectively in the financial year (2023: £58.6m and £0.5m respectively).

The SRA charged SIF £90k (2023: £nil) for its management services in the financial year.

Note 6 provides for disclosure of the directors' remuneration and key management remuneration. Solicitor members of the Board (or their employers on their behalf) are required to pay an annual practising certificate fee, which is charged on the same basis as other practising solicitors. During the year these members (or firms of solicitors in which they may hold a position of influence) may be required to pay fees for regulatory services. These fees are charged on the same basis as other regulated individuals or firms. Due to the nature of the SRA's activities, such transactions with individuals and firms have not been disclosed.

24. Controlling parties

The ultimate controlling party is TLS. TLS is a body incorporated by Royal Charter. The consolidated financial statements of TLS group are available on TLS website (lawsociety.org.uk). TLS's address is The Law Society's Hall, 113 Chancery Lane, London, WC2A 1PL.

25. Post balance sheet events

There are no significant post balance sheet events requiring adjustment or disclosure.

Downloads

[Download: 2023-24 Annual report and accounts \(PDF 69 pages, 774KB\)](https://referral.sra.org.uk/globalassets/documents/sra/research/solicitors-regulation-authority-limited-financial-statements-2024.pdf)
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