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Solicitors Regulation Authority Limited 2022 Financial Statements

Reason for papers	To present the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2022.
Decisions(s)	<p>The Board is asked to:</p> <ul style="list-style-type: none"> a) approve the financial statements for 2022 prepared on a going concern basis (annex 1) b) agree the Letter of Representation can be signed on behalf of the Board c) agree to reappoint BDO as auditors of the Solicitors Regulation Authority Limited for the 2023 financial year.
Previous Board and committee consideration	This is the first set of financial statements covering a complete year for Solicitors Regulation Authority Limited. In March 2022 the Board considered the first financial statements for the five months to October 2021. The information within this paper was discussed at the Audit and Risk Committee on 2 March 2023.
Next steps	Once approved the financial statements will be filed at Companies House.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Resources, liz.rosser@sra.org.uk

Solicitors Regulation Authority Limited 2022 Financial Statements**Purpose**

- 1 This paper presents the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2022. The information within this paper was discussed at the Audit and Risk Committee on 2 March 2023.

Summary

- 2 As part of the year end external audit process, the SRA Board is asked to approve the 2022 year-end Financial Statements on a going concern basis and to approve signing of the Letter of Representation to the auditors. This Letter of Representation requires the approver to make representations based on enquiries of management and staff with relevant knowledge and experience and, where appropriate, inspection of supporting documentations sufficient to allow the approver to properly make the representations.
- 3 The financial statements show a surplus of £1.666m with losses on investments reducing total comprehensive income to £1.167m.
- 4 Reserves at the end of the year were £16.6m of which £14.8m is unrestricted reserves once fixed assets are excluded. The reserves policy approved in December 2021 and again in June 2022 established that reserves should be between £15.7m and £22.5m. Proposals on how reserves can be brought within that range will be discussed with the Board alongside consideration of the practising fee requirement for 2023/24.
- 5 The financial statements and the letter of representation were considered by the Audit and Risk Committee on 2 March 2023 and the Committee agreed to recommend that the Board approve the financial statements and the letter of representation.
- 6 Attached at annex 2 is a letter of representation which should be signed by the Chair on behalf of the Board. This letter is acknowledging that all members of the Board, individually, have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information. To provide the Board with some comfort in doing so, attached at annex 3 is an annotated version of the letter documenting where evidence has been obtained or reassurance given.
- 7 All members of the senior management team and the Director of Finance have read the letter of representation and provided confirmation that they are not aware of anything that should have been disclosed either to the auditors or the Board.
- 8 The Audit and Risk Committee considered a report from BDO on the outcome of the audit. The report identified some minor outstanding items with all other audit work completed satisfactorily. At the time of writing all matters that were outstanding at ARC are resolved except two. These relate to further evidence

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requested regarding the change in the nature of the relationship between the SRA and SIF and the disclosure of cash and investments within the balance sheet, both should be addressed prior to the Board meeting.

- 9 The significant matters arising during the audit were all discussed by the Committee and the treatment of each agreed. There were no significant deficiencies identified and only four minor deficiencies, all of which were accepted by management. All prior year deficiencies were resolved with no continuing issues in the current year. The auditors have issued an unmodified opinion on the financial statements.
- 10 The Committee also considered the performance of BDO as external auditors. The Committee took views from management and those directly involved in the audit process and agreed that overall, performance was improved from the prior year. The Committee agreed to recommend to the Board the reappointment of BDO for an additional year.
- 11 The accounts are prepared on a going concern basis and an assessment of going concern is included at annex 4.

Next steps

Recommendations: the Board is asked to

- a) approve the financial statements for 2022 prepared on a going concern basis
- b) agree the Letter of Representation can be signed on behalf of the Board
- c) agree to reappoint BDO as auditors of the Solicitors Regulation Authority Limited for the 2023 financial year.

Next steps

- 12 Once approved the financial statements of the Solicitors Regulation Authority Limited will be filed at Companies House.

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Date 7 March 2023

Annexes

- Annex 1 Solicitors Regulation Authority Limited 2022 Financial Statements**
- Annex 2 Letter of Representation**
- Annex 3 Summary of sources of assurance obtained – Letter of Representation**
- Annex 4 Going concern assessment**



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NB: annexes 2 to 4 will not be published because they are commercially sensitive and/or include legal or other professional advice on sensitive or confidential matters.