

2022



ASSET RECOVERY
BUREAU

MALTA

Annual **Report**



Table of Contents

Preliminary	08
The Asset Recovery Bureau Directorate	08
The Bureau's Board and The Director	09
Overview for 2022	09
Projects: Hal Far	10
IT Case Management System	10
The State Crypto Wallet	11
Legal Unit	11
Financial Action Task Force & Moneyval	11
International Perspective	12
Training and Development	13
Specialised Training for ARB Officers	14
Police Liaison Officer within the ARB	16
The Asset Management Unit	16
Research and Data Management Unit	19
Statistical Analysis	20
Conclusion	27
Financial Statements	28

Statement of the Chairperson of the Asset Recovery Bureau

“This fifth annual report of the Asset Recovery Bureau (hereinafter “the ARB” is intended to present a very short overview of the activities of the ARB, from 1st January 2022 to 31st December 2022.”



The ARB is an autonomous public entity governed by a Board led by the Chairperson, responsible for policy making and a Directorate headed by a Director, responsible for the implementation of the provisions of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) and the execution of policy as established by the Board. The ARB was founded in January 2018 and became operational on 20th August 2018. The ARB targets illegally acquired assets of criminals involved in serious financial crime. The ARB Board is made up of key institutional law enforcement agencies involved in combating financial crime. Besides the Chairperson, the other four ex officio members are the Chief Executive Officer of the Court Services Agency, the Commissioner of Police, the Commissioner for Revenue, and the Director of the Financial Intelligence Analysis Unit.

During the year under review, the Board was chaired by Judge Emeritus Joseph David Camilleri. Deputy Chairperson was Ms Eunice Fiorini in her role as the Chief Executive Officer of the Court Services Agency. Mr Angelo Gafa, the Commissioner of Police and Mr Kenneth Farrugia, the Director of the Financial Intelligence Analysis Unit were two other members. Mr Marvin Gaerty, as the Commissioner for Revenue was the fourth member until he resigned from his post and his place was taken by Mr Joseph Caruana, the new Commissioner for Revenue.

Dr Kenneth Camilleri, Principal Legal Officer, served as Acting Director of the ARB until 24th January 2022 and Mr Anthony Sevasta was appointed on the next day as the new Director of the ARB. Also, Dr Maxilene Bonett was appointed Secretary of the ARB Board with effect from 28th January 2022. During 2021 the ARB Board met eleven (11) times. I am pleased to acknowledge the cooperation extended to the ARB Board by all its members, who notwithstanding their other onerous responsibilities, attended regularly and participated actively in the deliberations of the Board. Minutes of these quite long Board meetings have been regularly kept and several important and necessary decisions were taken to enhance and continue building the operational capacity of the ARB.

The main objective of the ARB is to deny and deprive criminals from benefiting from the proceeds of crime. One of the core duties of the ARB is to trace criminal assets. Asset tracing is a tool to identify assets, collect evidence and subsequently to be able to assess possible legal measures and their chances of success. The overall goal is the recovery of criminal assets and consequently the denial of these assets to the persons who obtained them through fraudulent acts. The ARB has been recognised as one of the key components of Malta’s strategy to combat serious financial crimes, including money laundering and terrorism financing.

It is a well-known fact that the recovery of criminal assets contributes to the reduction of crime, especially financial crime, in several ways, especially by:

- **Depriving criminals of their illegally acquired assets,**
- **Preventing criminals from investing the proceeds of crime in further criminal activity,**
- **Upsetting criminal gangs and networks,**
- **Discrediting criminal role models in society,**
- **Discouraging people from becoming involved in crime and,**
- **Corroborating the saying that crime does not pay.**

Financial crime places a severe threat to the safety of society, the integrity of the financial system and the stability of the economy. Severe damage to the reputation of Malta as a credible financial centre is caused if financial crime is left unchecked, and this will have far reaching consequences for the country's economy.

During the year under review Malta was removed from the Financial Action Task Force (FATF) list of the jurisdictions under increased monitoring, colloquially known as the grey list. Through sheer hard work this achievement was reached in a rather short time. However, no entity involved in the fight against financial crimes, the ARB included, can sit back and rest on its laurels. Instead, it is essential to continue to work hard to face each challenge and to adapt oneself to changing scenarios as well as to commit oneself to achieve better results.

Part VI of The Proceeds of Crime Act (Chapter 621 of the Laws of Malta) provides for in rem actions, that is, non-conviction-based confiscation of property subject to confiscation in the situations specified in the Act. Article 43 (1) of the Act specifically states that such an action is set in motion where, in the judgment of the Attorney General it is not necessary or rather it is not appropriate to recover such property through conviction-based confiscation as part of a criminal prosecution. In this regard, it is relevant to state that on 21st March 2022, an internal confidential document was signed between the Malta Police Force, the Office of the Attorney General, the Office of the State Advocate and the ARB. This document sets out the practical arrangements applicable between these entities when instituting a non-conviction-based confiscation action before the Civil Court (Asset Recovery Section) in terms of the said Part VI of the Proceeds of Crime Act. On the same date, another internal confidential document (a Memorandum of Understanding) was signed between the Malta Police Force and the ARB to outline the interest of the parties to cooperate with each other and to determine the types of non-conviction-based cases which shall be pursued by each or by more than one of them. The latter document was drafted in terms of Article 2 (2) of the Proceeds of Crime Act.

To conclude, I would like to thank the Director of the ARB, Mr Anton Sevasta for all the work carried out during the year under review. In the following pages he will be giving an account of the operational work conducted by the ARB. I would also like to thank the small team of hard-working Bureau Officers and staff for their dedication in fulfilling their duties.

Finally, I must also acknowledge the effective assistance extended to the ARB by Mr Johan Galea, Permanent Secretary at the Ministry for Justice and thank him for his constant backing and support.



Judge Emeritus Dr Joseph David Camilleri
Chairperson
Asset Recovery Bureau Board

▶ Director's foreword



“2022 was my first year at the helm of the Asset Recovery Bureau. Being in a completely different line of work from most aspects, it was quite a challenging year, especially in the beginning when I needed to settle in and adjust to this new environment. Working closely with various government structures introduces a plethora of new experiences and learning curves. There are challenges, but important foundations for the Bureau’s long-term strategic goals have been well laid throughout 2022.”

The global fight against crime and illegal activities such as money laundering and drug trafficking is rapidly intensifying. Disrupting money launderers at network level holds the key to prevention. Since perpetrators lose access to their property and wealth, the freezing and confiscation process can be used to proactively target criminal activity. Drug trafficking, fraud via identity theft and other cybercrimes are most likely the fastest growing financial crimes which target the more vulnerable, while human trafficking is also a concern.

During the year in review, ARB officers attended in-person meetings with other EU Member States' Asset Recovery Offices, while other meetings were held individually with these corresponding offices with the goal of increasing cooperation. Criminals are very adept at covering their tracks and leading countries in asset recovery consistently emphasise the importance of sharing positive outcomes to create records of adopted best practices while setting realistic targets. Training is always prioritised in order to compensate for a lack of expertise, resources, and capacity.

To consolidate the ARB's operations, efforts are being made to find temporary office and warehouse space, until the government concession of land at Hal-Far is developed. Work on the Hal-Far compound has also gathered pace, with both tenders for the geological survey and clearance and excavation published. The first one has been awarded and completed while the second is to be awarded in beginning of 2023. The tender for the building's construction is being drafted and work is expected to begin by the end of 2023, soon after the land is cleared and excavated as planned.

Streamlining our processes from a mix of traditional computer tools such as email and paper-based manual routines to a digital system can contribute to a more efficient work environment and is critical to success. The requirements for a case management solution were progressively drafted throughout the year, and once the full document is completed, it will proceed to the next step of approvals and eventually for publication. By virtue of sourcing of EU funds from the Digital Justice Fund, this solution should enable better collaboration with stakeholders, faster gathering of information and improve internal functions.

The new EU directive, first proposed in May, is an excellent opportunity to assess where the challenges are, review internal systems, and determine what is and is not working. The significance of Asset Recovery must be reflected in legislation, policy, and procedures, as well as memoranda of understanding with other entities. Therefore, it cannot be viewed as an ancillary tool in the process of jurisdiction. The ARB also recognises the importance of close collaboration with the private sector, and the first of a series of information sessions with insurance agencies and brokers was held this year. Such events are used as tools to improve information gathering and increase cooperation.

During this year we welcomed the encouraging news that Malta had been removed from the FATF's grey list. Nevertheless, there is no time to waste in preparing for the next evaluation. As for next year, I see the Bureau's key strategic goals as being the consolidation of initiatives launched this year, capacity building, and external cooperation to avoid working in silos.

Working within this environment has presented me with a new perspective on the powers of observation and I am utterly grateful for what I learn every day. The ARB team's effort was brilliant, and it most importantly assisted me in establishing myself in this new endeavour. This is one of the main reasons I am optimistic about next year, a year in which, in my opinion, human resources must be the primary focus for the Asset Recovery Bureau to achieve its targets and advance to the next level.



Anthony Sevasta
Director/CEO
Asset Recovery Bureau (Malta)

Preliminary

The Asset Recovery Bureau has the task of identifying and investigating all assets resulting from criminal proceeds as part of the law enforcement mechanism in Malta's fight against criminal conduct. The ability to confiscate assets depends directly on the ability to identify and trace assets, to "follow the money". This report summarises the Bureau's efforts in carrying out its mission.

The Asset Recovery Bureau Directorate

With the enactment of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) on 12th March 2021, the Asset Recovery Bureau was established as an independent body from the Government of Malta with a distinct legal personality. The independence of the Bureau is highlighted under Article 6 of the same Act.

The Proceeds of Crime Act granted the Asset Recovery Bureau new powers, primarily the ability to act through Preventive Measures at various stages of a criminal investigation, including actions that can be taken during the pre-arraignment, arraignment, judgement, and post-judgement stages. Further innovative features introduced by the implementation of the Proceeds of Crime Act include amendments to the definition of property contributing directly or indirectly to proceeds of crime by broadening its interpretation. Furthermore, the Act changed the definition of a relevant offence, which is now defined as any offence under any law that is not an involuntary offence and is punishable by imprisonment or detention for a maximum term of at least one year. Another notable feature in the Act and one which is very much evident is the fact that regardless of whether a confiscation order has been given by the relevant Court, the offender is still liable to pay any person for any damage caused by the offence.

Part II of the Proceeds of Crime Act lays out the functions and powers of the Asset Recovery Bureau whilst inherently Part III established a new section of the Civil Court which is designated as the Civil Court (Asset Recovery Section). The Part at hand and Part V mainly prescribe the procedures of the Civil Court (Asset Recovery Section) and also govern any disputes relating to the determination of what property constitutes the proceeds of crime. Part VI of the Act also establishes the contemporary function of non-Conviction Based Confiscation which provides for the recovery of property subject to confiscation in situations where, in the judgement of the Attorney General, in certain cases, it is not appropriate to recover such property through non-conviction based confiscation as part of a criminal prosecution.

The Bureau operates through a set of uniform Standard Operation Procedures (SOPs) tailored according to the operation and based upon the Legislation and Policy set, following the enactment of the Proceeds of Crime Act. These SOPs reflect the Bureau's methods employed to request information and prioritise cases for the investigation and securing of evidence during the asset tracing information gathering. Moreover, the Bureau has an established set of guidelines for the management of frozen assets and the disposal of assets in the eventuality of confiscation. The Asset Recovery Bureau periodically reviews and updates these procedures, in line with new legal amendments. This report also outlines the ongoing cooperation with international stakeholders and corresponding authorities in asset tracing and management.

▶ The Bureau's Board and The Director

The Act establishes the Bureau's Board, which consists of a Chairperson and four other members who serve ex-officio as the Commissioner of Police, Commissioner for Revenue, Chief Executive Officer of the Court Services Agency, and Director of the Financial Intelligence Analysis Unit. These board members have the option of appointing a representative to act on their behalf and attend board meetings as required. The Board is responsible for developing the policies which govern the Bureau's operations and ensuring that the latter observes these policies. The Chairperson is the Bureau's legal and judicial representative. Judge Emeritus Joseph D. Camilleri served as Chairperson of the Bureau during the period covered by this Annual Report.

While also serving as the Bureau's Chief Executive Officer, the Director of the Bureau oversees the entity's overall management and executive action. The Director is appointed by the Minister after consultation with the Board, as stipulated under Article 9 of the Proceeds of Crime Act. Mr. Anthony Sevasta served as the Bureau Director during the reporting period.

▶ Overview for 2022

During 2022, a number of initiatives were planned to improve the entity's operations. The ARB Compound in Hal-Far, which was previously announced in March 2021, is an important project which provides the entity with a long-term solution for office and storage facilities. A computerised solution for holistic case management of cases aims to improve procedural practices and the handling of information and assets. In addition, training participation increased by dint of the lifting of Covid measures, strengthening of collaboration with foreign Asset Recovery Offices, consolidation of cooperation with public and private stakeholders and enhancement of security infrastructure and resources.

With the eventual plan to employ additional human resources, insofar as complementing new activities in collaboration with the Police and other stakeholders, the current premises will not be able to accommodate new officers, and therefore a tender for the leasing of interim premises was issued in July. Since the tender's first bidders failed the evaluation process, the tender was subsequently re-issued in November.

An event with insurance companies and brokers was organised in December, in an effort to raise awareness of the ARB's activity. Presentations by ARB officials were delivered, and participants were given ample time to voice their opinions and ask various questions. A similar event with banking institutions is being planned for 2023.



Projects: Hal Far

The project was launched in 2022 with the signing of a temporary emphyteusis concession from the Lands Authority for the Hal-Far site. This land, with a footprint of approximately one thousand, three hundred and twenty square metres (1,320m²), was granted on an emphyteutic concession of forty-five (45) years, with the purpose of serving as a compound for the ARB to operate its functions.

From this point forward, there were three main phases which needed to be addressed in sequential order. A preliminary set of drawings prepared by the contracting firm of architects has been revised to include enhancements to the first proposal, including a floor for offices and the possibility to add more floors to the structure. A geological study of the site was required in order for the tenders to be issued and work to commence. The geological study tender was issued in March 2022 and awarded in June.

Meanwhile, the tender for clearance and excavation works on the Hal-Far site was being prepared and eventually issued in late June 2022, with the final evaluation report being submitted to the Department of Contracts in December. In September, the geological report was finalised, paving the way for the preparation of the tender for the building and construction of the structure. The building will have five (5) floors, an underground basement and four (4) aboveground with the first floor dedicated to offices. The building will also include a goods lift capable of lifting passenger cars and small trucks from the basement to the fourth floor. Clearance and excavation work is expected to commence in the first quarter of 2023 and be completed by the end of the same year. According to the planned timelines, the construction of the building should begin shortly after, as the tender for the construction of the building is expected to be awarded during the period of execution of the first tender. The expenditure for this Compound Building in Hal-Far is estimated to cost millions of euros over the next three (3) years; thus, alternative financing methods other than government funding are being explored with the Planning and Priorities Coordination Division.



IT Case Management System

Currently, the Bureau's operations are based on manual processes that are supplemented by the use of office and communication software computer packages. Through the objectives of the Digital Justice Strategy 2022-2027, launched by the Ministry for Justice in December 2021, has enabled the ARB to invest in a digitised case management solution. The project is fully funded by the EU through the Recovery & Resilience Funding Programme, and once commitment was confirmed, this office began the process of drafting a tender for this initiative. An analysis of workflows in all units was conducted, also providing an excellent opportunity to revise the Standard Operating Procedures. The tender document should be published by Q1 of 2023, and the project will be implemented in stages following the adjudication process. Separate modules in the system will be able to digitally store information on cases with different access levels to specific users. This case management platform will be tailored to the Bureau's exigencies and include modules for the management of assets, tracing, research, reporting and analysis.

The State Crypto Wallet

With the emergence of crypto currencies and the rise of related fraud, the ARB was tasked with creating a State Wallet. Its purpose is to store and potentially exchange frozen and confiscated crypto assets as ordered by the court. To that end, two reports have been drafted: an analysis of current legislation for the development and use of the virtual asset wallet, and a technical report containing research on the identification of the various types of crypto wallets available, as well as a risk assessment and final recommendations. Based on the findings of the experts, the ARB began an onboarding process with a locally licenced crypto platform operator once these reports were finalised. Following the KYC process, the wallet was activated in December 2022. In the same month, a legal notice was published to exempt the ARB from the VFA Act, as proposed in the earlier legal report.

Legal Unit

The Legal Unit is an essential cog in the asset recovery cycle since it oversees the operation of various units and ensures that such tasks are executed through the proper legal channels. Furthermore, the legal unit is also responsible for all court litigation which the Bureau pursues with regard to assets subject to confiscation before the Civil Court (Asset Recovery Section).

The Unit is also responsible for appearing before the Court to present the Bureau's various reports relating to the ownership of assets identified both locally and abroad.

With the enactment of the Proceeds of Crime Act increasing the Bureau's powers, the legal unit receives numerous court applications filed by both the defence and prosecution relating to the Proceeds of Crime Act (including matters on attachments, freezing orders, court appointed administrators, and assets) to which a reply must be submitted within the stipulated time frame.

The Legal Unit assists the other units within the office by proposing various legal options available to ensure that the assets do not dissipate. This may include the issuing of freezing certificates under EU Regulation 2018/1805 and Legal Notice 180 of 2021 in order to ensure that any assets discovered abroad are frozen and seized until final confiscation is authorised by the Courts. Similarly, the legal unit assists any foreign counterparts in freezing assets discovered in Malta which belong to subjects being investigated abroad.

Following the issuance of a confiscation order by the Court, the legal unit ensures that the judgment is res judicata and subsequently coordinates with the various units within the office to proceed with the final confiscation.

Financial Action Task Force & Moneyval

Following that, in 2021, both Moneyval and the Financial Action Task Force assessed Malta's measures to combat money laundering and terrorism financing, and Malta was eventually greylisted; efforts and plans were devised to remove Malta from this list as rapidly as possible.

The National Coordinating Committee (NCC) met with the relevant authorities on numerous occasions to address the issues which had placed Malta in this undesirable position. Most of these discussions included the ARB, which is directly involved in addressing the issues portrayed in Immediate Outcome 8 of the FATF Report drafted for Malta in the fight against financial crime.

This included a set of recommendations which Malta needed to address, particularly those where Malta was deemed to be insufficiently compliant. Reports and statistics were prepared in accordance with the NCC's guidance, which spearheaded the task force to implement the necessary changes and practices. Malta worked closely with Moneyval as the FATF's regional partner, reporting on progress, including visits and follow-ups to address identified deficiencies. This process entailed increased and ongoing monitoring of competent authorities in order to improve the compliance ratings which could satisfy the FATF and Moneyval. During the FATF plenary in June, Malta was officially removed from the greylist after significant progress was made in combating anti-money laundering and counter terrorist financing practices.

However, there is still a lot of work to be done, particularly by the ARB for the next evaluation, since Immediate Outcome 8 will be possibly closely monitored in this process. The recommendations call for improvements in the following areas, among others:

- **The need for improved liaison and communication with other counterparts**
- **Implementation of improved investigative techniques and mechanisms for asset tracing**
- **The development of the ARB structure as an efficient tool for the tracing and management of assets supported by sufficient resources and training**

The FATF and Interpol organised a two-day Roundtable Engagement conference in September 2022, which the ARB attended. The purpose of this event was to discuss asset recovery topics such as difficulties encountered and effective practices. The main recommendations during this conference were the need for political commitment and will, better collaboration with stakeholders, training, and the importance of following the money that matters.



International Perspective

Legal Notice 180 of 2021 on the Mutual Recognition of Freezing Orders and Confiscation Orders Regulations 2021, designated the Asset Recovery Bureau as the competent issuing and executing authority in terms of EU Regulation 2018/1805 of the European Parliament and of the Council of the 14th of November 2018. The Regulation enables a swift execution of foreign or local freezing and confiscation orders between different Member States without cumbersome formalities. In today's interconnected world, where criminal activities cross borders so easily, international cooperation is critical. The Asset Recovery Bureau recognises the importance of countries cooperating to share intelligence, resources, and expertise in order to effectively detect, prevent, and prosecute criminal activity. Furthermore, sharing information and intelligence can help to build trust and cooperation among different countries and jurisdictions while also strengthening global security. As a result, the Asset Recovery Bureau approaches each year with renewed determination to maintain its active participation at international level. As can be seen in the statistical analysis section of this report, the Asset Recovery Bureau reports

a substantial increase in the execution of foreign freezing certificates, with a total of 24 certificates received throughout 2022, of which 4 were fully executed successfully. Furthermore, the Asset Recovery Bureau remains vigilant in assisting foreign jurisdictions during their investigative stages, with a total of 64 international requests received through both the SIENA secure system and the CARIN network during the reporting year.

Online meetings with fifteen corresponding EU Asset Recovery Offices registered with Europol's SIENA Network of Europol were held in 2022. The primary goal of these meetings was to primarily enhance co-operation and identify policies and work practices which were relevant to our operations. A number of techniques, particularly those related to asset management, were identified, and will be discussed with the board as the policy is revised. Implementation of approved practices will eventually be appended to and included in the revision of the relative subject's Standard Operating Procedures.

In May 2022, the European Commission published a proposal for a new European Parliament and Council directive on Asset Recovery and Confiscation. Council meetings are held monthly to discuss this proposal, and the ARB, along with the Technical Attaché of Malta's Permanent Representation to the European Union, attends these meetings on a regular basis. The purpose of this document is to propose a set of regulations which are consistent across all members of the European Union. The new proposal includes, among other things, the addition of new offences to freezing orders, the facilitation of cross-border cooperation between Asset Recovery Offices (AROs), the exchange of information, additional access to national databases for AROs, and temporary freezing powers, amongst other measures. These proposals are expected to be finalised and ratified by the European Parliament by the end of 2023, with a suggested one-year transition period to national laws.



▶ Training and Development

To ensure the proper execution of the Bureau's legal and technical functions and operational duties, in 2022, the ARB continued to prioritise the training needs of its officers. Aside from training, the Bureau was active in other events, conferences, and meetings with the NCC, FATF, the British High Commission and the US Embassy, among others. During the majority of these events and meetings, future training sessions have been planned or scheduled in order to improve knowledge on money laundering, crypto currencies, financial crime, and administrative matters. With efforts underway to replenish the ARB with new officers, training in relation to investigations with the Police Force and Tax authorities is also on the agenda.

Apart from their sensitivity, the subjects of Asset Tracing and Asset Management are unique in concept and necessitate a combination of appropriate training from experts combined with a mix of learning experiences and best practises. The ARB is actively establishing cooperation with corresponding asset recovery offices in order to organise joint training sessions and share information on operational methods. These are scheduled for next year.

Specialised Training for ARB Officers

Title	Date
Continuous Development Awareness in Public Procurement	21 st - 28 th February 2022
The Commissioner for Revenue Investigative Powers	1 st March 2022
ERA Seminar	25 th & 26 th April 2022
Social Determinants of Health: Health in All Policies	29 th April 2022
Electronic Public Procurement	4 th - 13 th May 2022
Initiative 20 and 21 - Information regarding payroll software and salaries	13 th May 2022
The Prevention of Money Laundering & Financial Crime 2022 – A Virtual Conference	17 th - 20 th May 2022
Evaluator Training	24 th May 2022
Introduction to Income Tax	4 th July 2022
Global Facility Webinar ‘Beneficial Ownership Registers, Targeted Financial Sanctions and Asset Tracing. The path towards Global Asset Registries?’	7 th July 2022
Green Public Procurement 2nd National Action Plan Approved	15 th July 2022

Title	Date
Dealing with Suspicious Cases of ML/FT	19 th July 2022
Training on Disciplinary Procedures	4 th August 2022
6th Global Conference on Criminal Finances and Cryptocurrencies	1 st September 2022
OSINT online event (for due diligence and fraud prevention)	2 nd September 2022
FATF- INTERPOL Roundtable Engagement (FIRE)	12 th - 13 th September 2022
Working Party on COPEN (Asset Recovery and Confiscation)	4 th November 2022
UNODC Conference on Asset Recovery	7 th - 11 th November 2022
C198- COP Plenary Meeting and Joint Session	15 th - 17 th November 2022
OHSA's Anniversary Conference	18 th November 2022
TF training + High-level meeting on TF recommendations (tackling the threat of terrorism and terrorism financing)	23 rd & 25 th November 2022
CBAR Refresher Training: Searching on CBAR	6 th December 2022



Police Liaison Officer within the ARB

The office of the police liaison officer within the Asset Recovery Bureau is a relatively new concept. As the name suggests, the primary function of this office is to serve as a liaison between the Malta Police Force and the Asset Recovery Bureau. Given the Bureau's limited human resources, the liaison officer is directly engaged in most of the ARB's operational tasks, which are frequently conducted in close collaboration with the Court, Police, Attorney General's office, State Advocate, defence lawyers, and subject persons.

The following is a brief summary of instances in which the liaison officer's assistance was requested in the last two years, organised into three major categories for ease of reference.

Assistance provided towards in-house operational procedures

This ranges from assistance with operational plans and execution of same in terms of on-site inspections and valuations, ongoing asset management and tracing where required, tracing and setting up of meetings with suspects and their lawyers, assistance in preparation for court related duties, assistance in tracing physical assets and suspects, assistance in serving foreign freezing orders within the Maltese jurisdiction, assistance in identifying the best way forward for the seizure of assets which have been confiscated in favour of the Government of Malta by the Maltese courts, and also assistance with the preparation and way forward for the auctions and sale by tenders of same assets.

Assistance provided in relation to direct cooperation with external entities

The liaison officer's contribution in this context ranges from facilitating communication and acting as an interface with entities, lawyers, court, attorney general, prosecutors, and subject persons, to assisting the Bureau's legal team with replies, court applications, correct court procedure, communication with Magistrates and court employees, participation and delivery of training to other police units and senior staff in procedures of ARB in relation to Attachment, Freezing and Investigation Orders, as well as assistance to investigators/prosecutors in the tracing of domestic procedures and intelligence on persons/entities of interest.

Assistance in fostering mutual collaboration among stakeholders

Here, the liaison officer's office contributes to the development of standard operating procedures with external entities such as the police force, court, attorney general, and others, in order to fulfil the Bureau's remit as outlined in Chapter 621, and other legal provisions detailing the Bureau's mandate.



The Asset Management Unit

In the fight against organised crime, the Asset Management Unit is one of the most important links in the Asset Recovery Bureau's organisational departmental hierarchy. The Asset Management Unit's main function is to conduct field operations, value - seize/confiscate asset/s, maintain them, and dispose of them. The Unit's goal is to divest criminals of assets obtained through organised crime, and the proceeds from such sales are then reinvested back into society.

The Asset Recovery Bureau and the Malta Police Force came to a joint-assistance agreement. Prior to arraignment, the Asset Management Unit assists the Malta Police Force with valuations of both moveable and immovable assets during raids and searches. During 2022, the Asset Management Unit assisted the MPF in (6) cases, held in (26) different locations, and provided a total valuation of €10,189,852.00.

Category	(€)
Immovable properties	€8,893,000.00
Vehicles	€931,502.00
Domestic Goods	€229,545.00
Physical Stock	€67,095.00
Exotic Animals	€50,740.00
Jewellery	€16,190.00
Works of Arts	€1,780.00
Total	€10,189,852.00

Another joint-cooperation agreement is currently being discussed with the Malta Police Force on how the Asset Recovery Bureau can assist the Malta Police Force during Investigation Orders, i.e. during the investigation stage/s of the case/s.

The Asset Management Unit's work necessitates a great deal of space to store and maintain seized assets. However, no amount of space is sufficient for the Unit to adequately store all seized assets. As a result, the Asset Recovery Bureau reached a joint collaborative agreement with several other governmental entities. Specifically, to protect, store and maintain seized/confiscated Cultural Assets and specific works of art. Consequently, the Asset Management Unit transfers such assets for temporary safekeeping and storage at various museums, while the asset/s in question are displayed for public viewing and cultural appreciation.

In 2022, the Asset Recovery Bureau also created (2) Wallets to seize, store, and liquidate virtual assets. The Asset Recovery Bureau has (1) Hot Wallet, with a local Virtual Asset Service Provider, registered and regulated by the MFSA, and (1) Cold Wallet in the event the Asset Management Unit comes across virtual assets while conducting field operations.

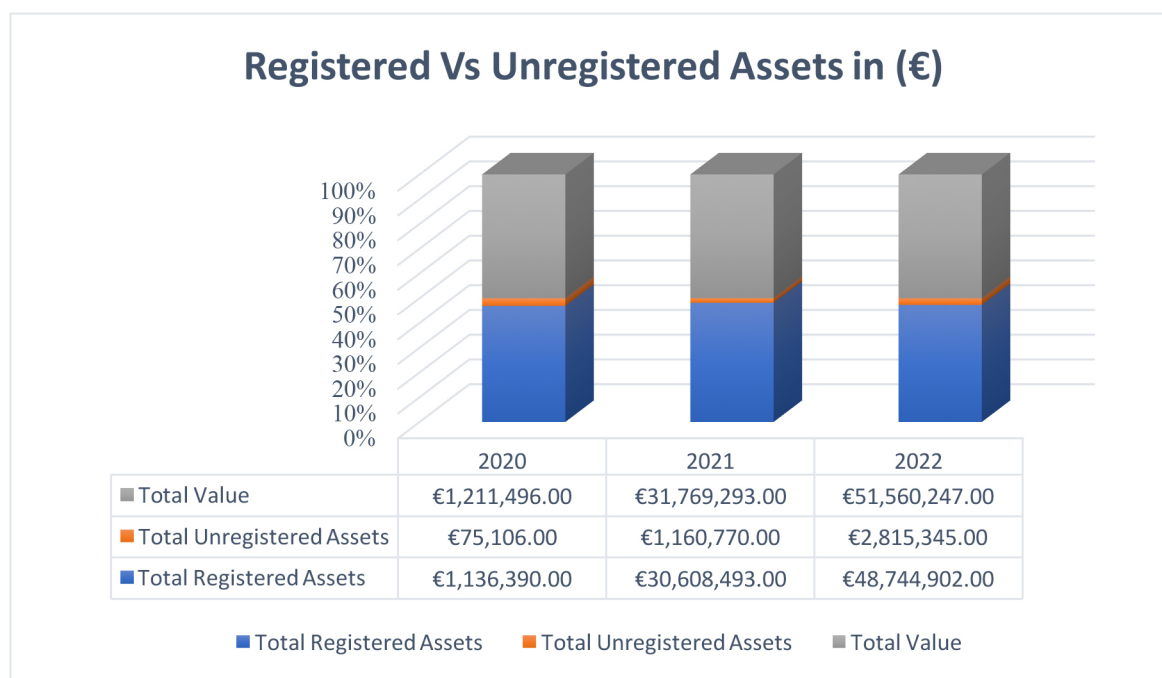
Cases had also increased exponentially during the year 2022, therefore, the ARB recruited additional human capital to increase the Unit's efficiency and effectiveness. As the criminal world's asset complexity increased, the Unit's expertise broadened into Exotic Animals, Weapons, Accounting/Stock Management, Industrial Equipment, and Books & Melitensia.

During 2022, the Unit had performed onsite asset inventory in (88) locations, valuating a total amount of **€51,560,247.00**.

When the total amount in (€) of 2020, 2021, and 2022 are compared together, it transpires that from 2020 to 2021 the total value in (€) had risen by €30,557,797.00. When considering the total value in (€) from 2020 to 2022, the total value in (€) had increased by €50,348,751.00. When 2022 is compared to the previous year, 2021, the total value in (€) had increased by €19,790,954.00.

In terms of registered assets, an increase from 2020 to 2022 of €47,608,512.00 is noted. When 2022 is compared to the previous year (2021), an increase of €18,136,409.00 is registered. With regard to unregistered assets, from 2020 to 2022, a €2,740,239.00 increase can be discerned. When 2022 is compared to the previous year (2021), there is a €1,654,575.00 increase.

The figure of €51,560,247.00 can be categorised by asset/s type/s as follows:



Category	(€)
Immovable properties	€46,633,000.00
Tools, Industrial Equipment & Material	€1,871,150.00
Vehicles	€1,681,902.00
Domestic Goods & Furniture	€618,130.00
Nautical Vehicles	€430,000.00
Works of Arts, Antiques, Books & Melitensia	€140,830.00
Physical Stock & Spirits	€71,835.00
Exotic Animals	€50,740.00
Electronics	€36,190.00
Jewellery	€18,795.00
Weapons	€6,615.00
Clothing	€1,060.00
Total	€51,560,247.00

While acknowledging that more knowledge and expertise are required in our field of work, the Unit continues to believe that there is much more room for improvement. Therefore, the Unit is currently proposing and evaluating various strategies for disposing of seized and confiscated assets, as well as testing different price mechanisms for disposing of such assets.

A strategy is currently being developed for the creation of a proposal on how to dispose of any high value asset/s, while the case is still developing.

The Unit is currently in contact with and discussing joint collaboration training with other European Asset Management Offices, in order to strengthen the Asset Management Unit by gaining more knowledge, expertise, and methodologies in the field, as well as to become more effectively and efficiently compatible with foreign Asset Management Offices.

Research and Data Management Unit

According to Article 16 of the Proceeds of Crime Act, Chapter 621 of the Laws of Malta, the Research and Data Management is tasked with conducting one of the key functions of the Asset Recovery Bureau. In addition to this mandated role, this unit is tasked with a variety of operational duties such as publishing and distributing Court orders, identifying assets, serving as a point of contact for queries arising from Court orders, and handling requests related to international cooperation via the SIENA system and the CARIN network. Throughout the year, the unit remained focused on achieving measurable results in terms of asset identification and tracing, as well as maintaining high levels of cooperation in alignment with the Asset Recovery Bureau's overall strategy.

As demonstrated in the statistical analysis section of this report, this unit published and distributed an aggregate total of 147 Court orders and assisted in the submission of more than 124 reports presented to Court. This unit has consistently committed time and resources to provide guidance and support to all stakeholders involved in the process in its bid to maintain effective communication and collaboration throughout. This objective was achieved in December, through an outreach event tailored to a particular segment of the financial entities licensed in Malta. The main goal of this event, which was held in collaboration with the Director and the Legal unit, was to prompt discussions and address any recurring questions, and based on the subsequent outcomes, this event can be considered as a success. Furthermore, to ensure that any conclusions arising from this event are communicated to the market, the Asset Recovery Bureau shall be working on drafting guidance notes to assist all entities accordingly.

Although the Research and Data Management unit remains committed to maintaining the progress accomplished in recent years and remaining proactive in achieving the overall goals set by the Asset Recovery Bureau, continuous investment is essential. To sustain this momentum, the unit must continue to invest in its staff and the necessary resources. This means that staff members must be provided with ongoing training and development opportunities to ensure that they have the necessary skills and knowledge to take on new challenges and perform their roles efficiently. To improve efficiency and effectiveness, the Asset Recovery Bureau may also consider expanding the unit's resources, such as investing in new technologies or equipment. Furthermore, due consideration may need to be accorded to increasing staffing levels in order to handle increased workloads or take on new projects. By investing in its staff and resources, the Asset Recovery Bureau will increase its capacity and be able to take on new challenges and have a greater impact on the work carried out.

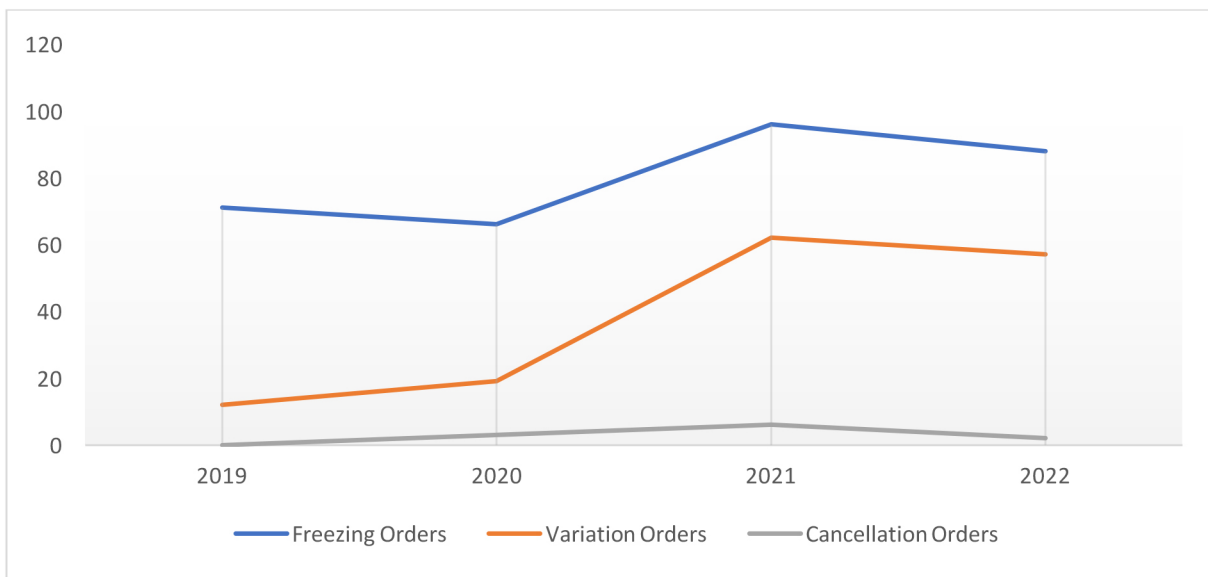
For the coming year, the unit is also considering seeking new domestic and international partnerships and collaborations to broaden its reach and ensure that the best practices are observed and followed throughout. This unit and the Asset Recovery Bureau will ensure a meaningful impact in the field of asset recovery by incorporating industry best practices and emerging technologies, as well as maintaining strong relationships with key stakeholders and partners. Adopting a proactive stance will ensure that this unit remains vigilant and forward-thinking, be able to anticipate new trends and challenges and work to remain ahead of the curve.

Statistical Analysis

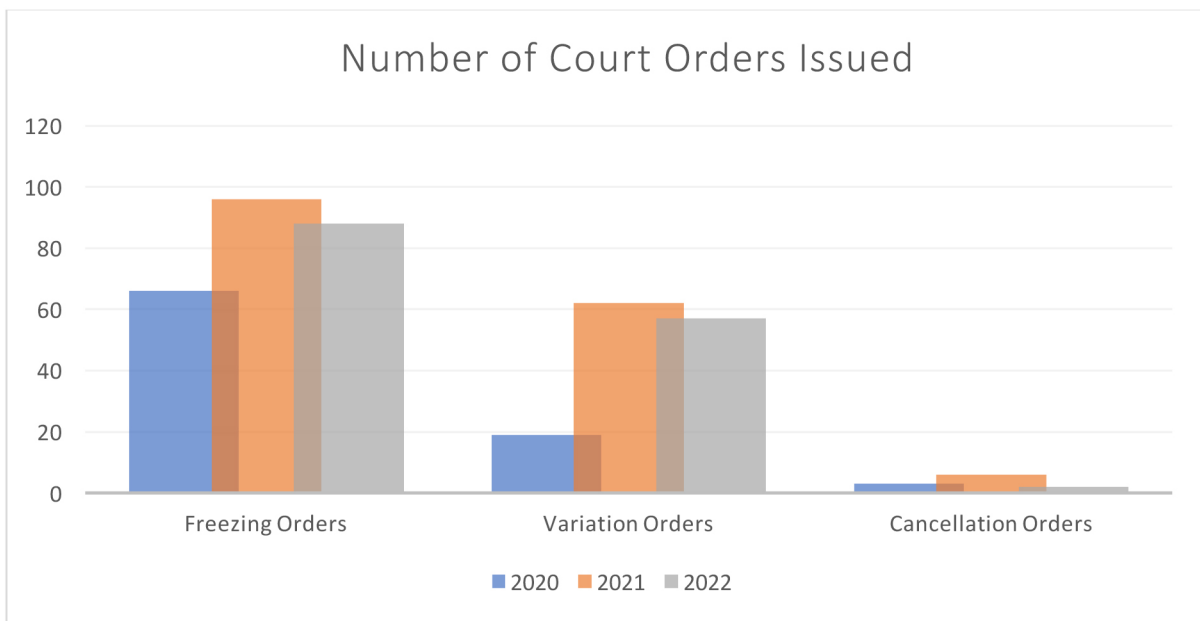
This section of the report is dedicated to statistical analysis wherein the Asset Recovery Bureau’s results for the reporting year 2022 shall be showcased, with a comparison against the previous two consecutive years. This comparison will help identify trends and potential changes that the Asset Recovery Bureau should consider in order to tackle challenges that might arise in the future; including summary of key findings and performance indicators to achieve these objectives.

Court Orders Issued

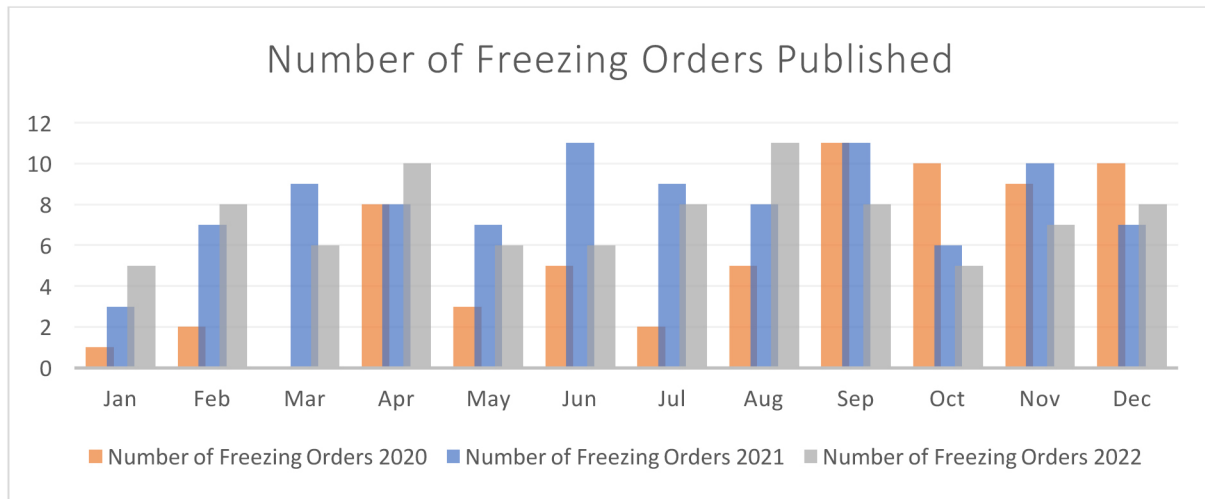
An upward trend was consistently reported in all types of orders issued by the Court and processed by the Asset Recovery Bureau, as is evident through the following data. Nonetheless for the year 2022 there is a slight decline being registered for all the different typologies of Court orders which were issued and processed throughout the whole year.



As stated in previous annual reports, the values for these orders especially freezing orders must be observed in conjunction with the figures representing the investigated persons which are covered by the same orders; that is the breakdown of figures which make up natural or non-natural investigated persons linked to the same freezing orders.

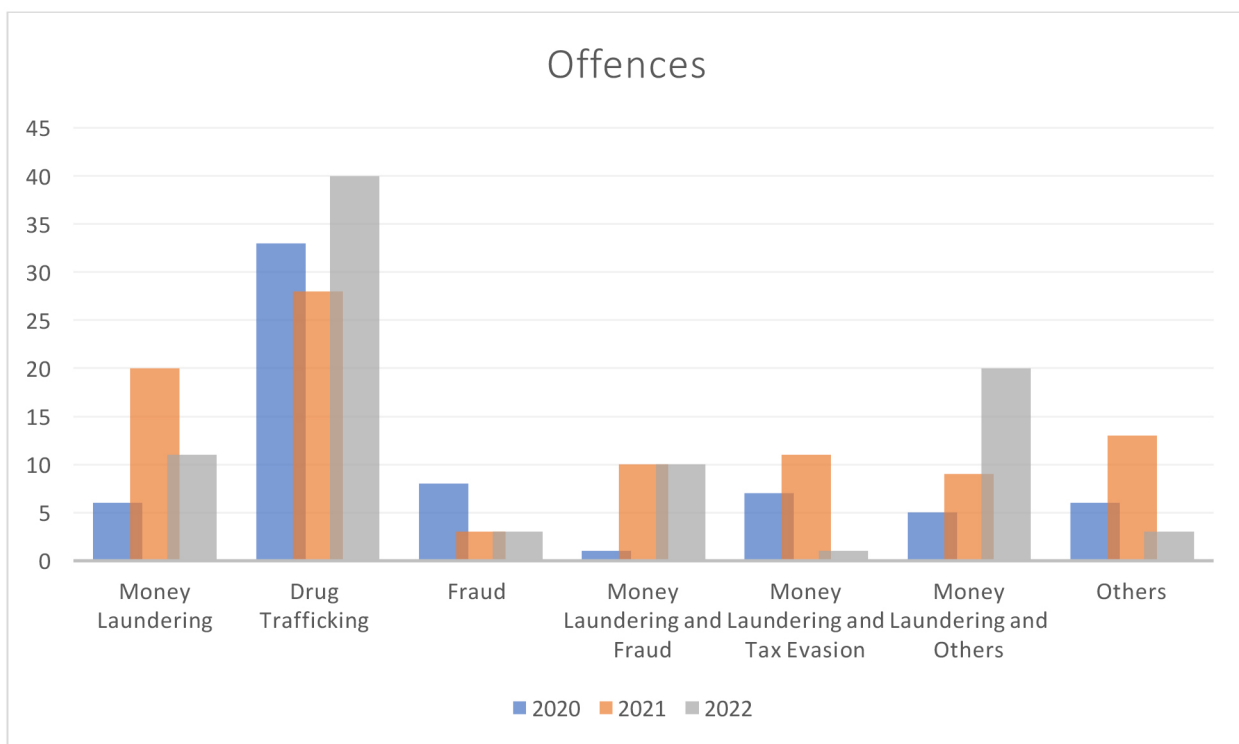


A detailed breakdown on the investigated persons shall be presented further below and as shall be observed, the reported year had a noticeable decline in the overall investigated persons especially in the non-natural investigated persons covered by the freezing orders. A decrease in this data would also impact the number of variation orders issued throughout 2022, especially provided that the bulk of the variation orders issued during the year 2021 was directly contributed by the innovative legislative process which was introduced through Article 35 (11) of the Proceeds of Crime Act, Chapter 621 of the Laws of Malta wherein ongoing business concerns affected by a freezing order had to have an administrator appointed for the economic activities to be able to continue.



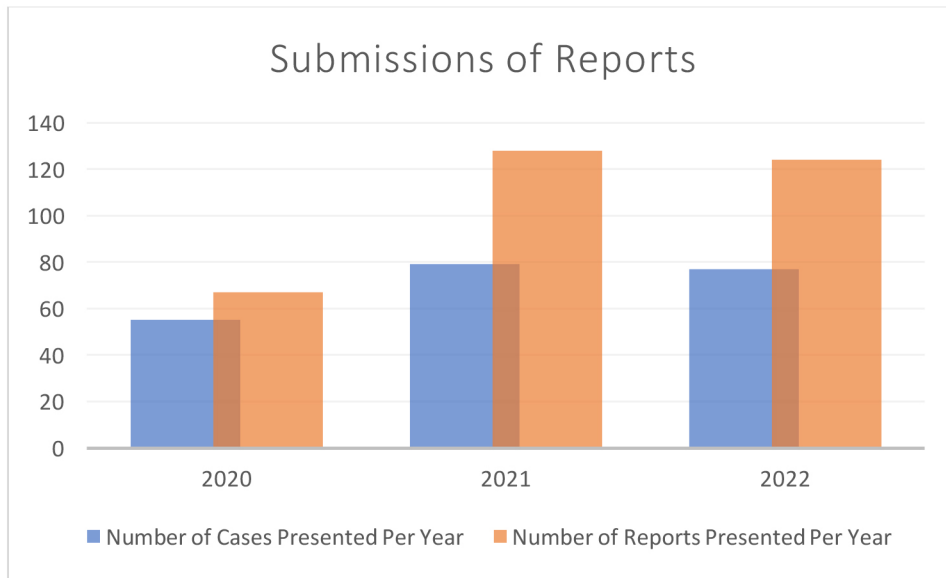
Offences

As per trends observed throughout all previous years, drug-related offences continue to be the most prevalent, followed by money laundering cases. As shown below, there has been a significant increase in the number of money laundering cases that is being connected to the predicate offences. Although there may not be sufficient data to report on every predicate offence whilst maintaining anonymity, there is still a general upward trend that can be observed.

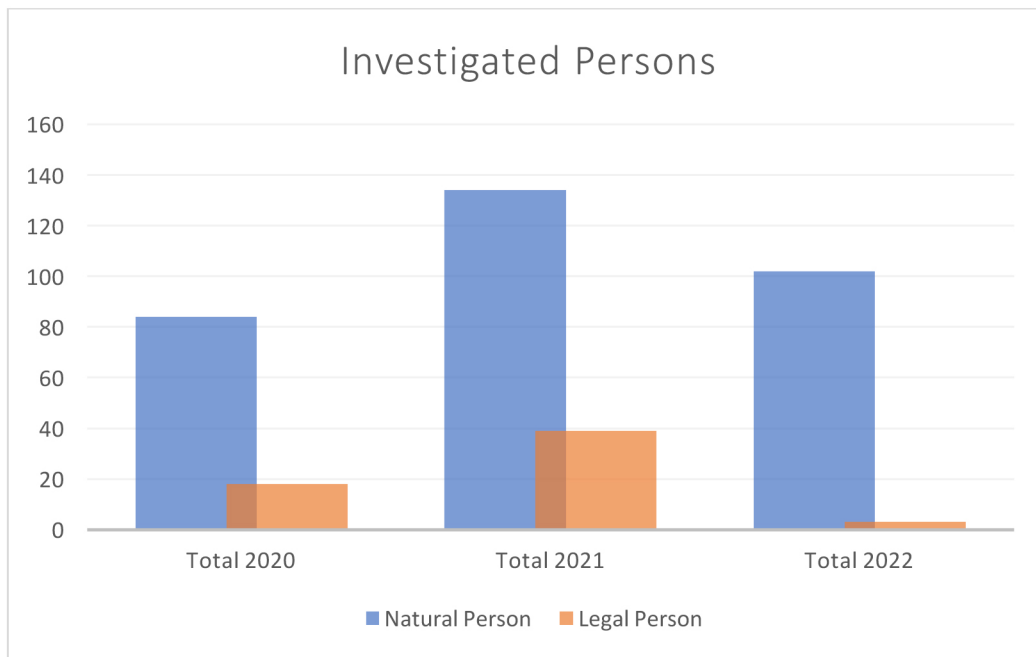


Reports Submitted and Investigated Persons

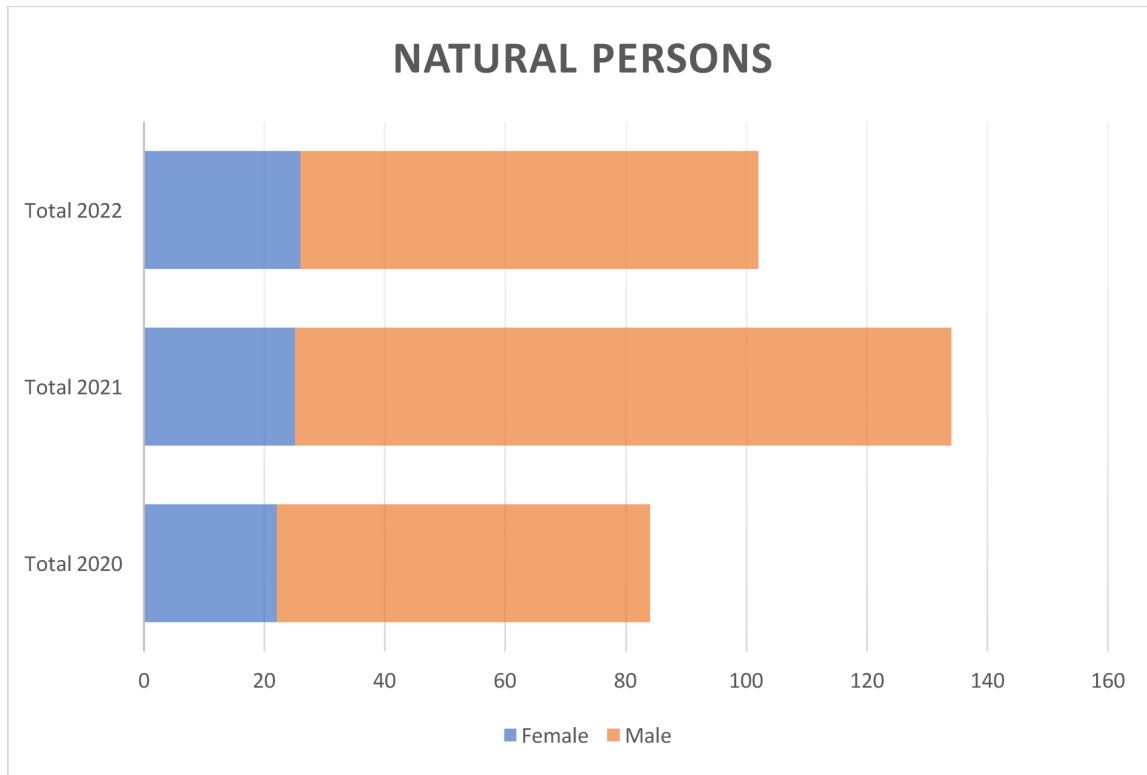
The Asset Recovery Bureau has continued with the same level of momentum as last year, and the numbers clearly indicate that the quantity of reports presented to Court in 2022 is almost identical to the number of reports submitted throughout 2021. Once again, the disparity between the “Number of Cases” versus “Number of Reports” emerges for a consecutive year given that cases pertinent to the 2021 year were still being presented in 2022. This disparity itself arises from the fact that 2021 featured multiple cases which had numerous arraigned investigated persons linked to the same case.



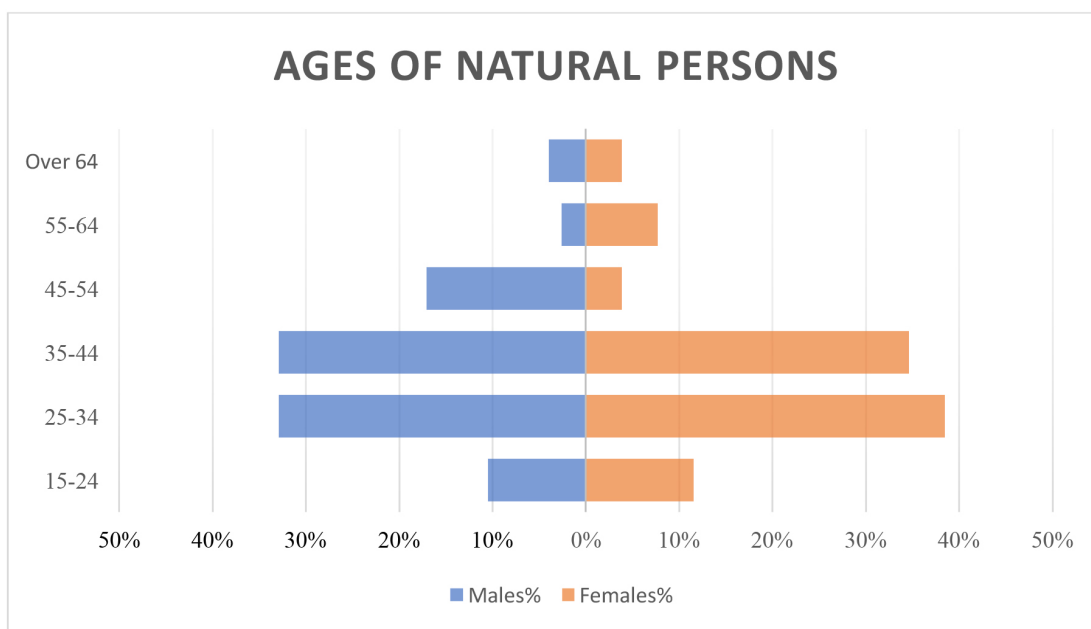
The figures of the natural and non-natural investigated persons covered by the freezing orders issued in 2022 indicates that there was an overall decrease in the non-natural persons which were arraigned and given a freezing order throughout the year when compared to the two previous years. Although there is this reported decrease noticed between the number of natural persons between 2022 and 2021, the figures for the current reported year are still more than those reported for the year 2020.



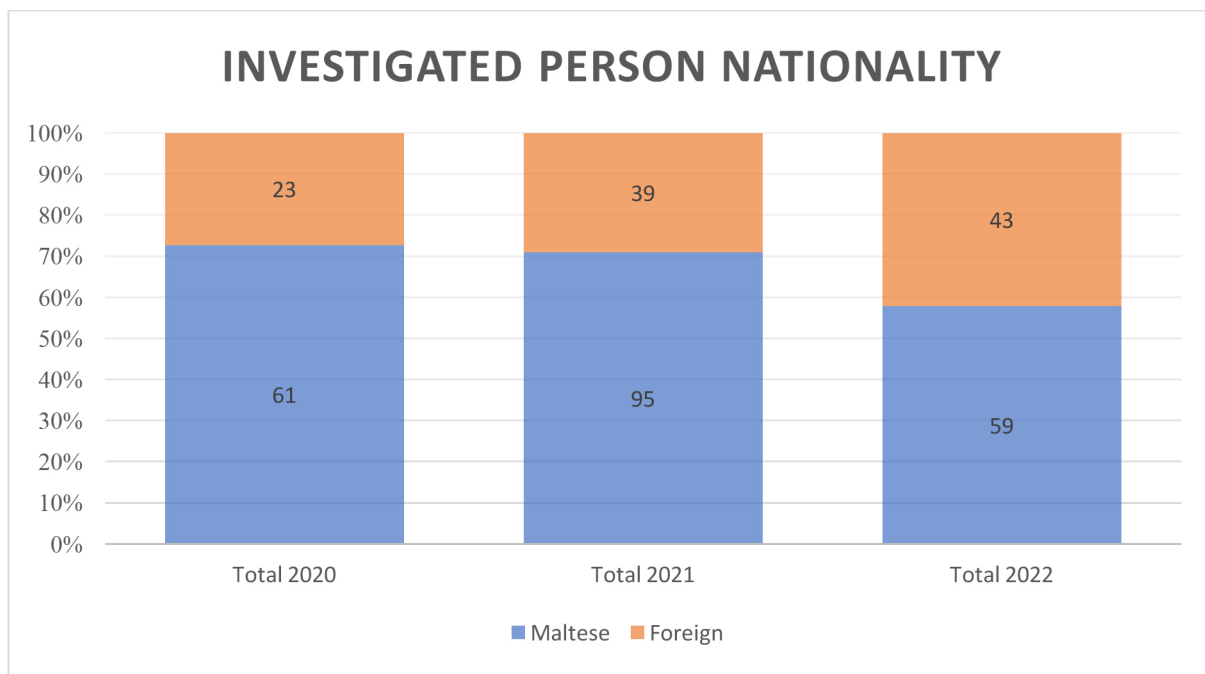
Once more, the data gathered during the reporting year of 2022 indicates that there exists a gender imbalance in the crime statistics, with males being notably more prone to engage in criminal activities than females. The percentages of females with a freezing order issued fluctuated slightly over the three years, wherein 2020 saw a percentage of 26.19%, 2021 reported a total of 18.66% and in 2022 the values made up 25.49% of the total figures of investigates persons.



The breakdown of figures as seen hereunder provides a detailed analysis of male and female involvement in criminality for the year 2022, particularly through the distribution of investigated persons across the different age groups. The data indicates that the 25-34 age group had the highest number of males investigated, followed by the 35-44 age group. The same is observed for the investigated females wherein similar to the above, the highest number of investigated females was found in the 25-34 age group, followed by the 35-44 age group.

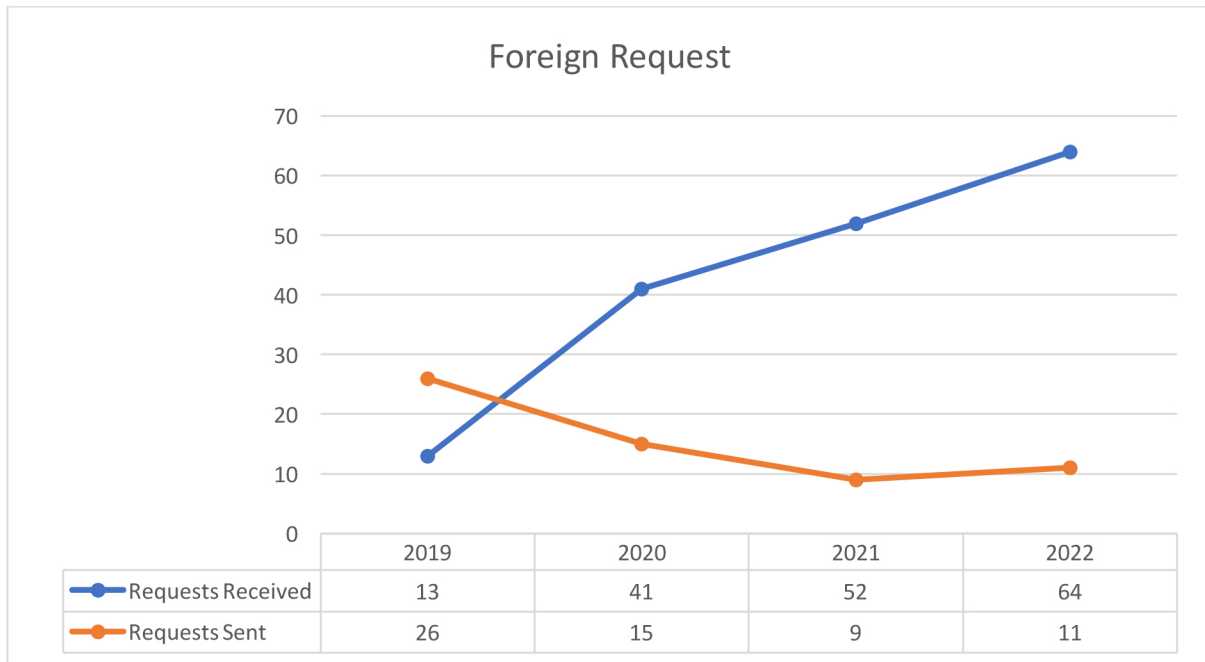


The graph below displays the distribution of the investigated persons by nationality over a three-year period with a consistent trend observed, wherein there is a higher number of investigated nationals over foreigners reported throughout. Although there is a decrease in the number of investigated persons reported in 2022, particularly in the number of nationals, yet these values remain greater than those reported for foreigners. As can be observed, in 2020 73% of the investigated persons were nationals, which remained constant with 71% nationals in 2021 and which decreased to 58% of investigated persons being nationals in 2022.



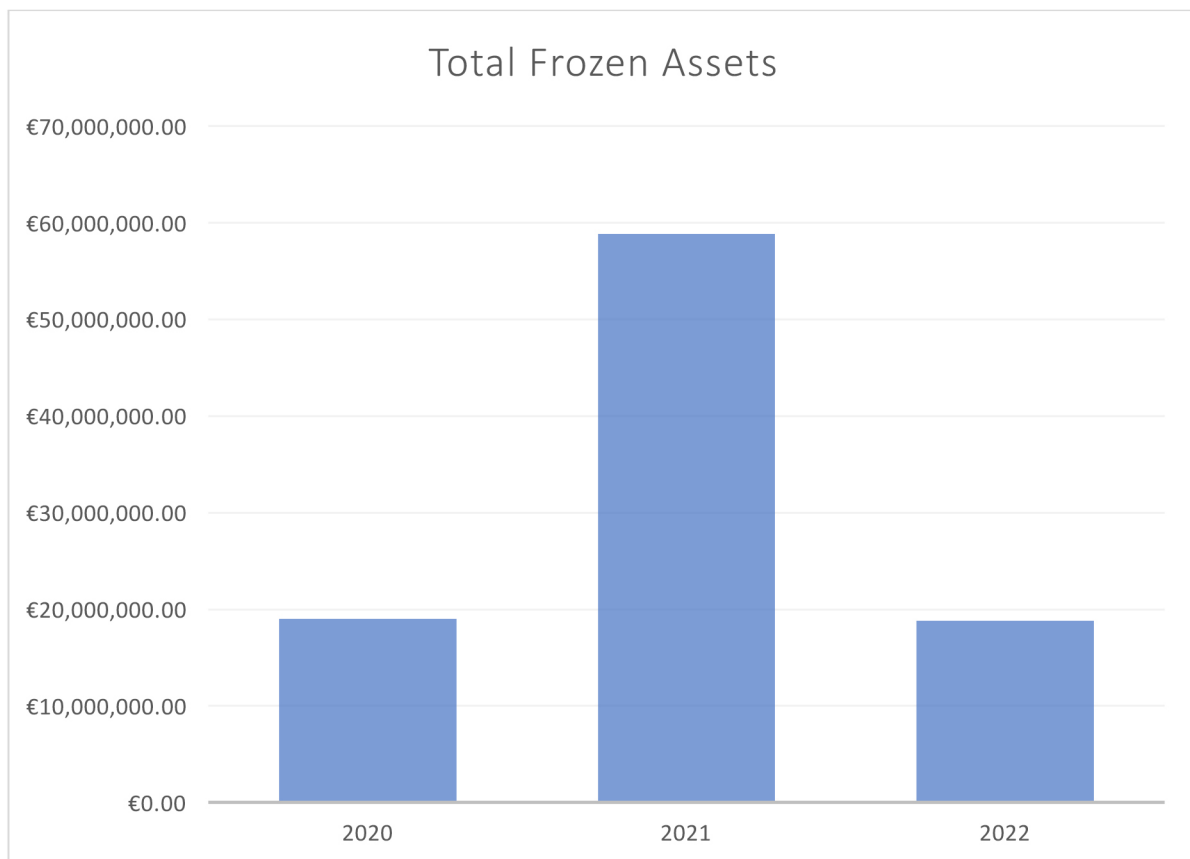
International Assistance

The reporting year once again demonstrates a renewed commitment to provide international assistance and cooperation to law enforcement and asset recovery offices fighting crime across multiple jurisdictions. As shown below, the number of requests received has steadily increased from 13 in 2019 to 64 in 2022. However, the figures also reveal a significant disparity between the number of requests received and those sent out each year, with more requests received overall. Whilst these figures suggest that the Asset Recovery Bureau values international cooperation amongst law enforcement agencies, it also makes it clear that increased effort is needed to ensure that outgoing requests address the international aspect of nationally committed criminal activities. 2021 year were still being presented in 2022. This disparity itself arises from the fact that 2021 featured multiple cases which had numerous arraigned investigated persons linked to the same case.

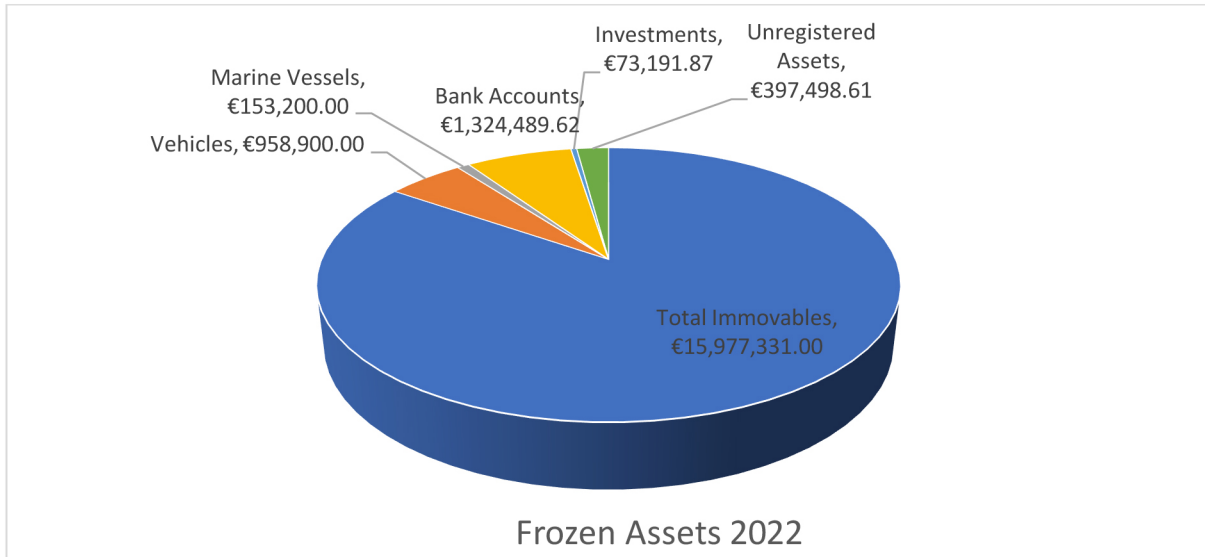


Frozen Assets

As noted throughout the analysis, the fluctuations observed through all phases for 2022 are also reflected in the value amount of the assets frozen for the same year. Although there was a significant increase in the amount of assets frozen in 2021, the values for 2022 seem to have reverted back to those reported in 2020. At this time, the Asset Recovery Bureau has not gathered enough data to determine whether this indicates a trend. It is possible that the values reported for 2021 were an anomaly resulting from external factors.



The values reported in 2022 is comprised of various asset types, mostly broken down into the below categories: with total immovables representing the largest portion of the value at €15,977,331.00; followed by bank accounts holding a total of €1,324,489.62; and vehicles with a total of €958,900.00. The remaining €623,890.48 are made up of unregistered assets, nautical vessels and investments as can be seen through the below.





Conclusion

In 2022, the groundwork for the coming years has been laid, and consequently, 2023 should yield the consolidation of long-term projects. The project in Hal Far will take shape as the land is cleared, and the excavation should be completed by Q4 of 2023. Construction of the building will possibly also commence in the same quarter, with work earmarked to start immediately upon completion of excavation works.

The construction process should take about a year and a half to complete, during which time another tender for mechanical, engineering and finishing works will be drafted. Subsequently, the project's finalising tender should see work begin as soon as the construction is completed, with all three tenders being executed concurrently.

However, as the ARB'S complement and operation expand, alternative premises to accommodate staff and for logistics' purposes will be leased until the project in Hal Far is fully operational.

On the operational front, the tender for a digitalised system to streamline case processing, facilitate communication channels with stakeholders, and the management of assets will also be issued. If all proceeds as planned, the first phase of this project should be operational by the end of 2023 or the beginning of the following year. An online knowledge base of cases with detail of actions taken is essential for inspiring a forward-thinking setup and planning ahead of time when acting on new cases. Efforts to train and recruit more staff will also be enhanced while increased collaboration with other Asset Recovery offices will aim for sharing of best practices and officer exchanges. These training programmes aim to develop new strategies and update already established standard operating procedures. With the evolving nature of criminal activity, especially in the digital and online world, training is vital and learning from other established offices in Europe provides our entity with more insight on what we might expect and encounter, especially in the uncharted waters of the criminal world.

Efforts are being made with the Board of Directors to update the ARB's policy documents, while the new Directive, which is currently being discussed at the Council of the European Union, provides us with an opportunity to re-examine and revisit the established legal basis which governs the Asset Recovery Bureau's responsibilities.

The coming years will be pivotal in shaping the ARB into an effective tool in the fight against criminal activity. Collaboration with other organisations, whether public or private, foreign, or domestic, will be vital for the entity's success, and the projects planned will complement the excellent work performed by this small team of dedicated officers.



ASSET RECOVERY
BUREAU

M A L T A

**Annual Report and
Financial Statements**
For the Year Ended 31 December 2022

Table of Contents

Board Members' Report	1-2
<hr/>	
Statement of Comprehensive Income	3
<hr/>	
Statement of Financial Position	4-5
<hr/>	
Statement of Changes in Equity	6
<hr/>	
Statement of Cash Flows	7
<hr/>	
Notes to the Financial Statements	8-23
<hr/>	
Independent Auditor's Report	24-26

Asset Recovery Bureau
Board Members' Report
For the Year Ended 31 December 2022

The board presents its report and the audited financial statements for the year ended 31 December 2022.

Legal Status and Principal Activities

Established under Legal Notice 357 of 2015 and presently operating as per Chapter 621 of the Laws of Malta termed as the "Proceeds of Crime Act" (April 2021), the Asset Recovery Bureau is an independent Public Entity falling under the remit of the Ministry for Justice (MFJ) (formerly, the Ministry for Justice, Equality & Governance (MJEG)), the Asset Recovery Bureau (ARB) is entrusted with the proper tracing and efficient management of proceeds of crime which have been seized, frozen or confiscated in terms of law and the value of which is disposed in favour of the Government.

The Asset Recovery Bureau is governed by a Board led by a Chairperson responsible for policy making, and a Directorate headed by a Director who is responsible for policy execution.

Results

The statement of comprehensive income is set out on page 3.

Board Members and Director

The Board Members of the Asset Recovery Bureau who held office during the year were:

Judge Joseph David Camilleri - Chairperson

Ms Eunice Grech Fiorini - Deputy Chairperson

Mr Marvin Gaerty - Board Member (resigned on 31 January 2022)

Mr Joseph Caruana - Board Member (appointed on 1 February 2022)

Mr Kenneth Farrugia - Board Member

Mr Angelo Gafa - Board Member

Anthony Sevasta - Director (appointed on 25 January 2022)

Dr Kenneth John Camilleri - Acting Director (termination of appointment on 24 January 2022)

Asset Recovery Bureau

Board Members' Report (continued)

For the Year Ended 31 December 2022

Statement of Board Members' responsibilities for the financial statements

The Board Members are required by the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Bureau and of the profit or loss of the Bureau for that year.

In preparing these financial statements, the Board Members are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting suitable accounting policies and apply them consistently;
- making judgements and estimates that are reasonable in the circumstances; and
- adopting the going concern basis unless it is inappropriate to presume that the Bureau will continue in operation.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bureau and to enable him to ensure that the financial statements comply with the Proceeds of Crime Act (Chapter 621 of the Laws of Malta). This responsibility includes designing, implementing and maintaining such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Director is also responsible for safeguarding the assets of the Bureau and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

CCPS Audit Limited have expressed their willingness to continue in office.

Approved by the board on

18th May 2022

and signed on its behalf by:



Judge Joseph David Camilleri
Chairperson



Anthony Sevasta
Director

Registered Address:

72,
Market Street
Floriana
Malta

Asset Recovery Bureau
Statement of Comprehensive Income
For the Year Ended 31 December 2022

		2022	2021
	Note	€	€
Government subvention		1,030,336	610,988
Administrative expenses		(903,472)	(588,589)
Finance income	5.	19	17
Other income		-	350
Finance costs	6.	(379)	(331)
Profit before tax	7.	<u>126,504</u>	<u>22,435</u>
Taxation	9.	(46,052)	(7,853)
Profit for the year		<u>80,452</u>	<u>14,582</u>
Total comprehensive income for the year		<u><u>80,452</u></u>	<u><u>14,582</u></u>

Asset Recovery Bureau
Statement of Financial Position
As at 31 December 2022

	Note	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	10.	146,420	23,240
Intangible assets	11.	1,216	511
Total non-current assets		<u>147,636</u>	<u>23,751</u>
Current assets			
Trade and other receivables	12.	14,063	12,491
Cash and cash equivalents	13.	8,112,471	785,816
Total current assets		<u>8,126,534</u>	<u>798,307</u>
TOTAL ASSETS		<u><u>8,274,170</u></u>	<u><u>822,058</u></u>

Asset Recovery Bureau
Statement of Financial Position
As at 31 December 2022

	Note	2022 €	2021 €
EQUITY AND LIABILITIES			
Equity			
Retained earnings		204,251	123,799
Liabilities			
Current liabilities			
Current tax payable		23,190	66,662
Trade and other payables	14.	8,046,729	631,597
Total current liabilities		8,069,919	698,259
Total liabilities		8,069,919	698,259
TOTAL EQUITY AND LIABILITIES		8,274,170	822,058

These financial statements on pages 3 to 23 were approved by the board members on 18th May 2022 and signed on its behalf by:



Judge Joseph David Camilleri
 Chairperson



Anthony Sevasta
 Director

Asset Recovery Bureau
Statement of Changes in Equity
For the Year Ended 31 December 2022

	Retained earnings	Total equity
	€	€
At 1 January 2022	123,799	123,799
Profit for the year	80,452	80,452
At 31 December 2022	204,251	204,251
At 1 January 2021	109,217	109,217
Profit for the year	14,582	14,582
At 31 December 2021	123,799	123,799

Asset Recovery Bureau

Statement of Cash Flows

For the Year Ended 31 December 2022

	2022	2021
	€	€
Cash flows from operating activities:		
Profit for the year	80,452	14,582
Income tax expense	46,052	7,853
Bank interest income	(19)	(17)
Bank interest expense	379	331
Depreciation and amortisation	11,504	11,601
	<u>138,368</u>	<u>34,350</u>
Profit from operations	138,368	34,350
Movement in trade and other receivables	(1,572)	(12,040)
Movement in trade and other payables	7,415,132	112,193
Bank interest received	19	17
Bank interest paid	(379)	(331)
Payment of income taxes	(89,524)	-
	<u>7,462,044</u>	<u>134,189</u>
Net cash flows from operating activities	7,462,044	134,189
Cash flows from investing activities:		
Payments to acquire intangible assets	(1,623)	-
Payments to acquire property, plant and equipment	(133,766)	(7,849)
	<u>(135,389)</u>	<u>(7,849)</u>
Net cash flows used in investing activities	(135,389)	(7,849)
Net movement in cash and cash equivalents	7,326,655	126,340
Cash and cash equivalents at beginning of year	785,816	659,476
	<u>8,112,471</u>	<u>785,816</u>
Cash and cash equivalents at end of year	8,112,471	785,816

13.

Asset Recovery Bureau

Notes to the Financial Statements

For the Year Ended 31 December 2022

1. Basis of preparation

a. Statement of compliance

The financial statements have been prepared and presented in accordance with the requirements of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the EU.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

The financial statements are presented in euro (€), which is the Bureau's functional currency.

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Change in accounting policies

a. New and revised standards that are effective for annual periods beginning on or after 1 January 2022

In 2022, the bureau adopted new standards, amendments and interpretations to existing standards that are mandatory for the bureau's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the bureau's accounting policies impacting the company's financial performance and position.

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the bureau's financial results or position.

b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bureau

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the bureau.

Management anticipates that all relevant pronouncements will be adopted in the bureau's accounting policies for the first period beginning after the effective date of the pronouncement. The Bureau does not expect that new standards, interpretations and amendments will have a material impact on the bureau's financial statements.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies

a. Property, plant and equipment

i. Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site to which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment is carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

ii. Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

Land is not depreciated. The rates of depreciation used for other items of property, plant and equipment are the following:

Plant and machinery	16.67% straight line
Furniture and fixtures	10% straight line
Office equipment	25% straight line
IT equipment	25% straight line

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter.

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

iii. Derecognition

Property, plant and equipment is derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies (continued)

b. Intangible assets

i. Recognition and measurement

An acquired intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. An intangible asset is initially measured at cost, comprising its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

ii. Amortisation

Amortisation on fixed life intangible assets is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangibles with definite lives are as follows:

Computer software	25% straight line
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The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly.

iii. Derecognition

Intangible assets are derecognised and removed from the statement of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss.

c. Leases

For lease agreements, the Bureau considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bureau assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bureau
- the Bureau has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Bureau has the right to direct the use of the identified asset throughout the period of use. The Bureau assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies (continued)

c. Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Bureau recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bureau, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bureau depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bureau also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Bureau measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bureau's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Bureau has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

d. Impairment testing of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies (continued)

e. Financial instruments

i. Recognition and derecognition

Financial assets and financial liabilities are recognised when the Bureau becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

ii. Financial assets

Classification and initial measurement of financial assets

At initial recognition, the Bureau measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Bureau has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within administrative expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies (continued)

e. Financial instruments (continued)

ii. Financial assets (continued)

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Bureau's cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Bureau first identifying a credit loss event. Instead, the Bureau considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

iii. Financial liabilities

The Bureau's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Bureau designated a financial liability at fair value through profit or loss.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

3. Significant Accounting Policies (continued)

e. Financial instruments (continued)

iii. Financial liabilities (continued)

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

f. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Bureau's cash and management, are a component of cash and cash equivalents.

g. Equity

Retained earnings include current and prior period results.

h. Revenue recognition

i. Government subvention

The Bureau's Government subvention is recorded on a time accruals basis.

ii. Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the income statement.

i. Borrowing costs

Borrowing costs, including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred.

j. Significant management judgement and estimates

International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates in the preparation of financial statements. IFRS also requires management to exercise judgement in the process of applying the Bureau's accounting policies. Any areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are required to be separately disclosed. For the year ended 31 December 2022, there are no significant judgements and estimates that management believes are critical and require separate disclosure.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

4. Custody and disposal of confiscated assets

By virtue of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta), the Bureau is empowered to collect, administer and dispose of property recovered from the proceeds of crime and to deposit such in the Government's Consolidated Fund.

The results for the year under review were as follows:

	2022	2021
	€	€
Proceeds derived from disposal of assets	-	3,500
Transfer to Government's Consolidated Fund	-	(3,500)
	<u>-</u>	<u>-</u>

At year end, the Asset Recovery Bureau held confiscated assets and cash on behalf of the Government of Malta.

5. Finance income

	2022	2021
	€	€
Bank interest income	19	17
	<u>19</u>	<u>17</u>

6. Finance costs

	2022	2021
	€	€
Bank interest expense	379	331
	<u>379</u>	<u>331</u>

7. Profit before tax

Profit before tax is stated after charging the following:

	2022	2021
	€	€
Auditor's remuneration	1,416	944
Depreciation and amortisation	11,504	11,601
	<u>12,920</u>	<u>12,545</u>

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

8. Wages and salaries

Payroll costs for the year comprise of the following:

	2022	2021
	€	€
Board members' remuneration	49,354	51,642
Salaries, wages and employee benefits	423,863	337,872
	<u>473,217</u>	<u>389,514</u>

The average number of persons employed by the Bureau during the year was as follows:

	2022	2021
	No	No
Board members	5	5
Director	1	1
Operations and administration	13	10
	<u>19</u>	<u>16</u>

9. Taxation

	2022	2021
	€	€
Current expense	46,052	7,853

The tax expense and the result of profit before tax multiplied by the statutory income tax rate is reconciled as follows:

	2022	2021
	€	€
Profit before tax	126,504	22,435
Tax at 35%	44,276	7,852
Tax effect of:		
Excess of depreciation over capital allowances	-	1
Disallowed expenses	1,776	-
	<u>46,052</u>	<u>7,853</u>

Asset Recovery Bureau**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****10. Property, plant and equipment****December 31, 2022**

	Construction in progress	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	IT equipment	Total
	€	€	€	€	€	€	€
Cost							
Opening balance	-	115,096	2,274	10,498	10,420	28,218	166,506
Additions	124,144	-	-	2,205	3,697	3,720	133,766
At 31 December 2022	124,144	115,096	2,274	12,703	14,117	31,938	300,272
Depreciation							
Opening balance	-	(115,096)	(675)	(2,722)	(6,120)	(18,653)	(143,266)
Charge for the year	-	-	(379)	(1,270)	(3,245)	(5,692)	(10,586)
At 31 December 2022	-	(115,096)	(1,054)	(3,992)	(9,365)	(24,345)	(153,852)
Carrying amount							
At 31 December 2022	124,144	-	1,220	8,711	4,752	7,593	146,420

Asset Recovery Bureau**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2022****10. Property, plant and equipment (continued)****December 31, 2021**

	Construction in progress	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	IT equipment	Total
	€	€	€	€	€	€	€
Cost							
Opening balance	-	115,096	1,064	7,902	8,249	26,346	158,657
Additions	-	-	1,210	2,596	2,171	1,872	7,849
At 31 December 2021	-	115,096	2,274	10,498	10,420	28,218	166,506
Depreciation							
Opening balance	-	(115,096)	(296)	(1,672)	(3,515)	(11,598)	(132,177)
Charge for the year	-	-	(379)	(1,050)	(2,605)	(7,055)	(11,089)
At 31 December 2021	-	(115,096)	(675)	(2,722)	(6,120)	(18,653)	(143,266)
Carrying amount							
At 31 December 2021	-	-	1,599	7,776	4,300	9,565	23,240

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

11. Intangible assets

December 31, 2022

	Computer software €
Cost	
Opening balance	2,047
Additions	1,623
At 31 December 2022	<u>3,670</u>
Amortisation	
Opening balance	(1,536)
Charge for the year	(918)
At 31 December 2022	<u>(2,454)</u>
Carrying amount	
At 31 December 2022	<u><u>1,216</u></u>

December 31, 2021

	Computer software €
Cost	
Opening balance	2,047
At 31 December 2021	<u>2,047</u>
Amortisation	
Opening balance	(1,024)
Charge for the year	(512)
At 31 December 2021	<u>(1,536)</u>
Carrying amount	
At 31 December 2021	<u><u>511</u></u>

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

12. Trade and other receivables

	2022	2021
	€	€
Prepayments	14,063	12,491

13. Cash and cash equivalents

	2022	2021
	€	€
Cash on hand	231	140
Bank balances	8,112,240	785,676
Total cash and cash equivalents	8,112,471	785,816

Included in cash and cash equivalents are € 7,996,388 (2021: € 604,066) held on behalf of a third party, and which are therefore not available for the Bureau's personal use.

14. Trade and other payables

	2022	2021
	€	€
Trade payables	33,967	18,004
Accruals	6,744	9,176
Other payables	8,006,018	604,417
	8,046,729	631,597

Information about the Bureau's exposure to liquidity risk arising from trade and other payables is disclosed in note 15.

15. Financial risk management

The Asset Recovery Bureau is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk

Responsibility for risk management rests with the Bureau's Board Members who develop and monitor risk management policies and oversees the management of the risks.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

15. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Bureau if the counterparty fails to meet its obligation. Credit risk arises from operating activities from trade and other receivables and cash and cash equivalents, which are subject to the expected credit loss model.

The Bureau measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical data and forward-looking information in determining any expected credit loss.

The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount. The Bureau does not hold any collateral as security in this respect.

Credit risk from trade and other receivables is minimised by establishing credit policies such as determining and monitoring customer credit limits, requiring credit approvals, and the monitoring of customer credit risks by grouping customers according to their credit characteristics. Other monitoring procedures are in place to recover overdue accounts, to ensure minimal dependencies on a small number of customers, and to assess impairment.

The Bureau's cash is placed with reputable financial institutions, such that the Board does not expect any institution to fail to meet repayments of amounts held. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

As at the end of the reporting period, the Bureau had no past due or impaired financial assets.

The Bureau's credit risk exposure is as follows:

	2022	2021
	€	€
Financial assets measured at amortised cost		
Cash and cash equivalents	8,112,471	785,816

Liquidity risk

Liquidity risk is the risk that the Bureau will encounter difficulty in meeting its short-term obligations associated with financial liabilities.

Liquidity needs are monitored by the Board Members to ensure that the Bureau has sufficient funds to meet its liabilities when due, under normal and unexpected conditions, without incurring unacceptable losses or breaches in borrowing limits or covenants. Liquidity is managed by reviewing expected cash flows through cash flow forecasts, maintaining sufficient liquid funds and committed credit facilities to meet the Bureau's funding obligations, and matching maturity profiles of financial assets and liabilities.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

15. Financial risk management (continued)

At year-end, the bureau's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Less than 1 year €	1 to 5 years €	Over 5 years €
31 December 2022			
Trade and other payables	8,046,729	-	-
31 December 2021			
Trade and other payables	631,597	-	-

16. Related parties

a. Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bureau, being the Board Members and the Director.

Emoluments granted to key management personnel in respect of the current financial reporting period comprised:

	2022 €	2021 €
Board members' remuneration	49,354	51,642
Directors' remuneration	59,344	47,999
	<u>108,698</u>	<u>99,641</u>

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2022

16. Related parties (continued)

b. Transactions and balances with related parties

The Bureau considers the Ministry for Justice and the Malta Information Technology Agency (MITA) to be related parties.

Transactions with related parties during the current and previous reporting periods were the following:

	Transaction value		Balance outstanding	
	for the year		2022	2021
	2022	2021		
€	€	€	€	
Government subvention received from	1,030,336	610,988	-	-
IT expenses incurred from	(14,526)	(8,620)	-	-

17. Capital management policies

The Asset Recovery Bureau is committed to ensuring it is adequately capitalised as there is a risk that inappropriate management of its capital could result in the inability to absorb any potential credit losses.

The Bureau sets the amount of capital in proportion to risk, by holding sufficient cash and other liquid assets to meet its liabilities.

There were no changes in the Bureau's approach to capital management during the year. The Bureau is not subject to externally imposed capital requirements.

18. Capital commitments

	2022	2021
	€	€
Authorised and not contracted for	11,531,474	-

Independent Auditor's Report
To the Board Members of Asset Recovery Bureau
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asset Recovery Bureau set out on pages 3 to 23 which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Bureau as at 31 December 2022, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 are independent of the Bureau in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the Board Members' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated.

Based on the work we have performed, in our opinion:

- the information given in the Board Members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board Members' report has been prepared in accordance with the Proceeds of Crime Act (Chapter 621 of the Laws of Malta).

In addition, in light of the knowledge and understanding of the Bureau and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board Members' report and other information. We have nothing to report in this regard.

Independent Auditor's Report (continued)
To the Board Members of Asset Recovery Bureau
Report on the Audit of the Financial Statements

Responsibilities of the Board Members

The Board Members responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board Members 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 Board Members are responsible for assessing the Bureau'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 Board Members either intend to liquidate the Bureau or to cease operations, or has 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bureau to cease to continue operating as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (continued)
To the Board Members of Asset Recovery Bureau
Report on the Audit of the Financial Statements

Report on Other Legal and Regulatory Requirements

Under the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) we are required to report to you if, in our opinion, proper books of account have not been kept by the Bureau.

We have nothing to report to you in respect of these responsibilities.



David Sammut
for and on behalf of
CCPS Audit Limited

Centris Business Gateway II, Level 3, Suite C
Triq is-Salib tal-Imriehel
Central Business District CBD 3020
Malta

18 May 2022

Asset Recovery Bureau

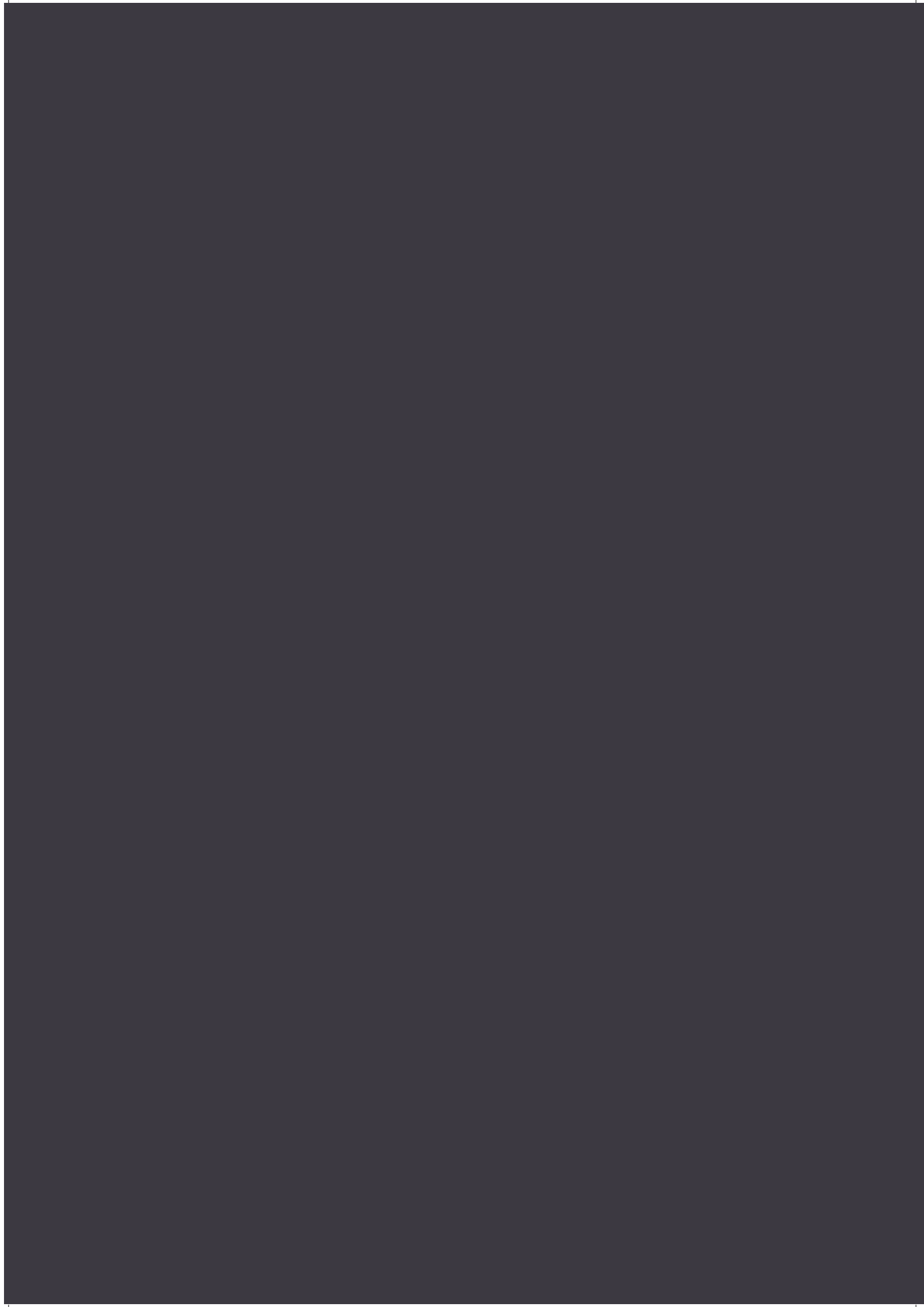
For the Year Ended 31 December 2022

Schedules

Schedule of Administrative Expenses

	2022	2021
	€	€
Accountancy	2,748	-
Advertising	7,986	9,503
Auditor's remuneration	1,416	944
Cleaning	2,996	2,499
Consulting and professional fees	111,014	94,584
Depreciation and amortisation	11,504	11,601
Board members' remuneration	49,354	51,642
Electricity and water	4,556	3,006
Fines and penalties	5,073	-
IT expenses	35,748	9,608
Lease rentals on operating lease	74,688	47,469
Legal fees	8,899	590
Materials and equipment	1,925	1,279
Postage	78	170
Printing and stationery	6,132	2,637
Procurement	1,525	-
Repairs and maintenance	3,884	1,248
Salaries, wages and employee benefits	423,863	337,872
Security and reception	101,477	-
Telephone	2,867	2,930
Transport and freight	17,860	10,024
Training	1,560	40
Towing	11,113	540
Travel	15,046	389
Other expenses	160	14
	<u>903,472</u>	<u>588,589</u>









ASSET RECOVERY
BUREAU

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