



Law Society of South Africa
(Registration number 021-221-NPO)
Annual Financial statements
for the year ended 31 December 2022

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Index

The reports and statements set out below comprise the audited financial statements presented to the House of Constituents (HoC):

	Page
House of Constituents (HoC) Responsibilities and Approval	2
House of Constituents (HoC) Report	3 - 4
Independent Auditor's Report	5 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 14
Notes to the Annual Financial Statements	15 - 21
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	22 - 23
Segment report - Legal Education Funding	24-25

Preparer

Nexia SAB&T
J de Villiers
Chartered Accountants (SA)
Registered Auditors

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

House of Constituents (HoC) Responsibilities and Approval

The HoC is required by the Non Profit Organisation Act 71 of 1997, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The HoC acknowledge that it is ultimately responsible for the system of internal financial control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the HoC to meet these responsibilities, the HoC sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The HoC is of the opinion, based on the information and explanations given by management and the Audit and Risk Committee, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The HoC has reviewed the organisation's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, it is satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The audited financial statements have been examined by the organisation's external auditors and their report is presented on page 5 - 7

The annual financial statements set out on pages 8 to 22, which have been prepared on the going concern basis, were approved by the HoC on 24 March 2023 and were signed on its behalf by:

Signed on behalf of the HoC by:

Ms M Lenyai
President

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

House of Constituents (HoC) Report

The HoC has pleasure in submitting its report on the annual financial statements of the Law Society of South Africa for the year ended 31 December 2022.

1. Nature of business

The Law Society of South Africa is the representative, professional body of the attorney's profession in South Africa. The organisation operates in South Africa.

There have been no material changes to the nature of the organisation's business from the prior year.

2. Review of financial results and activities

The audited financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Nonprofit Organisations Act 71 of 1997. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the organisation are set out in these audited financial statements.

3. HOUSE OF CONSTITUENTS

The HoC in office at the date of this report are as follows:

HOUSE OF CONSTITUENTS	Office
Ms M Lenyai	President
Ms J Anthony-Gooden	Vice-President
Ms E Masipa	Vice-President
Mr C Hendricks	
Mr A Pakade	
Mr M Ponoane	
Ms M Ramagaga	
Mr M Mashabela	
Mr M Ramathe	
Mr S Nzimande	
Mr E Barnard	
Mr D Bekker	
Mr T Joubert	
Ms E le Roux	
Mr A Jacobz	
Mr P Horn	
Mr D Bennett	
Mr M Gwala	
Ms U Naicker	
Mr K Govender	
Mr M Notyesi	
Ms CI Selepe	
Mr S Makangela	
Mr S Tshehla	
Ms M le Roux	
Mr C Kgotlagomang	
Mr U Jivan	

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

House of Constituents (HoC) Report

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the society or in the policy regarding their use.

5. Events after the reporting period

The HoC members are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The HoC believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The HoC has satisfied itself that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The HoC are not aware of any new material changes that may adversely impact the organisation. The HoC is not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

Independent Auditor's Report

To the House of Constituents of Law Society of South Africa

Opinion

Independent Auditor's Report

Basis for Opinion

Independent Auditor's Report

Other Information

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Statement of Financial Position as at 31 December 2022

Figures in Rand	Notes	2022	2021 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	2	9 648 992	9 782 603
Intangible assets	3	22 340	22 523
		9 671 332	9 805 126
Current Assets			
Trade and other receivables	4	6 280 855	4 910 348
Operating lease asset		-	69 539
Cash and cash equivalents	5	162 860 960	150 393 160
		169 141 815	155 373 047
Total Assets		178 813 147	165 178 173
Equity and Liabilities			
Equity			
Accumulated surplus		43 010 439	40 116 693
Liabilities			
Non-Current Liabilities			
Provision	6	10 835 843	9 361 835
Current Liabilities			
Trade and other payables	7	47 714 569	40 378 162
Special projects	8	72 743 049	70 779 297
Provisions	6	1 902 860	2 232 300
Operating lease liability		297 784	1 283
Financial assistance	9	2 308 603	2 308 603
		124 966 865	115 699 645
Total Liabilities		135 802 708	125 061 480
Total Equity and Liabilities		178 813 147	165 178 173

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Statement of Comprehensive Income

Figures in Rand	Notes	2022	2021 Restated *
Revenue	10	55 873 297	46 252 159
Other income	11	49 159 487	56 137 254
Operating expenditure	12	(110 736 058)	(106 186 482)
Operating Deficit		(5 703 274)	(3 797 069)
Investment revenue	13	8 599 345	5 224 817
Finance costs	14	(2 325)	(2 104)
Surplus for the year		2 893 746	1 425 644
Other comprehensive income		-	-
Total comprehensive income for the year		2 893 746	1 425 644

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

Figures in Rand	Note	Accumulated surplus	Total equity
Opening balance as previously reported		24 451 573	24 451 573
Adjustments			
Prior period restatement	20	14 239 476	14 239 476
Restated* Balance at 01 January 2021 as restated		38 691 049	38 691 049
Surplus for the year		1 425 644	1 425 644
Other comprehensive income		-	-
Total comprehensive income for the year		1 425 644	1 425 644
Restated* Balance at 01 January 2022		40 116 693	40 116 693
Surplus for the year		2 893 746	2 893 746
Other comprehensive income		-	-
Total comprehensive income for the year		2 893 746	2 893 746
Balance at 31 December 2022		43 010 439	43 010 439

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

Figures in Rand	Notes	2022	2021 Restated *
Cash flows from operating activities			
Cash generated from (used in) operations	16	2 977 129	5 515 365
Interest income		8 599 345	5 224 817
Finance costs		(2 325)	(2 104)
Net cash from operating activities		11 574 149	10 738 078
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(333 853)	(494 586)
Sale of property, plant and equipment	2	82 936	4 298
Net cash from investing activities		(250 917)	(490 288)
Cash flows from financing activities			
Movement in provisions		1 144 568	(172 406)
Total cash movement for the year		12 467 800	10 075 384
Cash at the beginning of the year		150 393 160	140 317 776
Total cash at end of the year	5	162 860 960	150 393 160

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The audited annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The audited annual financial statements have been prepared on the historical cost basis, except for the cash flow statement which is prepared on a cash basis of accounting, and incorporate the principal accounting policies set out below. The audited annual financial statements are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The organisation reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the HoC determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the depreciation expense in the current financial year and for the next 2 years, by the following amounts:

	Depreciation before	Adjustments	Depreciation after
Furniture and fixtures	(43 779)	(16 552)	(60 331)
IT equipment	(98 007)	(68 741)	(166 748)

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the organisation holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the organisation.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	50 years
Furniture and Equipment	Straight line	3 years
Computer Equipment	Straight line	3 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1.2 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.3 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Depreciation method	Average useful life
Computer Software	Straight line	3 years

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.4 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposit and short term highly liquid investments that are readily convertible to a known amount of cash and are subjected to an insignificant risk of change in value. These are initially measured at fair value and subsequently recorded at amortised cost.

Other financial liabilities

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Trade and other Payable

Debt instruments are defined in the standard are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting date the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment if so, an impairment deficit is recognised.

Legal Practice Council

The Legal Practice Council is an obligation on the basis of normal credit terms and do not bear interest. The liability is governed by an agreement between the parties.

Special projects

Special projects are obligations not within the basis of normal business of the organisation. The creditor does not bear interest.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The organisation assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 Provisions and contingencies

Provisions are recognised when the organisation has an obligation at the reporting date as a result of a past event; it is probable that the organisation will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the organisation has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the organisation. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	1 327 560	-	1 327 560	1 327 560	-	1 327 560
Buildings	7 872 440	(1 728 917)	6 143 523	7 872 440	(1 571 468)	6 300 972
Furniture and fixtures	2 048 441	(1 397 867)	650 574	2 074 500	(1 423 973)	650 527
IT equipment	3 816 106	(2 288 771)	1 527 335	4 397 622	(2 894 078)	1 503 544
Total	15 064 547	(5 415 555)	9 648 992	15 672 122	(5 889 519)	9 782 603

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land	1 327 560	-	-	-	1 327 560
Buildings	6 300 972	-	-	(157 449)	6 143 523
Furniture and fixtures	650 527	61 812	(1 434)	(60 331)	650 574
IT equipment	1 503 544	272 041	(81 502)	(166 748)	1 527 335
	9 782 603	333 853	(82 936)	(384 528)	9 648 992

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	1 327 560	-	-	-	-	1 327 560
Buildings	6 458 420	-	-	-	(157 448)	6 300 972
Furniture and fixtures	445 427	220 308	(4 298)	196 702	(207 612)	650 527
IT equipment	1 260 675	274 278	-	567 539	(598 948)	1 503 544
	9 492 082	494 586	(4 298)	764 241	(964 008)	9 782 603

3. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software	82 501	(60 161)	22 340	82 501	(59 978)	22 523

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Closing balance
Computer software	22 523	(183)	22 340

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Closing balance
Computer software	26 020	(3 497)	22 523

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Trade and other receivables		
Deposits	212 126	224 391
Other receivables	899 303	156 361
Prepayments	1 722 332	917 453
Provision for doubtful debt	(1 092 400)	(800 000)
Sundry Debtors	143 432	203 457
Trade receivables	4 283 570	4 208 686
VAT	112 492	-
	6 280 855	4 910 348

Trade and other receivables pledged as security

Trade and other receivables have not been pledged as security for any financial obligation.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 184	15 692
Bank balances	162 845 776	150 377 468
	162 860 960	150 393 160

In order to maximise interest received, funds are held in call accounts and linked money market account and are only transferred to the current accounts when payments are presented to the bank, in terms of a sweeping arrangement with First National Bank.

6. Provisions

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Closing balance
Schools projects	2 232 300	-	(329 440)	1 902 860
Restructuring	9 361 835	1 474 008	-	10 835 843
	11 594 135	1 474 008	(329 440)	12 738 703

Reconciliation of provision - 2021

	Opening balance	Additions	Utilised during the year	Closing balance
Schools projects	2 631 908	-	(399 608)	2 232 300
Restructuring	9 134 633	227 202	-	9 361 835
	11 766 541	227 202	(399 608)	11 594 135

Non-current liability	10 835 843	9 361 835
Current liability	1 902 860	2 232 300
	12 738 703	11 594 135

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
-----------------	------	------

7. Trade and other payables

Accrued leave pay	2 337 357	2 340 007
Legal Practice Council Funds Account	8 912 449	1 600 000
Revenue received in advance	17 801 370	15 827 328
Trade payables	18 663 393	20 467 898
VAT	-	142 929
	47 714 569	40 378 162

8. Special projects

Reconciliation of special projects - 2022

	Opening balance	Additions	Utilised during the year	Closing balance
LEAD Project Account	14 149 510	-	-	14 149 510
Schools	1 693 573	1 800 000	-	3 493 573
Provincial Law Societies Project Funds	50 000 000	-	-	50 000 000
SADCLA Project	521 935	171 491	-	693 426
SASSETA Project	1 334 230	-	-	1 334 230
BRICS Project and Sponsorship	386 366	-	(7 739)	378 627
Competition Commission	413 279	-	-	413 279
Practical Vocational Training	2 280 404	-	-	2 280 404
	70 779 297	1 971 491	(7 739)	72 743 049

Reconciliation of special projects - 2021

	Opening balance	Additions	Utilised during the year	Closing balance
LEAD Project Account	13 149 510	1 000 000	-	14 149 510
Schools	28 658	1 664 915	-	1 693 573
Provincial Law Societies Project Funds	50 000 000	-	-	50 000 000
SADCLA Project	363 396	160 578	(2 039)	521 935
SASSETA Project	1 334 230	-	-	1 334 230
BRICS Project and Sponsorships	386 366	-	-	386 366
Competition Commission	413 279	-	-	413 279
Practical Vocational Training	2 280 404	-	-	2 280 404
	67 955 843	2 825 493	(2 039)	70 779 297

9. Financial assistance

At amortised cost

Financial assistance brought forward	2 308 603	2 308 603
--------------------------------------	-----------	-----------

Current liabilities

At amortised cost	2 308 603	2 308 603
-------------------	-----------	-----------

Financial assistance

In prior years the Legal Practitioners Fidelity Fund (LPFF) provided funds to the Law Society of South Africa to enable it to provide loans to law graduates for the payments of fees for the Society's PVT Schools. These loans are not included in trade receivables and other receivables fair values of the financial liabilities were determined.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
9. Financial assistance (continued)		
As at 31 December 2022 the loans unpaid by law graduates which are subject to impairment amounted to	277 620	994 953
10. Revenue		
Advertising - De Rebus	1 175 447	1 273 232
Bad debts recovered	246 783	257 166
De Rebus subscriptions	29 565	41 296
Diplomas and certificates	1 544 761	1 836 787
Financial assistance recovered	152 717	220 635
PVT course fees	9 072 512	7 201 355
PVT school fees	29 627 389	20 028 065
Practice management	3 894 432	4 717 747
Projects	7 411 509	8 377 626
Publication and other	146 504	138 874
Seminars	2 571 678	2 159 376
	55 873 297	46 252 159
11. Other income		
Legal Practice Council	42 309 896	51 766 899
Selling of documentation	3 023 140	1 744 903
Sundry income	4 769 120	3 519 052
Discount allowed	(942 669)	(893 600)
	49 159 487	56 137 254

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Operating expenditure		
Operating expenditure include the following expenses:		
Administration and management fees	10 991 238	12 443 998
Amortisation	183	3 497
Depreciation	384 528	964 008
Employee cost	46 006 918	43 281 124
Examinations and training	4 934 473	4 484 961
Extraneous expenses	1 884 816	906 496
Governance	2 765 962	1 992 087
Other operating expenses	5 371 904	5 353 383
Project division	4 378 144	5 254 283
PVT expenses	34 017 892	31 502 645
	110 736 058	106 186 482
13. Investment revenue		
Interest revenue		
Other interest	8 599 345	5 224 817
14. Finance costs		
Bank	2 325	2 104
15. Auditor's remuneration		
Fees	392 051	396 850
16. Cash generated from (used in) operations		
Profit before taxation	2 893 746	1 425 644
Adjustments for:		
Depreciation and amortisation	384 711	967 505
Interest received	(8 599 345)	(5 224 817)
Finance costs	2 325	2 104
Movements in operating lease assets and accruals	366 040	(74 828)
Movements in provisions	1 963 752	2 823 455
Reassessment of useful life	-	(764 241)
Changes in working capital:		
Trade and other receivables	(1 370 507)	827 128
Trade and other payables	7 336 407	5 533 415
	2 977 129	5 515 365

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
-----------------	------	------

17. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	6 902 363	1 455 559
- later than one year but not later than 5 years	5 583 049	582 409
	12 485 412	2 037 968

Operating lease payments represent rentals payable by the society for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Significant lease arrangements

These are significant issues in lease agreements:

Brief description: Asset being leased

Escalation rates

Minimum lease instalments payable annually

All these must be actual cash amounts payable excluding lessor recovery costs.

These must not be equalized expense amounts that were calculated for purpose of expense recognition.

18. Related parties

Related party balances and transactions with key management personnel of the society

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Trade payables	(3 615 017)	(3 321 669)
----------------	-------------	-------------

Related party transactions

Lecturing service, Committee and Council services rendered by members of the society or their firms or constituents' member payments	8 096 322	7 614 164
--	-----------	-----------

Compensation paid to key management

Compensation paid	15 332 176	15 822 354
-------------------	------------	------------

19. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
-----------------	------	------

20. Prior period restatement

Tax Provision

The Law Society of South Africa is a non-profit organisation and, from 2022, no longer in an on-going matter with SARS on whether the Law Society of South Africa should pay taxes or partially pay taxes. This matter has been on going from 2018, the Law Society of South Africa raised a provision for the current tax liability in their financial statements in 2019, this was classified as a current liability, since this was not settled within 12 months its classification as current liability has changed from current liabilities to non current liabilities in 2021.

Due to the matter being resolved in the favour of the Law Society of South Africa, the tax payable amount of R7 876 149 as per the 2021 financial statements is an over provision. This has been corrected retrospectively from 2021.

Property, plant and equipment review of the useful life

Section 17 of IFRS for SMEs requires the review of the useful life, residual value and depreciation method of assets. During the current year a re-assessment of useful lives was performed on property, plant and equipment with a carrying amount between R0,00 and R1,00 which indicated that the useful lives initially used for these assets were not adequate. Historical the depreciation of these assets has therefore been overstated and now adjusted

Legal Practitioners Fidelity Fund

Legal Practitioners Fidelity Fund has given the Law Society of South Africa permission for the funds used in prior years to be re-allocated from provisions to income of R5,478,379.

The correction of the adjustments is as follows:

Statement of Financial Position

Property, plant and equipment	-	821 445
Tax payable	-	(7 876 149)
Provisions	-	5 478 379
Opening retained earnings	-	12 509 476

Profit or Loss

Depreciation expense	-	63 501
----------------------	---	--------

21. Taxation

Prior period over provision

The Law Society of South Africa is a non-profit organisation and, from 2022, no longer in an on-going matter with SARS on whether the Law Society of South Africa should pay taxes or partially pay taxes. This matter has been on going from 2018, the Law Society of South Africa raised a provision for the current tax liability in their financial statements in 2019, this was classified as a current liability, since this was not settled within 12 months its classification as current liability has changed from current liabilities to non current liabilities in 2021.

Due to the matter being resolved in the favour of the Law Society of South Africa, the tax payable amount of R7 876 149 as per the 2021 financial statements is an over provision. This has been corrected retrospectively from 2021.

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in Rand	Notes	2022	2021 Restated *
Revenue			
Advertsining - De Rebus		1 175 447	1 273 232
Bad debts recovered		246 783	257 166
De Rebus subscription		29 565	41 296
Diplomas and certificates		1 544 761	1 836 787
Financial assistance recovered		152 717	220 635
PVT Course fees		9 072 512	7 201 355
PVT School Fees		29 627 389	20 028 065
Practice management		3 894 432	4 717 747
Projects		7 411 509	8 377 626
Publication and other		146 504	138 874
Seminars		2 571 678	2 159 376
	10	55 873 297	46 252 159
Other income			
Legal Practice Council		42 309 896	51 766 899
Selling of documentation		3 023 140	1 744 903
Sundry income		4 769 120	3 519 052
Other income		(942 669)	(893 600)
		49 159 487	56 137 254
Expenses (Refer to page 23)		(110 736 058)	(106 186 482)
Operating loss		(5 703 274)	(3 797 069)
Investment income	13	8 599 345	5 224 817
Finance costs	1.10	(2 325)	(2 104)
		8 597 020	5 222 713
Surplus for the year		2 893 746	1 425 644

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Annual Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in Rand	Notes	2022	2021 Restated *
Operating expenses			
Administration and management fees		(10 991 238)	(12 443 998)
Advertising		(447 652)	(368 963)
Auditors remuneration	15	(392 051)	(396 850)
Bad debts		(504 719)	-
Bank charges		(274 313)	(290 999)
Certificates LEAD		(213 970)	(158 355)
Commission paid - De Rebus		(163 527)	(129 047)
Committees - LEAD		(67 653)	(57 200)
Committees - LSSA		(347 380)	(220 487)
Consulting and Professional fees - Accounting		(26 942)	(30 000)
Correspondence - Courses		(260 571)	(398 461)
De Rebus Postage		(25 558)	(53 150)
De Rebus magazine printing		(100 365)	(79 657)
Depreciation and amortisation		(384 711)	(967 505)
E - learning		(455 018)	(581 771)
Employee costs		(46 006 918)	(43 281 124)
Examinations		(2 714 937)	(2 412 571)
Extraneous expenses - LSSA		(1 884 816)	(906 496)
General activities - LEAD		(1 834 905)	(1 622 483)
Governance LSSA		(2 765 962)	(1 992 087)
Meetings - LEAD		-	(1 950)
Other publication cost - De Rebus		(97 370)	(97 892)
PVT course material and production		(674 243)	(1 051 689)
PVT courses		(9 642 212)	(7 808 536)
PVT schools		(23 701 437)	(23 329 258)
Project division		(4 378 144)	(5 254 283)
Seminars		(159 910)	(179 280)
Training other		(2 219 536)	(2 072 390)
		(110 736 058)	(106 186 482)

* See Note 20

Law Society of South Africa

(Registration number: 021-221-NPO)

Financial Statements for the year ended 31 December 2022

Segment report - Legal Education Funding

Figures in Rand		2022
Revenue		
Advertising - De Rebus		1 175 447
De Rebus subscription		29 565
Diplomas and certificates		1 544 761
Publication and other		146 504
Seminars		1 359 409
PVT course fees		9 072 512
PVT school fees		29 134 178
Practice management		3 894 432
	9	46 356 808
Other income		
Legal Practice Council		42 309 896
Sundry income		2 680 445
		44 990 341
Expenses (Refer to page 25)		(91 469 337)
Operating (loss) profit		(122 188)
Investment income	13	122 854
Finance costs		(666)
		122 188
Surplus for the year		-

Law Society of South Africa

(Registration number: 021-221-NPO)

Financial Statements for the year ended 31 December 2022

Segment report - Legal Education Funding

Figures in Rand		2022
Operating expenses		
Administration and management fees		(20 956 289)
Auditors remuneration	11	(296 361)
Bad debts		(504 719)
Bank charges		(136 900)
Certificates LEAD		(213 970)
Commission paid - De Rebus		(163 527)
Committees - LEAD		(67 653)
Correspondence - Courses		(23 803)
De Rebus postage		(25 558)
De Rebus magazine printing		(100 365)
E - learning		(455 018)
Employee costs		(30 068 160)
Examinations		(1 939 526)
Extraneous expenses - LSSA		(30 644)
Financial assistance LEAD		(832 213)
General activities - LEAD		(428 571)
Governance LSSA		(454 126)
Other publication cost - De Rebus		(97 370)
PVT course material and production		(674 243)
PVT courses		(8 621 974)
PVT schools		(23 634 091)
Project division		(54 095)
Seminars		(167 026)
Training other		(1 523 135)
		(91 469 337)