

ANNUAL
REPORT
2023



ASSET RECOVERY
BUREAU

MALTA

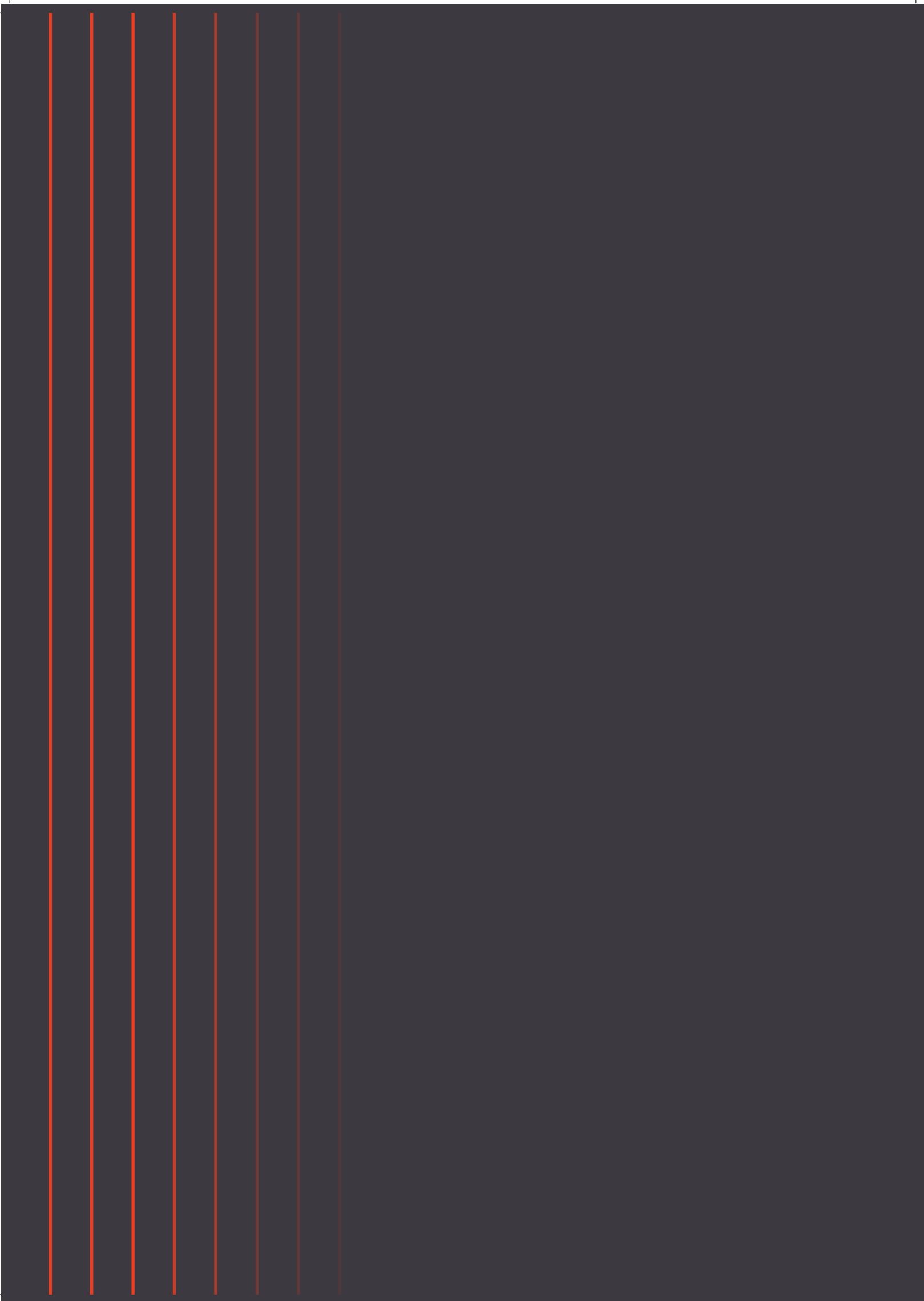


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Statement of the Chairperson of the Asset Recovery Bureau

"It is my pleasure to introduce this sixth annual report of the Asset Recovery Bureau which is intended to present some information about the salient aims, functions, and activities of the Bureau, from January 2023 to 31 December 2023."



Judge Emeritus Dr Joseph David Camilleri
Chairperson ARB

The value of illicit asset recovery

Since most offences are committed for financial gain, asset recovery is a powerful weapon to combat organised crime, money laundering and terrorism financing. The core mission of every asset recovery office is to ensure, as much as is humanly possible, that crime does not pay. It tries to achieve this objective by denying and depriving criminals of their illegally acquired assets, thereby, not only divesting criminals of their major motivation to commit crime, but also disrupting their activities and preventing them from infiltrating the legitimate economies. However, it must be stated that this is an uphill battle because it has been shown that the effectiveness of asset recovery in the EU is reportedly low, with more than 98 % of the proceeds of crime remaining in the hands of criminals.

Europol's The EU Serious and Organised Crime Threat Assessment (SOCTA) published in 2021 calculated that at least EUR 139 billion every year are generated by organised crime. These large illicit revenues from proceeds of crime pose a significant threat to the integrity of the economy and society, eroding the rule of law and fundamental rights.

Asset recovery is a process with five stages: identification, freezing, management, confiscation and disposal. From the first to the last stage, the lifecycle of a criminal asset relies on the cooperation of different protagonists, which continues to represent a challenge in practice. Europol sees a need to better integrate and align the entire asset recovery process among law enforcement, judiciary and asset management offices.

The Malta Asset Recovery Bureau (hereinafter “the ARB” or “the Bureau”)

The ARB is an autonomous public entity governed by a Board responsible for policy making and a Directorate 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 started functioning on 20th August 2018.

In terms of Article 6 (2) of the Proceeds of Crime Act, the functions of the Bureau are:

- to trace and identify proceeds of crime and any other property subject to confiscation,
- to take action for their confiscation,
- to administer them properly,
- to take action for their disposal, and
- to assist other law enforcement and regulatory authorities in the fight against crime.

The ARB Board is a non-executive Board made up of the heads of key institutional law enforcement agencies involved in combating financial crime. During the year 2023 the ARB was composed of the Chairperson (Judge Emeritus Joseph David Camilleri) and four other Members namely the Commissioner of Police (Mr Ange-lo Gafa), the Commissioner for Revenue (Mr Joseph Caruana) the Chief Executive Officer of the Court Services Agency (Ms Eunice Maria Fiorini, also as Deputy Chairperson of the ARB) and the Director of the Financial Intelligence Analysis Unit (Mr Kenneth Farrugia). Later in the year, Mr Alfred Zammit was appointed as a Member of the ARB Board in his role as the Director of the Financial Intelligence Analysis Unit, following Mr Farrugia’s appointment as Chief Executive Officer of the Malta Financial Services Authority. I take the opportunity to thank Mr Farrugia for his very valid contribution as a member of the ARB Board for the last six years and to wish him every success for his new posting. Finally, the Board was assisted by Dr Maxilene Bonett as Board Secretary.

During 2023 the ARB Board met eleven (11) times. It is my pleasure 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 Board meetings have been regularly kept and several important decisions were taken during these meetings to enhance the work of the ARB.

Updating the internal Policy Document

Article 8 of the Proceeds of Crime Act empowers the ARB Board to establish the policy to be adopted by the Bureau in the exercise of its functions under the said Act. During the year 2021, an internal document called “Policy document of the Assets Recovery Bureau” was drafted, setting out the policies to be adopted by the Asset Recovery Bureau Directorate when exercising its functions in targeting assets derived from the proceeds of crime. During 2023, several Board meetings were dedicated to the review and the updating of this important internal document.

Updating the legislation regarding the proceeds of crime

The need was felt during 2023 to harmonise the various laws relating to the proceeds of crime and to enhance their effectiveness. Also, in view of pronouncements by the European Court of Human rights and our Constitutional Court, raising proportionality concerns, the need was felt to legislate and remove the blanket outcome of freezing orders and instead to limit such orders to the actual illicit gains made from the specific offence charged. The ARB made its small contribution toward the achievement of this goal. Act VI of 2024 was enacted by Parliament on 30th January 2024. Its Parts I to IV amended Chapters 9, 330, 373 and 476 of the Laws of Malta, while its Part V made several important amendments to Chapter 621, namely the Proceeds of Crime Act itself.

The Hal Far Project

During 2023 the Hal Far project (i.e., the building of a storage facility and office space at the acquired site in Hal Far) suffered a serious setback. In fact, when clearance work on site began, illegally dumped toxic material was discovered mixed with the other debris on site. Special procedures and expert advice, including meetings with ERA became necessary to assess the extent of and how this toxic material was to be cleared and disposed of from the site. This setback will necessarily delay the progress of the whole project as the excavation works on the site cannot get under way before the said toxic material is removed from the site.

Additional staff recruitment

In the year under review the ARB Board held important meetings with the Permanent Secretary of the Ministry responsible for Justice. Several staff recruitment calls were made, and much-needed vacancies were filled, so that by the end of the year the ARB had eighteen employees on its books.

Interim leasing of premises at Marsa

With this increase in the number of ARB Officers, the Floriana premises became much too small and therefore a decision was made to seek interim larger premises. During the year under review the ARB moved to new premises in Marsa where office space was substantially increased, and additional warehousing space was also made available.

Conclusion

I am pleased to acknowledge the sterling work of the current Director ARB, Mr Anthony Sevasta, and to note the dedication of the Bureau Officers and staff in fulfilling their duties.

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

Europol 2016, Does crime still pay? Criminal asset recovery in the EU [1 February 2016], accessible at <https://www.europol.europa.eu/publications-documents/does-crime-still-pay>.

Europol: The EU Serious and Organised Crime Threat Assessment (SOCTA) accessible at https://www.europol.europa.eu/cms/sites/default/files/documents/socta2021_1.pdf.



Judge Emeritus Dr Joseph David Camilleri
Chairperson
Asset Recovery Bureau Board

Director's Foreword



Mr Anthony Sevasta
Director ARB

"The Asset Recovery Bureau's valuable contribution cannot be underestimated. It is responsible for collaborating with various entities and institutions, both public and private, to provide unparalleled assistance in the fight against criminal activities, particularly those involving money laundering and drug trafficking."

The Asset Recovery Bureau's valuable contribution cannot be underestimated. It is responsible for collaborating with various entities and institutions, both public and private, to provide unparalleled assistance in the fight against criminal activities, particularly those involving money laundering and drug trafficking.

It is worthy to note that a number of significant milestones for the ARB transpired during the year reviewed by this report. With the extra effort made to enhance the ARB's workforce, office space inevitably became a major and urgent demand. In addition to providing suitable offices, an equitable remuneration package is also vital in attracting prospective employees to work within the ARB, especially since they would be working within such a sensitive environment. Furthermore, warehousing space remains an indispensable requirement for the entity.

Following successive tenders, the ARB's offices have now been relocated to Marsa, in a spacious and modern building with all staff offices situated on one floor, as opposed to the former offices in Floriana, which were inadequate for an entity to function effectively. In addition, a warehouse was leased in accordance with the tender. Appropriate safety and security measures have been implemented to ensure that these new offices are well-equipped to meet the entity's operational needs.

The first collective agreement for the ARB's officers was reached at the end of the year, a significant milestone which is designed to safeguard the employees' rights and well-being. The conditions set out in this collective agreement should pave the way for better and appropriate human resources, as well as provide an invaluable career path for both established and new officers alike. This agreement was the outcome of a collective effort which was essentially an excellent exercise in mutual understanding between all the relevant parties, successfully achieved without any major disagreements.

The project in Hal-Far is still on the cards, however, results from tests on the debris on the site revealed contaminated material which cannot be disposed of in the typical manner. The project managers and experts hired by the Bureau are continuously in discussions with the Environment and Resources Authority to ensure that all processes are agreed upon, organised, and carried out in accordance with regulations and legislation. By the end of 2023, a method statement had been agreed upon with the ERA, and the plan for the removal and proper disposal of the 5,000 tonnes of building material should be accomplished in 2024.

An application for partial funding of the project through EU funds has also been submitted. An operational digital case management system tender has been also drafted and issued, with bidders submitting their applications. By the end of 2023, the evaluating board was in the process of assessing the bids. Once the winning bidder is adjudicated, work should commence on planning the development of this solution.

During this year, there were also consultations on amendments to the Proceeds of Crime Act, which were submitted to Parliament in November. The new amendments will require the Bureau to implement changes to its operating practices. Several Memorandums of Understanding were signed with local and foreign institutions, while further Standard Operating Procedures for streamlining methods between entities were also established. While these emphasise the critical importance of cooperation and collaboration with other counterparts, they also lay the groundwork for the ARB's long-term strategic objectives.

2024 will be equally challenging, where I hope for an established human resources foundation with well-trained officers who can serve as a springboard for future recruits. Worker retention is vital for this entity, as it operates in an area of the judicial system, which is still in its fledgling stage, not just in Malta but throughout the world. The other major focus for next year will be to strengthen the entity's confiscation and disposal processes.

Certainly, there is still plenty of work to be done, but we must also remain optimistic. Despite being a small team, the Bureau's accomplishments during its early years cannot be underrated, and it is a source of considerable pride for the Bureau that its officers' efforts to assist other jurisdictions as well as their local counterparts were always conducted with a high level of commitment and success.

Preliminary

Acting as an integral part of the law enforcement regime in ensuring the protection of society from economic crimes in Malta, the Asset Recovery Bureau (ARB) is tasked with identifying and investigating assets resulting from criminal proceeds. This report provides a detailed overview on the entity's efforts to collaborate with local and foreign counterparts in the fight against the evolving challenges in emanating from criminal activities.

The Asset Recovery Bureau Directorate

In March 2021 the Asset Recovery Bureau was established as an independent body through the introduction of Chapter 621 of the Laws of Malta, referred to as the Proceeds of Crime Act (POCA). This legislation instituted the ARB as a distinct legal entity, independent from the Government.

Primarily, the Act harmonises a set of court orders - monitoring, investigation, attachment, seizing and freezing, and eventually confiscation. This Act provides for the establishment and operation of the Bureau, defining its legislative powers, objectives, and functions. Furthermore, this provides direction to the specialised Asset Recovery Section within the Civil Court whereby it can determine the property subject to confiscation. In turn, this ensures that third-party rights are protected and properly safeguarded. The Act also provides jurisdiction for the Civil court to investigate further and ask the accused to provide evidence that the asset frozen was acquired through legitimate sources. Nevertheless, the powers of the civil court allow room for questioning the latter, and do not need to be convinced beyond reasonable doubt should evidence brought up by the prosecution suggest that the assets in question have emerged as Proceeds of Crime.

The legislation also grants the ARB for the prosecution of non-conviction-based confiscation. A court action is initiated whenever a perpetrator is suspected of having acquired property through illicit means, and during investigations, it emerges that the suspect ends up absconded from Malta, dies, or dies prior to the conclusion of criminal proceedings.

The legislation clearly delineates the operations of the Bureau, however a number of Policies enable the formulation of Standard Operation Procedures (SOPs), acting as norms of practice during the day-to-day exercise of the ARB's functions. A range of SOP's have been created to reflect the running of operations of the ARB in different circumstances and are implemented across all units of the entity. Amongst other procedures, SOP's provide parameters and guidelines that such documents determine the methodologies with which assets are traced, managed, and eventually disposed of accordingly in cases when the courts issue a confiscation order. Managers are tasked in periodically reviewing these documents, whilst ensuring that all are in conformity with new policies, legislation, and regulations in place from time to time. In addition, the experiences gained from within the Asset Recovery Sector are not at a minimum, and these should be reflected in procedural changes of SOP's, especially in the management of the assets. Nevertheless, these documents can also be modified to reflect new typologies of assets that may emerge.

In November 2023, the Minister for Justice tabled a new Bill in Parliament to amend various laws relating to Proceeds of Crime Act. The proposed Bill calls for various amendments that will enable the ARB to have a streamlined court procedure system, proportionality in assets subject to confiscation orders, and a wider approach to NCB (Non-conviction-based) confiscations. In addition, the other amendments put forward shall reflect changes pertaining to a maximum amount of released funds for persons who are subject to an Attachment Order, and the provision of further statutory powers to the ARB.



The Bureau's Board and The Director

Established under the Proceeds of Crime Act, the Board of the ARB is composed of a Chairperson, and four (4) other members who serve as ex-officio. The Chairperson of the Board acts as the Bureau's legal and judicial representative, whilst the four (4) members are the Commissioner of Police, the Commissioner for Revenue, the Chief Executive Officer of the Court Services Agency, and the Director of the FIAU. Except for the Chairperson, Board members have the option of appointing a representative to act on their behalf and attend board meetings as required. The Government, through the formulation and composition of the ARB Board, displays its commitment in fighting criminal activities through joint collaboration of key stakeholders within the law enforcement regime. The ARB Board is mainly responsible for the development of policy frameworks, which are subsequently translated into the creation of a number of standard operating procedures (SOP's) that govern the day-to-day activities of the Bureau's operations. The Chairperson of the board is Judge Emeritus Joseph D. Camilleri, serving as Chairperson of the Bureau during the period covered by this Annual Report.

The Director of the Bureau, a role that equates to that of Chief Executive Officer (CEO), is tasked in overseeing the entity's overall management and its executive action. In accordance with Article 9 of the Proceeds of Crime Act, Mr. Anthony Sevasta is the Director appointed by the Minister after consultation with the Board and has served as the latter during this reporting period.

Overview for 2023

Due to enhanced efforts in stepping up the fight against money laundering and terrorism financing, strengthening the Bureau is a priority for the country in achieving the best results in the next FATF and Moneyval evaluation. Accordingly, the ARB had been granted approval to increase its headcount and recruit employees to complement this accordingly. During Q3 – Q4 of 2023, the Bureau embarked on a recruitment process whereby several vacancies had been issued and interviews were held. All posts issued were advertised on the official website of the ARB, printed on local newsletters, and published on various social media platforms. This is to ensure utmost transparency, whilst extending the pool of possible interested applicants. This recruitment drive will be extended throughout the 2024, to ensure that the desired milestones in increasing staff headcount is duly fulfilled. Upskilling of staff was also on top of the agenda for 2023. This is an important pillar for the entity, as staff, especially new recruits, need to be adequately trained within the Asset Recovery regime. The ARB has also submitted an application with the Managing Authority (MA) for EU Funds under the ISF Project, which will boost the implementation in obtaining additional funding for training, purchase of equipment, and partial funding for the construction and finishing of a specialised compound in Hal Far. In the meantime, to cater for the growth in staff, and to ensure that operations are kept running as smoothly as possible, the ARB had to find alternative premises until the building in Hal Far is fully operable. A tender for the re-location of offices was issued in 2022, and eventually by September 2023, the ARB had officially moved to new offices in Marsa.

As previously indicated, one of the main priorities of the ARB is the construction and finishing of the highly specialised compound in Hal Far. This is an important project, as it will be providing the ARB with a long-term solution for office and storage facilities, whilst housing all frozen and confiscated assets in a modern facility. The Government had granted land to the ARB on an emphyteusis, in order to construct the specialised compound. However, the progress of this project has been delayed due to an accumulation of debris emanating from construction activities nearby which were apparently dumped illegally. Initial testing of the material on the site resulted in contaminated matter, and as instructed by the Environment & Resources Authority (ERA), a waste disposal method statement was agreed on the separation, management, treatment, and eventual removal of the material. The need for having a harmonised case management system that aims to improve procedural practices, handling of information, collaboration with other entities and management of frozen assets, was also one of the main objectives for the ARB. In this regard, in 2023 a tender for having an integrated management of cases system was issued to ensure that the appropriate infrastructure is in place to cater for those needs.

Projects: Hal Far

Following the successful completion of the signing of the temporary emphyteusis concession from the Lands Authority for a site in Hal Far, land with a total footprint of approximately one thousand, three hundred and twenty square metres (1,320m²), a tender was issued in March 2022 for a geological study to be carried out. By September of that same year, the assessment was carried out and environmental risks were mapped. In June 2022, tenders were also issued for the clearance of rubble and excavation works to be carried out accordingly. Clearance works on site had resulted in an exponential amount of debris (approximately around 5,000 cubic metres) which was dumped over an unknown period of time, creating an unconsolidated mound of excavation, building, and other construction waste. In line with ERA regulations, clearance works commenced in March 2023 and tests on the materials found onsite had to be conducted, in order to assess the type of the debris, which can then be disposed of in an environmentally friendly manner. Various samples were taken and analysed, resulting in a huge amount of contaminated material that could not be disposed of appropriately like normal construction waste.



In consultation with the Project Manager, the ARB engaged an independent advisor that was tasked in preparing a technical report, suggesting possible ways on how the waste could be separated. The advisor also provided a treatment plan on how the toxic chemicals present could be neutralised, which would cost less than the 2 million euros (€2,000,000.00) for exporting the materials abroad. Twelve (12) segmented tests at the top and bottom of the area were to be carried out in order to assess the levels of toxicity. This follows several meetings and technical adjustments with ERA, having finally approved the report in November of 2023. The following month, samples started being collected from the site in order to be analysed further abroad. Meanwhile, talks were held with INDIS Malta for the closing off the adjacent road of the site – However, this was subject to test results being acceptable by ERA, whilst ensuring that suggestions highlighted in the disposal of waste are followed accordingly.

On the other hand, by end of 2023, the tender for the construction of the facility was at vetting stage by the Department of contracts. Taking into consideration all factors, including but not limited the financial budget allocated, suggest that the timeline for project completion should be by Q3 2027. During Q4 2023, an application for partial funding was also submitted with the Managing Authority (MA) for EU Funds.

IT Case Management System

Presently, the Bureau's operations are based on manual processes supplemented by standard digital methods of communication, and other generic office software. The need for having an integrated case management system prevailed, and a tender was issued in Q3 of 2023 to improve the procedural practices and general operations of the Bureau. This falls in line with the objectives of the Digital Justice Strategy (2022 - 2027) launched by the Ministry for Justice in December 2021, and also shall be fully funded under the Recovery & Resilience Funding Programme (RRFP).. Prior to the issuance of the tender, a comprehensive technical analysis was conducted to guide on what specifications should be listed in the tender document. In Q1 of 2023, the study was finalised, and the compiled tender was forwarded to the Department of Contracts (DoC) in Q2 2023. This modern and digitalised program will cater for the day-to-day operational and business needs of the Bureau. Through the introduction of various models that will be actualised in different phases, the maximum usability of the system will be streamlined, and the software will integrate the Bureau's records accordingly, to provide a more efficient and effective profile on the freezing and confiscation of assets regime. By end of Q4 of 2023, the tender selection committee had finalised the vetting of applications and bids received and was in an advances stage on the selection of bidders and its process.

New Offices and Warehousing space in Marsa

From the very first days since its formation, the Arb has been operating from a terraced house in Floriana. The building was comprised of seven (7) office spaces, spread on four (4) levels without any lift in place. The lack of space that barely housed twelve (12) officers was inadequate to continue operating from that location. Due to this limitation, in February 2022, a tender was being compiled for the relocation of the ARB's offices. Subsequently, in July and November of 2022, the tender was published for offers. By June of 2023, negotiations with the lowest bidder took place to actualise the relocation, and by September of the same year, gradually, ARB officers were able to move to the new and modern offices. In total, these new offices will be able to Host around 40 (forty) to fifty (50) officials, all in the same floor. Accordingly, as per tender specifications, adjacent to the new offices, the ARB is also leasing warehouse space that will serve as storage necessary for the operations of the ARB. Complimentary to the ARB's move to new premises is the assistance provided thanks to the Ministry for Justice Information Management Unit (IMU), and the contractors which enabled and ensured access to internet services.



Collective Agreement

One of the major milestones of the ARB was the finalisation of the first collective agreement that aims to ensure better working conditions and salaries for the staff and the entity alike. In April 2023, the General Workers Union (GWU) requested sole recognition to represent the ARB staff in negotiations for a new collective agreement. In line with SL452.112 (Recognition of Trade Unions Regulations), the Union requested the Department of Industrial and Employment Relations (DIER) to carry out a verifications exercise. Negotiations for the first steps of the collective agreement kick-started in May 2023, and following several meetings, everything was finalised by December 2023. The agreement was signed on Thursday, 21st December 2023, in a ceremony held at the ARB's new offices in Marsa. Hon. Minister for Justice Dr. Jonathan Attard, the Permanent Secretary for the Ministry of Justice Mr. Johan Galea, GWU, IRU representatives, and members of staff from the ARB all attended for the launching of the new agreement.



Training and Development

To ensure the proper execution of the Bureau's Legal and technical functions and operational duties, in 2023, the ARB continued to put the training need of its officers on the forefront of its priorities. Aside from training the Bureau participated in other events, conferences, and meetings with the NCC, MFSA and United States Department of Justice.

Further to the training provided and work undertaken, the Bureau published calls in the effort to increase the internal staff capacity in 2023, from these calls a total of nine (9) new employees were engaged in 2023.

Title	Date
First Learning and Development Forum On Asset Recovery	27-28 February 2023.27-28 February 2023
Course in International Certificate in Corruption Risk Assessment/Management (ICCRA/M)	June 2023
FATF Methodology	10-Jul-23
CIPFA Training - Corruption Risk Management Executive Briefing & International Certificate in Corruption Risk Management	4th July
Invitation to participate in Money Laundering and Crypto Currency program.	28th September
FIRE II Conference	19th September
Joint Committee for the Prevention of Money Laundering and Funding of Terrorism	24th November
Open-source Intelligence	12th September
Financial Analysis using Excel	11th September
OS Intel	11th September
Operational Analysis of Suspicious Transaction Reports	13th September

Title	Date
Source and Application of Funds Analysis	13th September
Visualise Cases and Flows of Money	27th September
Money Laundering and Cryptocurrency Work-shop	28th September
Sharing of Best Practices on Financial Investiga-tions	23-25 October
Markets in Crypto Assets Regulations	16th November
Asset Recovery Bureau Week	29th May - 2nd June
Detection of the Assets Forum	21st April
Training to the Prosecutors on Crypto Assets	27th February
A Theoretical and Practical Insight on Legal Persons	1st August
General Data Protection Regulation	1st August
Asset Recovery Practices and Open-source Intel-ligence	1st December

Title	Date
Workshop on illicit Assets Recovery	16th February
The AML/CFT Real Estate Conference	30th November
Blockchain and Crypto Infrastructure	20th – 23rd November
Training for AED Valid for 3 years	March
OC3819 Principles of Financial Management	8th & 15th May
Employment Issues a Virtual conference	24th & 27th October
OC7419 Conflict Resolution	2nd November 2023
Electronic Public Procurement (New System)	22nd, 23rd & 24th November
Problem Solving/ Conflict Management	23rd November 2023
General Workers' Union Conference	19th December

Further to the work that was undertaken to increase the internal staff capacity in 2020, there were 3 (3) calls published and a total of two (2) new employees were engaged in 2021. In addition to this, one (1) Police officer and one (1) public officer detailed to the Bureau.

Operations Section

The reporting year introduced a series of internal restructuring processes which were implemented to tackle the key initiatives and challenges that the Asset Recovery Bureau is expected face in the coming years. Consequently, the Operations Sections was established to oversee the efficient execution of the three units which are largely responsible for the operations conducted with this entity, namely through the: Research and Data Management Unit, Investigations Unit and Asset Management Unit. Implemented as a collaborative force with these units, this section assumed a central role to encourage coordination and communication between all units, foster a collective working environment and execute plans in line with the strategic vision of the Asset Recovery Bureau.

The initial months of operation for this section were characterised by an overall increase in the initiatives which were executed by the Asset Recovery Bureau; with these operations conducted being some of the most complex and extensive which were ever undertaken by this entity. The success of these operations, involving multiple agencies at both national and international levels over extensive periods of time, was only made possible through the dedicated efforts of the different teams working within the Operations Section. Unsurprisingly, this section will continue to grow in its commitment to showcase the contributions of each unit and representing their interests, as well as ensure that its determined strategic plans are executed. The overall plans of the Operations Section are focused on increasing collaboration between the units; standardising internal procedures and protocols; expanding and diversifying the lists of experts available to the Asset Recovery Bureau; increase outreach efforts to other agencies as well as stakeholders who work alongside the entity; and develop and elevate analytical processes which are employed by the units within the section.

The Operation Section anticipates a series of developments for all units incorporated into the section, wherein technological initiatives and an increase in human resources will provide additional support needed for the execution of the different roles of each mentioned unit. As at end of the year, the section had a workforce of nine employees, led by a senior manager, and allocated within each unit as identified hereunder:

Unit	Manager(s)	Bureau Officer(s) II	Bureau Officer(s) I
Research and Data Management	-	1	-
Asset Management	2	3	1
Investigations	1	-	1

Nonetheless, given that operations performed are continually increasing in complexity, it is imperative that enhancements within the organisational structure of the entity are accompanied by complementing infrastructure that addresses these challenges. Implementation of this strategy has already commenced, wherein throughout the third and fourth quarters of 2023 the Asset Recovery Bureau initiated onboarding processes dedicated to expanding its workforce, retain current personnel and providing retraining opportunities. The upcoming operational years are expected to bring improved time management, record-keeping and data management systems, as well as an increase in the overall human resources available.

Outreach Initiatives

The Operations Section maintains an active role in the outreach initiatives carried out by the Asset Recovery Bureau, and in 2023, various opportunities were presented for the section to establish connections and reinforce relationships with authorities and stakeholders alike. Following the successful outreach event which was carried out at the end of the year 2022, the Operations Section was invited by the relative market sector to continue building on the discussions initiated during the initial event. This invitation promoted purposeful dialogue on addressing common queries in a standardised manner and as exploring ways on how legislative gaps could be tackled.

During the second quarters of the year, the section actively participated in a day-long event which was organised by the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism. This event, entitled Forum on the Detection of Assets, provided a platform attended by various national authorities wherein the Asset Recovery Bureau had the opportunity to provide information about its roles and functions. Based on the outcome and further sessions carried out throughout the year, this event renewed the collaborative efforts implemented by the separate entities in attendance and ensured a clear understanding amongst all participants of the comprehensive process involved in the asset recovery cycle.

In the last and final quarter of the year, the Asset Recovery Bureau was invited to attend and provide a presentation for an event organised by the Financial Intelligence Analysis Unit which was focused on the real estate sector. Through this event, the Operations Sections introduced the activities conducted within the section, concentrating on those activities in relation to immovable properties. Moreover, the last quarter also saw the Asset Recovery Bureau forge a collaborative alliance with esteemed international partners from the British High Commission. This collaboration led to the organisation of a workshop which was focused on the topic of asset recovery and meant to introduce this topic by comparing processes implemented within the United Kingdom for the recovery and detection of assets. This workshop offered a platform wherein different key players and experts in the field could exchange knowledge between them with attendance from the Malta Police Force, members of the Financial Intelligence Analysis Unit and the Malta Tax and Customs Administration.

Participation in these outreach initiatives underscores the Operations Section and the Asset Recovery Bureau's ongoing commitment to promote connections, address challenges faced by the different industries and contribute to meaningful dialogue on different matters related to asset recovery. These collaborative efforts at a national and international level encourage the elimination of unnecessary boundaries and promote a spirit of collaboration whilst addressing intricacies found within the ever-changing criminal activities being carried out by different criminal organisations

International Perspective

The Operations Section continued its active participation throughout initiatives which were introduced through the preceding years intended to foster international collaboration. In 2023, employees within the section were active participants in forums dedicated to the collaboration between Asset Recovery Offices (AROs) throughout Europe as organised through the 24th Meeting of the EU ARO's Platform held in March and the 25th Meeting of the EU ARO's Platform held in November.

These forums provided a platform for enhanced discussions on asset recovery issues, and a bridge for each Member State to share and bring forward any matters on ongoing operations and requests for assistance.

Noteworthy topics discussed during this forum included an analysis of the different typologies and trends in crime and criminality encountered nationally, by each Member State, and internationally throughout Europe; as well as enacting and utilising well established secure systems to increase efficient communication channels between all participating States. The latter topic raised was a result of current



deliberations carried out on new legislative proposals at European level. These proposals are meant to provide all Member States with a standard integrated set of regulations on freezing and confiscations as well as recognition of these orders throughout all participating jurisdictions. The overall purpose of these legislative proposals are those of removing borders to effectively address criminal activities which transcend the judicial and legislative borders represented within each Member State.

Besides promoting the exchange of ideas and methodologies, these international forums encourage connections between participants and representatives from all Member States. Discussions held during these events extend beyond dialogue, establishing a level of interconnectedness which becomes instrumental especially when mutual assistance is being requested from foreign counterparts. This section's active involvement in these international forums is a testament of an ongoing allegiance to remain updated on legislative developments, cultivate partnerships, and eliminate unnecessary barriers in the detection and identification of assets resulting from criminal activities.

Research and Data Management Unit

As evidenced in previous years, the Research and Data Management Unit has reaffirmed its role within the Asset Recovery Bureau as the first point of contact for operational processes as mandated by national legislation. This unit is responsible for the drafting and publishing of Court orders issued by the Maltese Courts, as well as the relevant tracing and identification of assets within national and international borders. The unit remained crucial in ensuring that queries related to the circulated Court orders were addressed, and it provided collaboration at an international level through secure systems or other collaborative networks in which the Asset Recovery Bureau is a participant.

In 2023, the unit in conjunction with the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism, took the lead in the coordination of a dedicated weeklong event targeted at increasing collaboration between local competent authorities. This event was organised as a five-day workshop that saw the participation of the Malta Police Force, the Financial Intelligence Analysis Unit, the Malta Tax and Customs Administration, the Office of the State Advocate, the Court Services Agency, and the Office of the Attorney General. This event also featured international experts who shared best practices for improving internal processes related to asset management; as well as optimising current communication channels and improve collaboration across all the mentioned entities participating in this event.



Besides continuous effort to enhance its officers' capabilities in identifying assets effectively through different training, the Research and Data Management Unit shifted its focus on new techniques and methodologies to keep up with the everchanging environment in which it operates. In 2023 the unit explored advancements in OSINT technologies and techniques by evaluating software solutions available, as well as actively expanding its knowledge in the field by participating in different training courses which were geared towards OSINT techniques and their best practices.

The unit remains dedicated to sustain the momentum achieved throughout the reporting year and overcome any ongoing challenges which have been encountered throughout its operational history. As reported throughout other previous years, 2023 brought forth several challenges related to staff shortages, retaining of staff and automation. Nonetheless, the Research and Data Management acknowledges the collective efforts of the Asset Recovery Bureau in effectively addressing these challenges and is aware of the different measures which have already been implemented and is anticipating the positive outcomes which these measures will bring in the upcoming year.

Asset Management Unit

The Asset Management Unit introduces another operational component within the Operations Section, effectively completing the full range of operational capabilities which have been executed by the Asset Recovery Bureau to date. This unit provides a primary point of action, given that it is the entity's initial response when physical assistance is requested from other competent authorities. The Asset Management Unit conducts field operations, engages experts for the purposes of evaluation, executes confiscation orders and provides for the general maintenance and management of all assets administered by the Asset Recovery Bureau.

Throughout the reporting year this unit was faced with an increased workload, a direct result of an active operation carried out in collaboration with multiple local and international authorities. This operation marked the unit's first engagement in an exercise of such magnitude, over a prolonged period and whilst managing substantial volumes of assets. This was followed by another operation of comparable scale which is presently underway. The considerable scale of these operations presented new challenges for this unit in terms of allocation of resources, prompting the unit to expand its human capital to meet with the new demand; and prompting the unit to diversify the pool of experts which were available to the Asset Recovery Bureau. Additionally, as a response to these challenges the unit introduced new modus operandi providing for efficient execution of the operations without causing significant disruptions to the day-to-day activities carried out.

During 2023 the Asset Management Unit was directly managing an estimated total value of assets of €9.5million; with circa €1.5million assets stored through the different locations falling within the general administration of this unit. The management aspect of these compounds continues to be an important element of the unit's work, ensuring that the strategies implemented promote the efficient use of the storage spaces available. In this regard the unit has also initiated a joint operation with the Malta Police Force allowing for the transfer and disposal of several vehicles after requesting approval from the Court. In addition to this ongoing effort, the Asset Management Unit remains on the forefront to develop methodologies, accompanied by necessary legal amendments, to allow for the improved management of these storage facilities and the assets entrusted to the Asset Recovery Bureau.

Although the year 2023 was marked by an overall decrease in the number of cases encountered by the Asset Management Unit, the complexities of those cases which were effectively executed increased exponentially. These new dynamics underline the importance for the unit to consistently build upon the achievements accomplished throughout previous years. As this unit moves forward, it must remain focused on the strategic management of its resources, improving operational methodology, and commitment to excellence to meet with the evolving demands which are constantly being introduced to the Asset Recovery Bureau's operations.

Investigations Unit

The Investigations Unit was established during the last quarter of the reporting year as part of the comprehensive restructuring exercise carried out internally within the Asset Recovery Bureau. The purpose of this unit was to collaborate with the other existing units within the Operations Sections and provide for in-depth analysis on subject persons which are referred to the Asset Recovery Bureau through coordinated efforts with other competent authorities or through notifications from the Court. The Investigations Unit shall be supporting the research carried out by the other two units whilst applying investigative techniques to enhance the data and information collected and generate comprehensive reports that can be shared internally or with the relevant authorities for any further action which might need to be taken on their part.

During this short period of time since its establishment, the Investigations Unit dedicated its efforts towards acquainting itself with the operations carried out by the Asset Recovery Bureau and any other collaborative efforts which the entity conducts with other authorities. This exercise led to the first standard of procedure being developed and implemented within the unit. In addition to the implementation of internal processes, the unit also started working on developing other procedures which would assist the unit and the Asset Recovery Bureau in fostering collaboration with other competent authorities. The Investigation Unit is actively engaged in the implementation of the security measures covering all the premises which are managed by the Asset Recovery Bureau, whilst creating additional security measures that could be implemented within general premises in the coming months. This unit aims to continue refining and implementing new internal procedures, in line with the established best practices, with the aim of achieving full operational capacity in the upcoming year to execute its first number of cases in conjunction with the other units present in the Operations Section.

Police Liaison Officer within the ARB

The main scope of the office of the police liaison officer within the Asset Recovery Bureau, as its name may imply, is to act as a smooth interface between the Malta Police Force and the Asset Recovery Bureau. During the past year, the human resource of the bureau has grown, and so has its caseload. Thus the liaison officer is involved in most of the ARB's operational tasks, as these often are conducted in close collaboration with the Court, Police, Attorney General's office, State Advocate, defence lawyers and also subject persons.

Assistance provided towards in-house operational procedures

This varies 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 meeting 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 taking over 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 of auctions and sale by tenders of same assets.

Assistance provided in relation to direct cooperation with external entities

The input of the liaison officer in this context varies from facilitating communication and act as interface with entities, lawyers, court, attorney general, prosecutors, and subject persons, assistance provided to the legal team of the Bureau 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, and also assistance to investigators/prosecutors with respect to tracing of domestic procedures and intelligence on persons/entities of interest.

Assistance in fostering a mutual collaboration with stakeholders

Here the office of the liaison officer provides input in preparing standard operating procedures with external entities such as the police force, court, attorney general, and others, in order to fulfil the remit of the Bureau as envisaged in Chapter 621, and other legal provisions outlining the remit of the Bureau.

The Legal unit

The Legal Unit is a fundamental component in the day-to-day operations of the Asset Recovery Bureau, playing a pivotal role not only in managing the legal aspects of the Bureau but also serving as an integral part of the other units as it provides legal assistance for any matters they encounter. The composition of the unit includes a Senior Legal Manager and a Policy Manager.

Primarily, the unit is tasked with presenting the inventory of assets belonging to accused individuals before the Criminal Court and also serving as the primary point of contact for the Court. The Legal Unit handles a multitude of court orders, applications, and notes, ensuring timely and accurate responses to the Court. Furthermore, the unit is responsible for managing cases initiated by or against the Bureau in the Civil Court Asset Recovery Section. It also assists the State Advocate in cases brought against the Bureau in the Constitutional Court.

Another significant responsibility of the Legal Unit is the execution of foreign freezing certificates in Malta, issued by member states in accordance with EU Regulation 2018/1805 and Legal Notice 180 of 2021. Within the parameters of this EU Regulation, the Legal Unit is also mandated by Maltese legislation to prepare and transmit freezing certificates to other signatory states for execution abroad.

In addition to its court-related responsibilities, the Legal Unit engages in a diverse range of tasks. These include drafting agreements, tenders, Memoranda of Understanding (MOUs), Standards of Procedures, and general legal policies. Moreover, the unit actively participates in delivering presentations and representing the Bureau both locally and internationally. As highlighted earlier, the unit maintains a close collaboration with other departments within the Bureau, ensuring a cohesive and coordinated approach for each case referred by the relevant Court.

A notable achievement in 2023 was the unit's responsibility for drafting a report on proposed amendments to the law that was submitted to the relevant local entities concerning the Proceeds of Crime Act, Chapter 621 of the Laws of Malta. This task underscores the unit's pivotal role in shaping legal frameworks and contributing to legislative advancements.

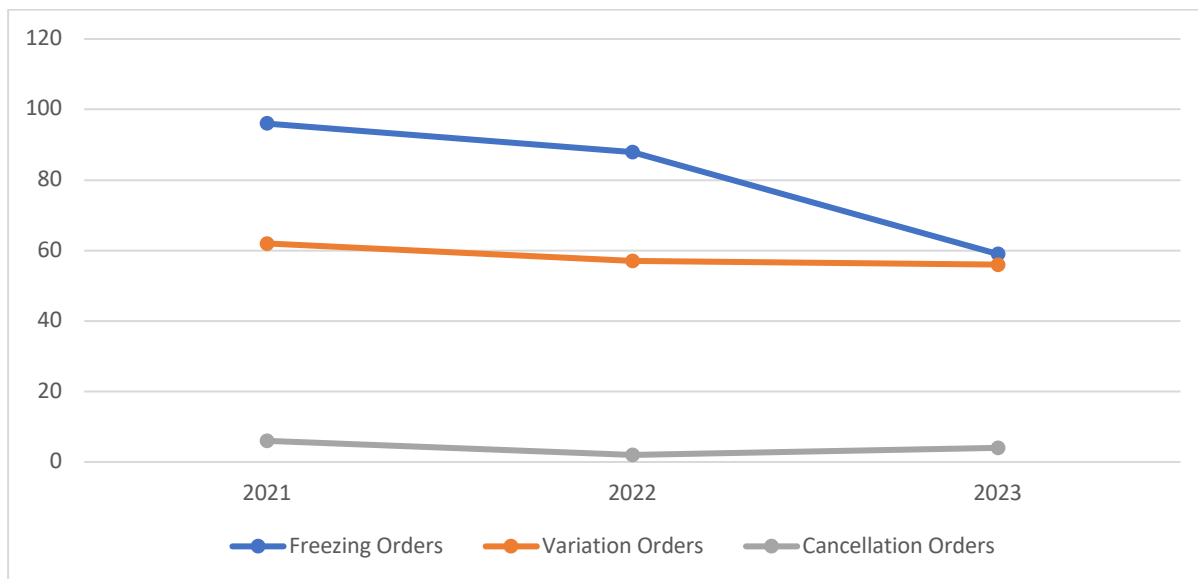
In summary, the Legal Unit serves as a linchpin in the Asset Recovery Bureau, addressing a spectrum of legal obligations and collaborating seamlessly with other departments to fulfill its mandate effectively.

Statistical Analysis

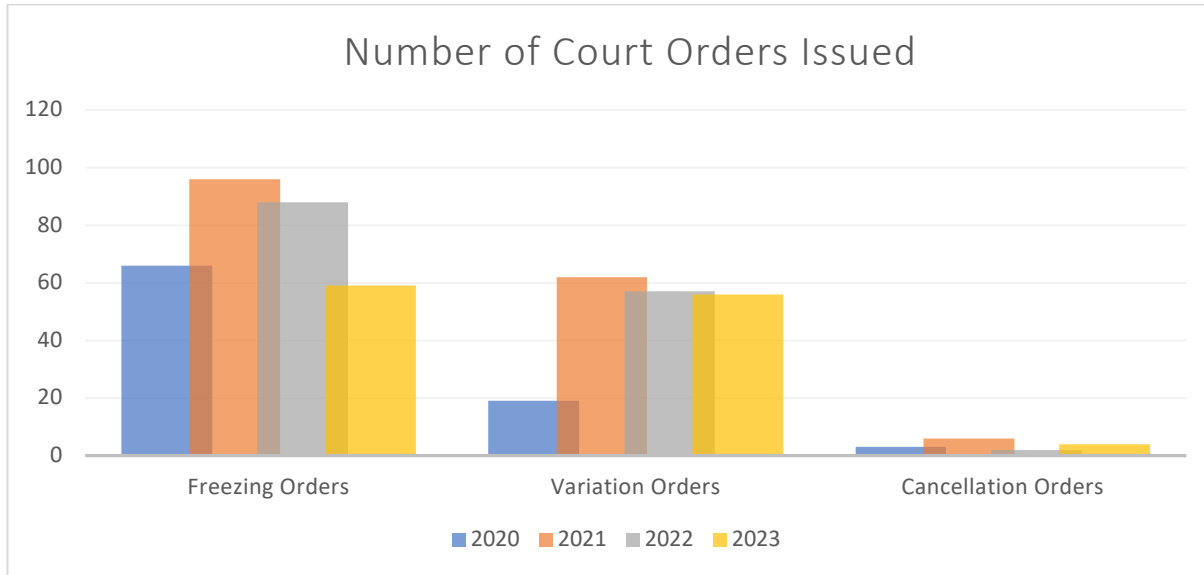
The statistical analysis section of this report shall provide a comprehensive examination of the data gathered throughout the reporting year 2023. This section shall include an analytical framework as the reporting year is compared with two preceding consecutive years. Through this analysis a number of patterns, trends and relationships within the data shall likely to emerge; allowing the Asset Recovery Bureau to identify challenges, provide a summary of findings, and measure successes accomplished through key performance indicators.

Court Orders Issued

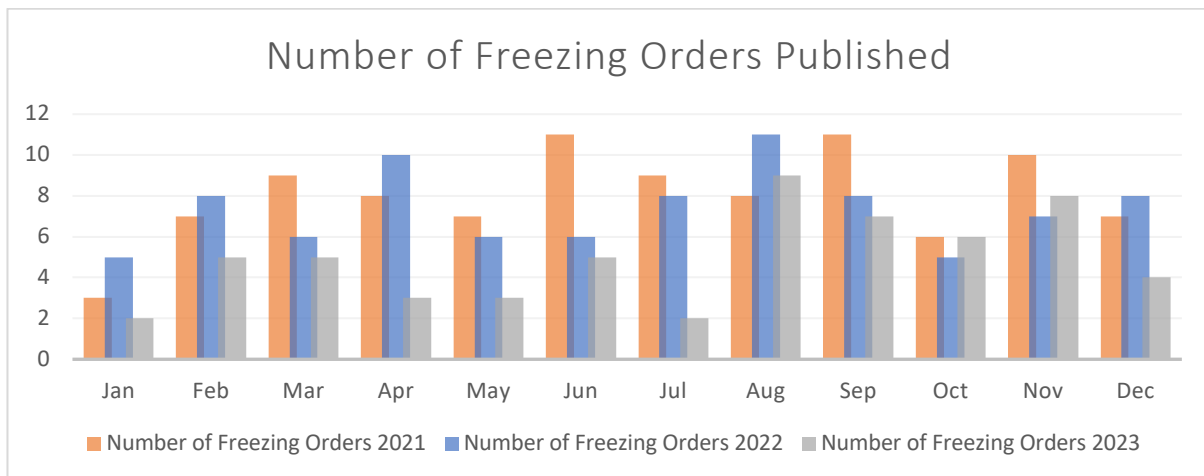
A noticeable decline can be observed in the Freezing Orders issued throughout the last three years of operation as indicated by the presented data. However, when examining and comparing the Variation Orders and Cancellation Orders issued throughout the same set of years the figures are indicating a level of stability with similar figures reported throughout. Since there are evident variations within the values reported for the Freezing Orders category, this aspect will be explored by incorporating another year within these categories and viewing them side by side.



The distinction identified above becomes even more evident when each category is examined in isolation covering the data over a four-year operational period. It emerges even clearer that for the reporting year of 2022 and 2023 there was a steady decline with peak numbers being reported during the year 2021. This overall decline should not be considered as a general trend and a prediction of the coming years, as new legislative amendments in the pipeline will likely affect these figures.

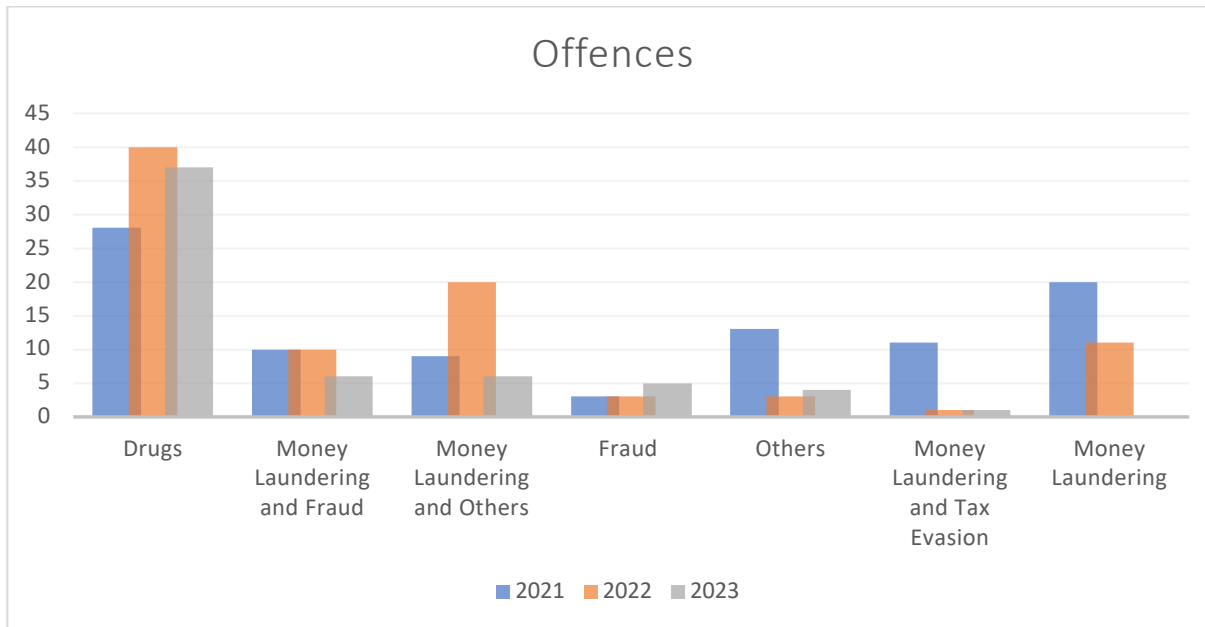


This overall general decline in the Freezing Orders can be observed when the values are analysed on a monthly basis wherein the distinction becomes even more apparent with lower values reported throughout all the months when compared to the two previous years, with the exception of the months of October and November as can be seen hereunder.



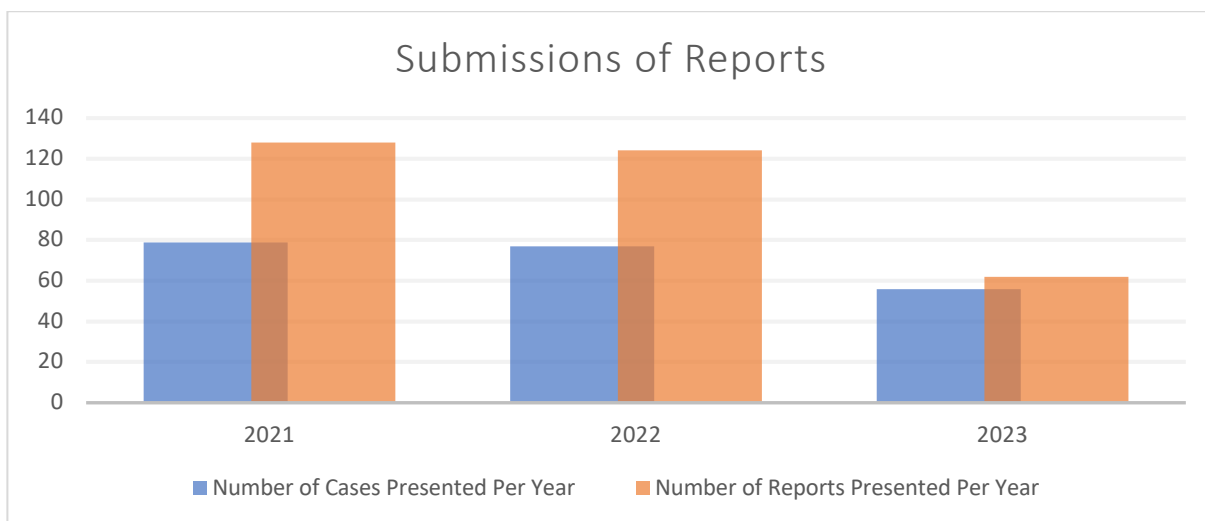
Offences

As indicated throughout previous years, drug-related offences continue to be the most prevalent offences registered followed by offences wherein money laundering is identified together with predicate offences including fraud and others. Fraud offences also remain present throughout the reporting year as well as other offences which range from criminal organisation, trafficking of human beings, computer misuse, bribery etc. The reporting year is also featuring cases wherein money laundering was discovered alongside tax evasion, as was reported in previous years. The noticeable difference is within those money laundering cases as stand-alone since the values surrounding this offence have drastically decreased. This remains an overall simplistic view of the offences, meant to provide a general indication of the offences encountered. Nonetheless, the offences are hardly presented in unison with the majority of cases reporting a number of offenses including breach of bail, recidivism, violence towards public officers and others which are not being represented in the below figures.

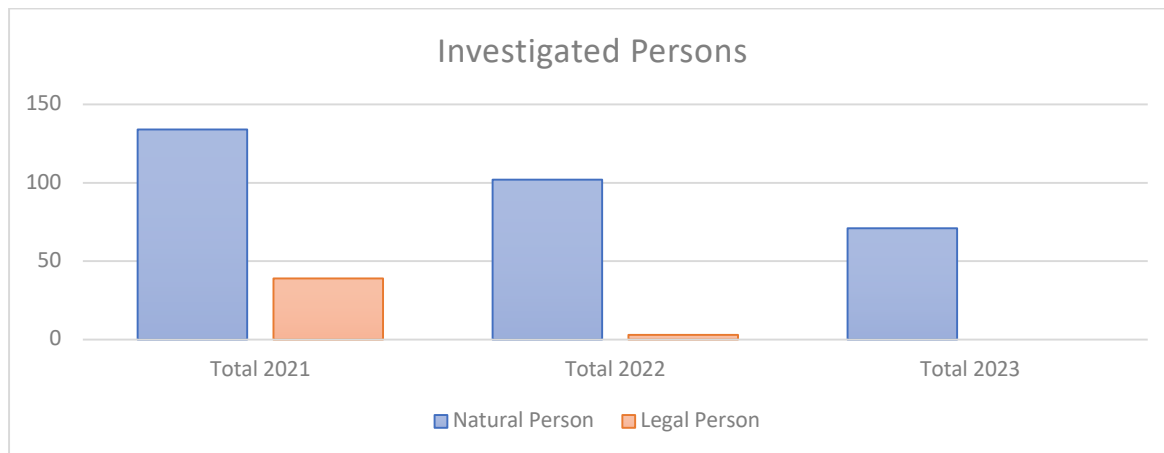


Reports Submitted and Investigated Persons

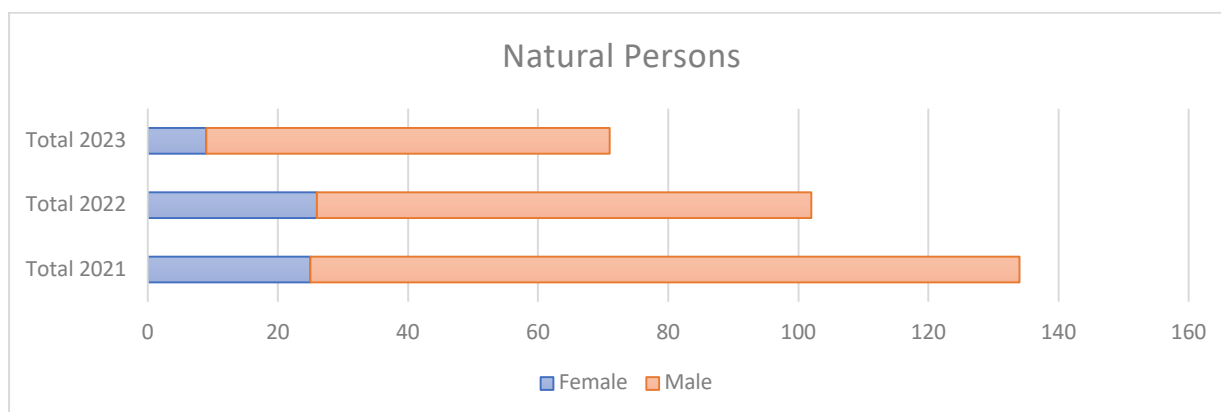
The overall momentum attained during previous months was still maintained throughout 2023, nonetheless the Asset Recovery Bureau is reporting a decrease in the number of reports which were submitted to Court. The difference between the 'Number of Cases' vs the 'Number of Reports' submission is also showing a significant decrease possibly indicating that the cases themselves were not as complex as other cases which included many subject persons within the same case.



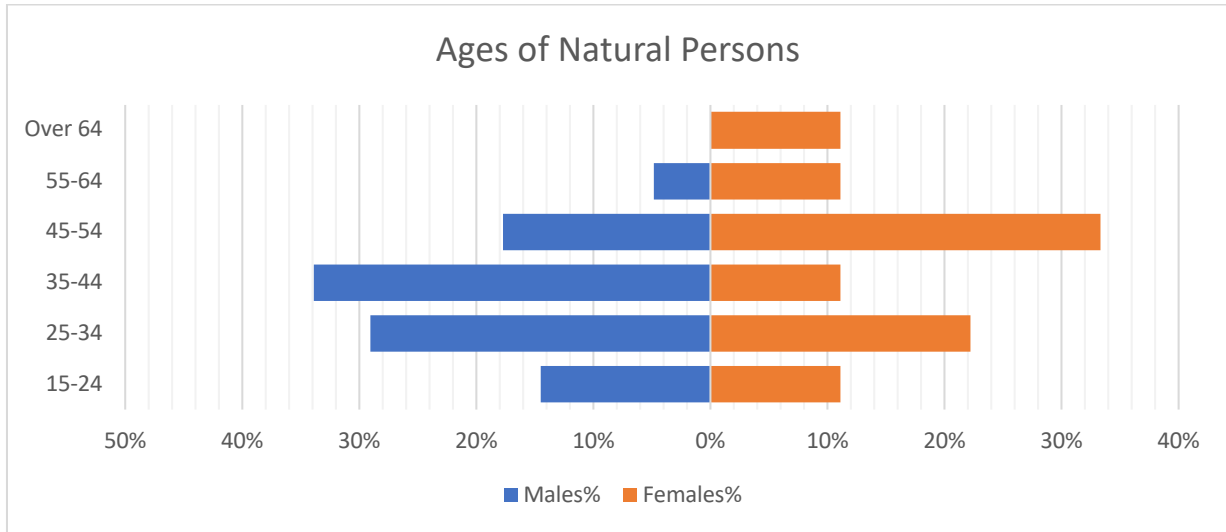
The above-mentioned disparity within the complexities of cases being represented to the Court can also be noticed in the figures of the investigated persons. Over the three-year period analysed, a consistent decline is noticed in both figures for natural persons and legal persons. The most striking observation emerges in 2023 wherein no legal persons were charged and given a freezing order throughout the year.



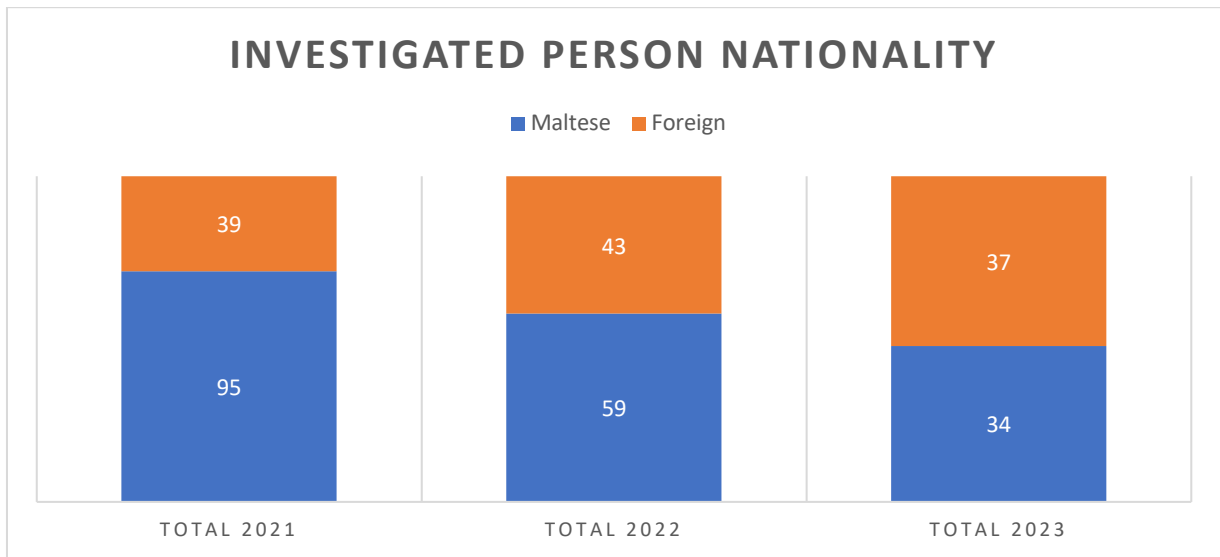
Further analysis can be carried out on the 'Natural Persons' of the cases initiated throughout the three-year period observed. Once again, the new year introduced enforces the gender imbalance found throughout the period wherein males are more prone to engage in criminal activities when compared to females. The year 2023 also indicates another distinction wherein the values reported for females are even lower than those reported during previous years.



Besides looking at the gender of the natural persons itself, the age groups are also considered in our analysis wherein the distribution across different age groups is observed. The data available indicates that whilst the largest cohort of the male natural persons is within the 35-44 age group; for females the most common age group encountered is that of the 45-54 age group. Another noticeable difference observes is the steady presence of females within age groups of 55-64 and ages over 64, especially when compared to the cohort of the male natural persons.

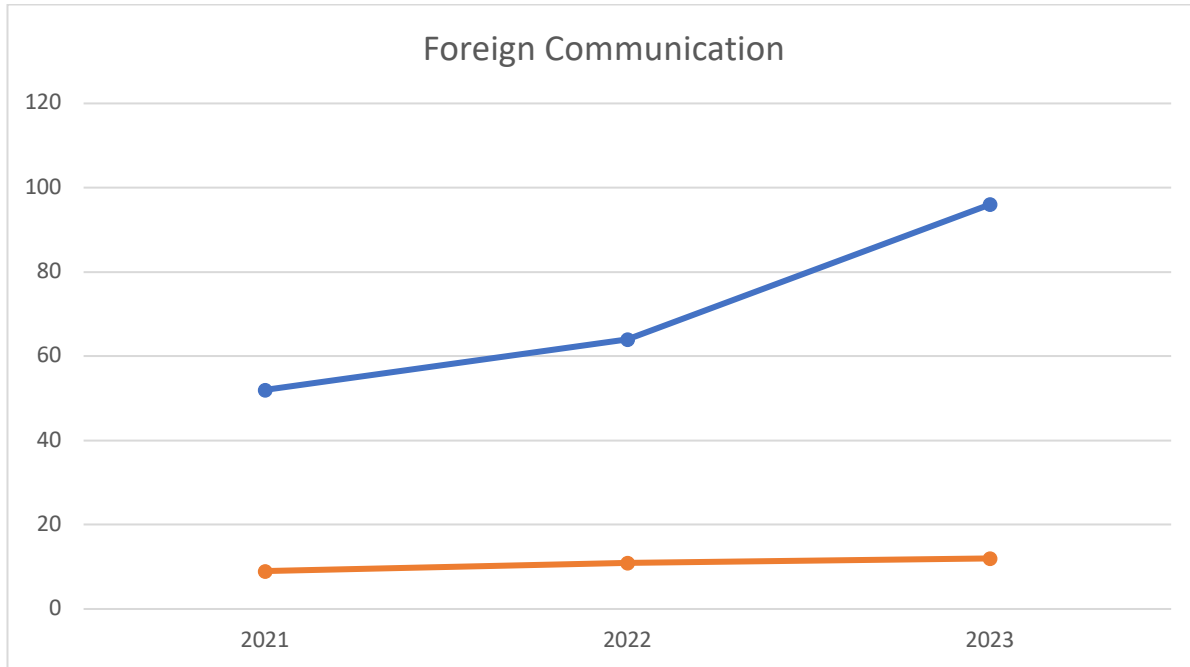


The below graph will also provide observations on the distribution of the investigated person by nationality over the chosen three-year period. Although in 2021 the majority of the investigated persons were reported to be national (95) against a smaller segment of foreign investigated person (39), a shift in the figures can be observed with the number of nationals reported for the years 2022 and 2023 consistently decreasing.



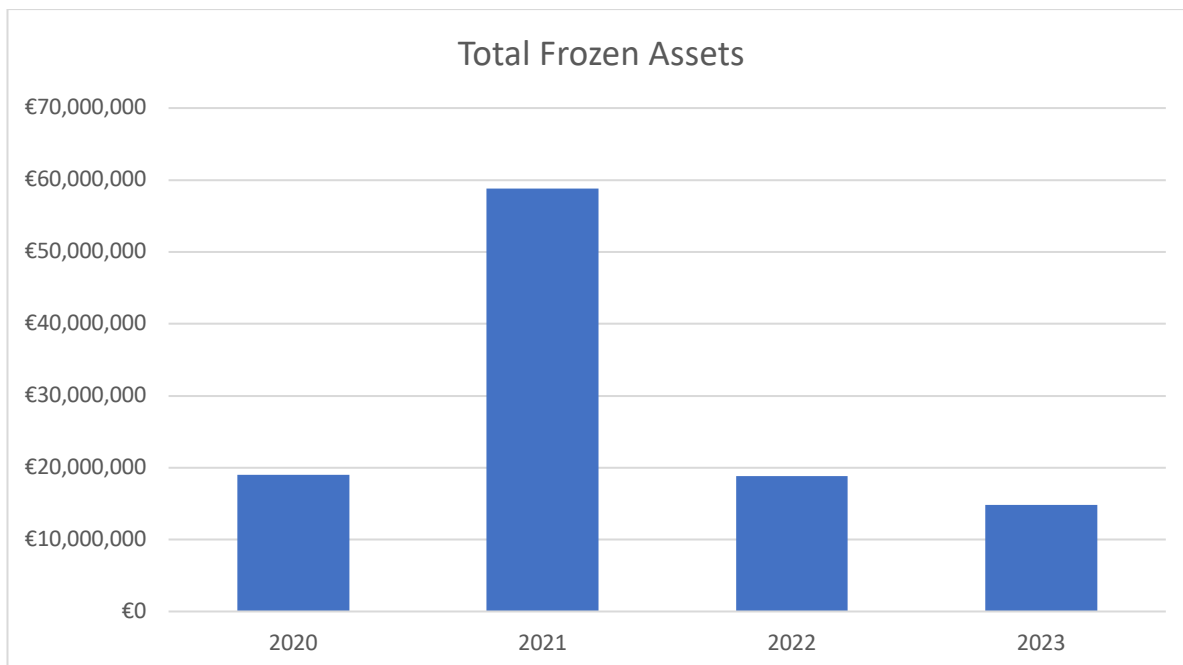
International Assistance

Once again for another consecutive year, the Asset Recovery Bureau demonstrates a renowned commitment to communicate with foreign jurisdictions and request information with regards to assets held within such foreign jurisdictions. In addition, the Asset Recovery Bureau recognises the ever-increasing number of providers which go beyond national borders prompting further collaboration and communication with competent authorities and different multiple bodies. The requests for assistance and information present an ongoing increase from one reporting year to the other as can be seen through the figures presented for the last three years. Notwithstanding, it is evident that the communications received from foreign jurisdictions surpass those sent by this entity; clearly setting new commitment and targets that must be achieved in the coming years.

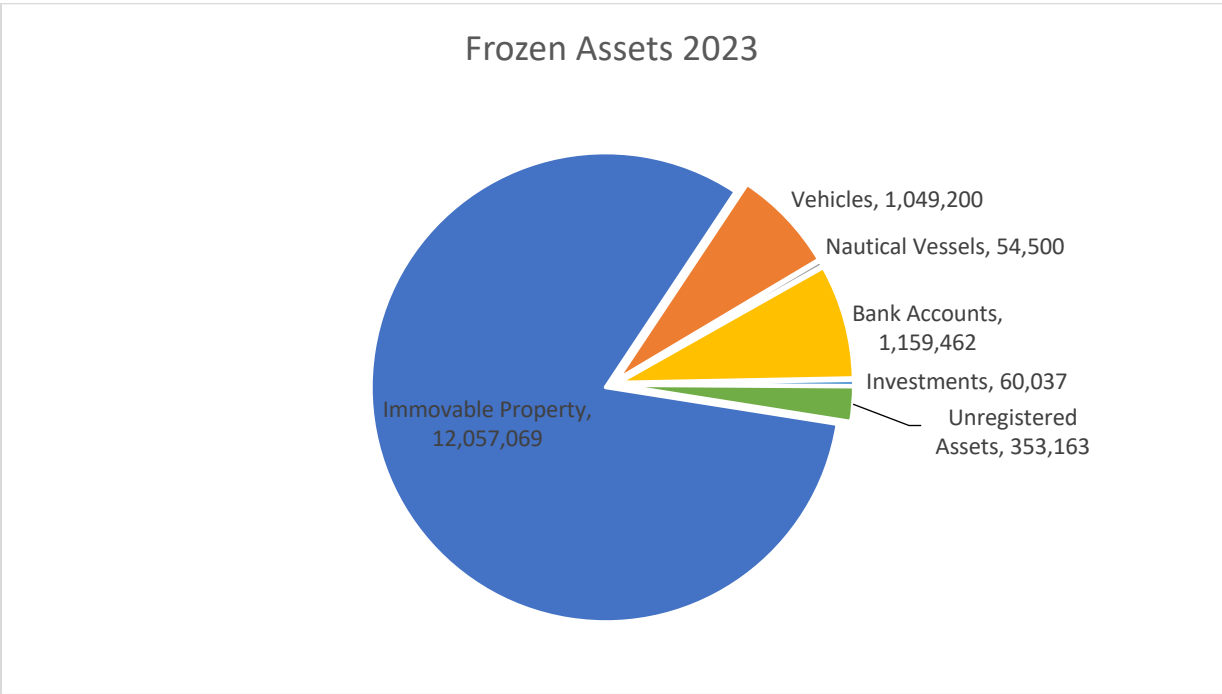


Frozen Assets

The analysis presented reveals variations which are reported for all the years starting from 2020 until the reporting year of 2023. An additional year was incorporated into this analysis to identify possible emerging trends within the reported figures. As a result, it can be observed that the year 2021 stands out as an anomaly reporting significant higher figures, whilst all other years report the number of frozen assets identified as remaining close to the €20 Million mark.

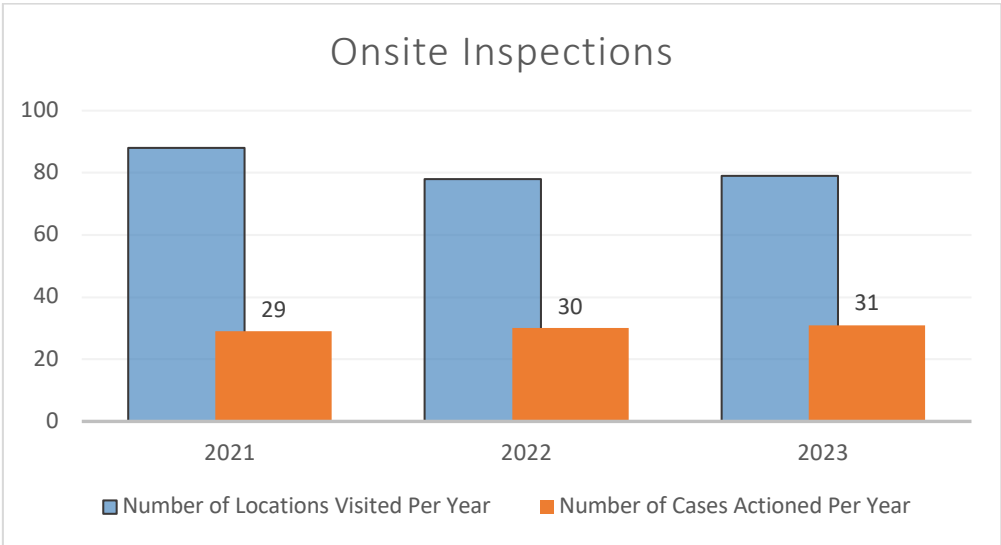


The detailed breakdown of those assets which were identified as frozen assets in connection with cases which initiated in 2023 reflects the same realities as encountered and reported throughout other previous years, wherein the largest portion of assets identified to be frozen remains immovable property followed by bank accounts, vehicles and nautical vessels and other relative assets encountered throughout the searches conducted. This breakdown can be observed through the chart as listed hereunder.

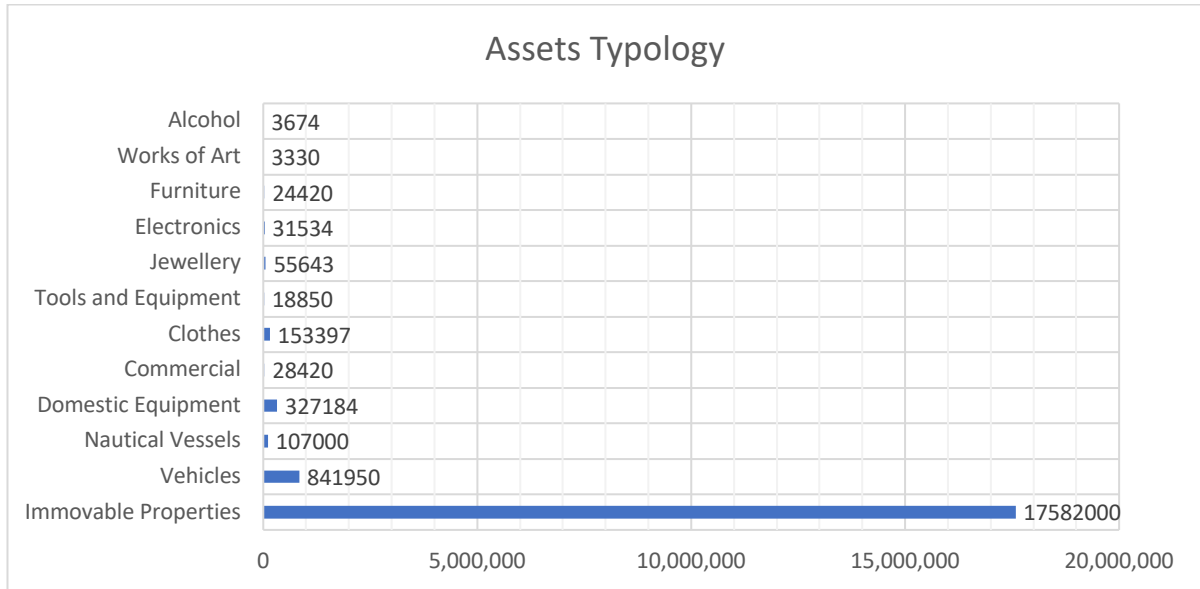


Onsite Inspections

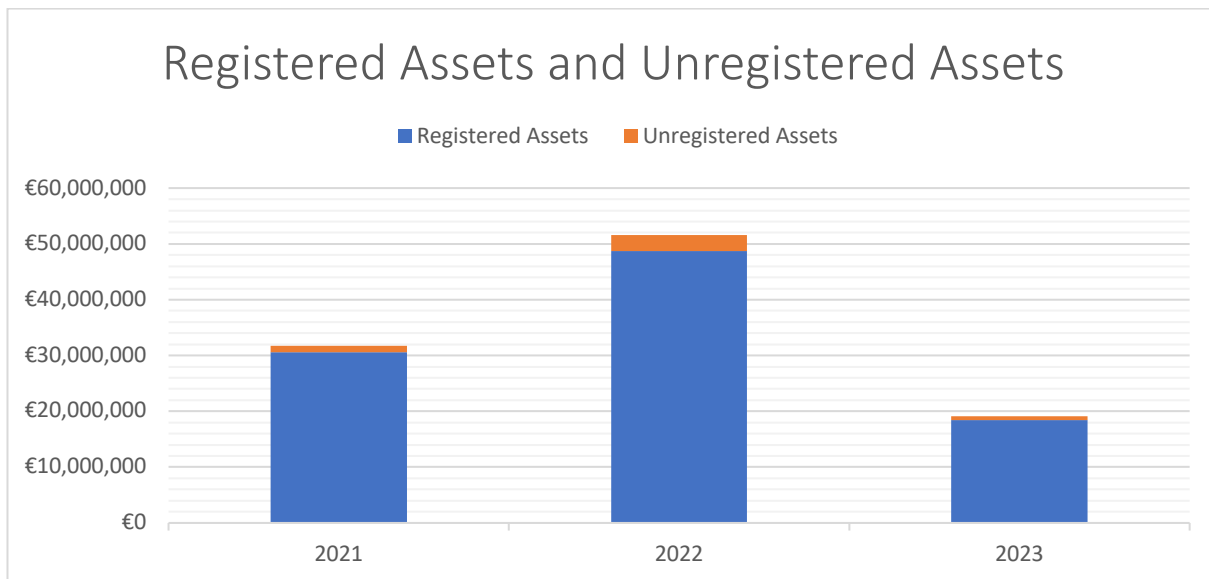
As indicated through previous sections of this report describing the operations of the Asset Recovery Bureau, on-site inspections carried out through the dedicated unit remain one of the most imperative tools utilised to conduct evaluations on the assets held by the subject persons as well as carry out additional searches to discover unregistered items held or found to be in the hands of the same subject persons. The reported values are indicative of both onsite inspections carried out as part of the ongoing searches conducted by the Asset Recovery Bureau as well as the participation of the entity itself in covert operations initiated by the Malta Police Force. The reported figures indicate an observable constant amount throughout the last three reporting years, wherein slight increases can be identified through the number of cases actioned with relative figures indicating the considerable number of different sites which had to be visited for the mentioned cases to be executed.



During the reporting year of 2023, as can be observed through the previous figure, a total of 31 cases were actioned identifying a total amount of circa €18 Million registered assets versus circa €650,000 unregistered assets which were encountered during the onsite inspections carried out. The detailed breakdown of these figures identifying the different typology of assets encountered throughout the reporting year can be observed hereunder.

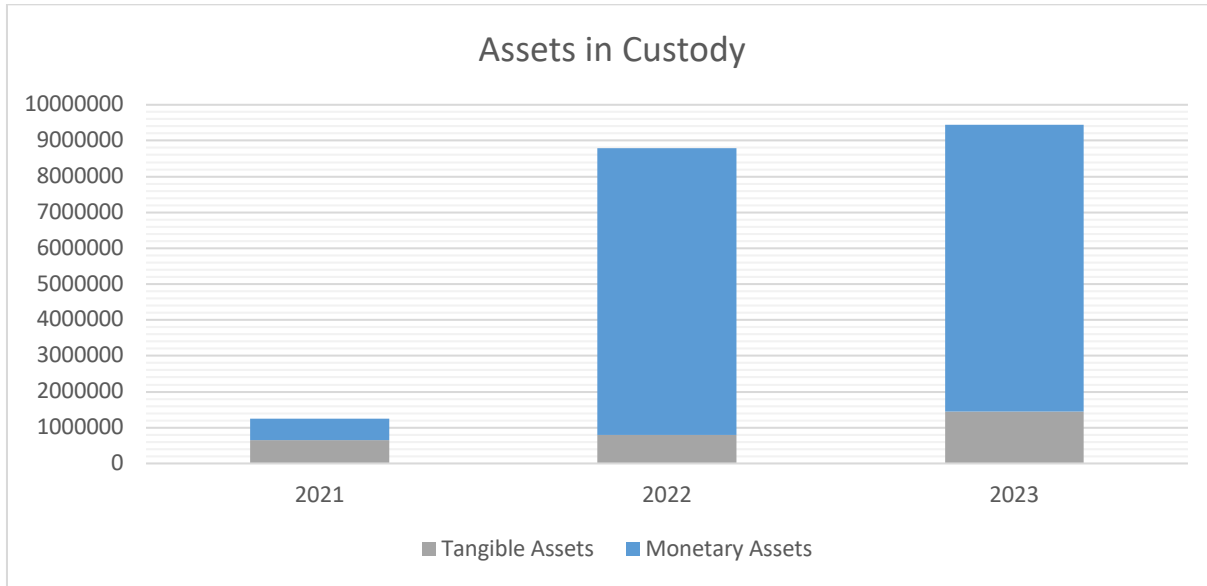


Unregistered assets remain a discoverable aspect that is only possible through the onsite inspections carried out throughout the year. As identified previously for the reporting year 2023, these unregistered assets provide another typology of assets which impacts the overall total value of assets encountered. As can be seen through the figures reported hereunder, despite the relative small magnitude of these figures they still provide an overall approximate figure of about 3% to 6% in each year on the overall values of frozen assets discoverable.



Assets in Custody

The managerial and administrative aspects of the frozen assets themselves remains one of the operating pillars of the Asset Recovery Bureau, and several assets have indeed been taken into custody or are actively managed by the entity. By the end of the reporting year 2023 the Asset Recovery Bureau had a total of five compounds with up to €800,000 worth of assets stored within. Besides these tangible assets found within our compounds, the Asset Recovery Bureau is also a custodian of circa €8 Million within our bank accounts. These figures bring up the total assets kept within the custody of the Asset Recovery Bureau to an approximate amount of €9 Million total as identified through the hereunder chart. Moreover, these figures are also inclusive of any assets released throughout the reported year indicating the value of total assets held at the Asset Recovery Bureau as at end of each year.



Conclusion and way forward

The Asset Recovery Bureau has undergone major changes during the past year. From a Human Resources standpoint, we received authorisation for the engagement of new recruits, and the entity did everything possible to recruit staff and simultaneously work on the first ever collective agreement. Operationally, new cases provided greater experience to the team, and while revising existing procedures, new ones were drafted to accommodate new practices.

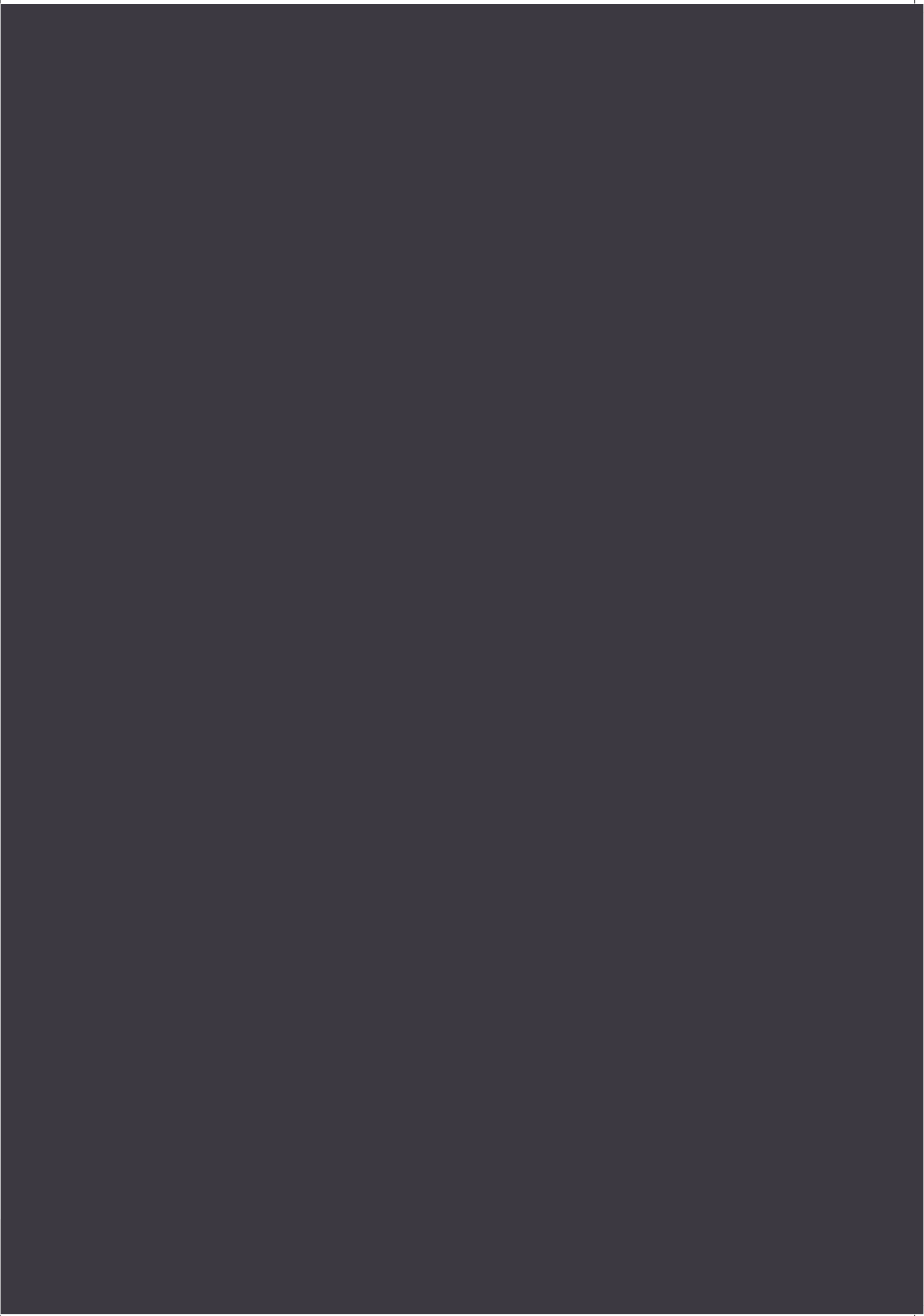
While the project in Hal Far suffered quite a setback due to the unanticipated testing of the material discovered on-site, the entity nonetheless proceeded with relocating to better and larger premises in Marsa, which also include warehouse space for asset storage. This will ensure that the new resources have ample space within which to operate until the long-term solution of the Hal-Far compound is developed.

The digitalisation process will also benefit operations. The tender for the Case Management System is expected to be awarded and development is to commence next year. This enables for more effective information management and enhanced collaboration with other entities. Training remains an essential element of the ARB's culture, and in addition to strengthening practices in which the entity is already highly proficient, officers also received training in areas related to the ever-evolving criminal activity landscape.

The management team continues to work on updating the ARB's policies, in tandem with the proposals outlined in the new EU directive and the introduction of new amendments to the Proceeds of Crime Act in parliament.

Collaboration with both local and international entities continued, and while a number of new memorandums of understanding and standard operational procedures were created, others are being evaluated and updated to reflect changes in legislation and operative strategies.

The coming months will be crucial for the Asset Recovery Bureau to consolidate its operations and evolve, especially since new personnel must be recruited, trained, and inducted into this relatively fledgling section of the Justice system. This could undoubtedly be accomplished by continuing to invest in the entities' staff as they gain experience in such a specialised area.





ASSET RECOVERY
BUREAU

M A L T A

**Annual Report and
Financial Statements**

For the Year Ended 31 December 2023

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Asset Recovery Bureau
Board Members' Report
For the Year Ended 31 December 2023

The board presents its report and the audited financial statements for the year ended 31 December 2023.

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 Joseph Caruana - Board Member

Alfred Zammit - Board Member (appointed on 6 July 2023)

Mr Kenneth Farrugia - Board Member (appointment terminated on 12 April 2023)

Mr Angelo Gafa - Board Member

Anthony Sevasta - Director

Asset Recovery Bureau

Board Members' Report (continued)

For the Year Ended 31 December 2023

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

David Sammut has expressed his willingness to continue in office.

Approved by the board on 23rd APRIL 2024 and signed on its behalf by:



Judge Joseph David Camilleri
Chairperson



Anthony Sevasta
Director

Registered Address:

Directories Building, 1
Pitkali Street
Marsa MRS 2293
Malta

Asset Recovery Bureau

Statement of Comprehensive Income

For the Year Ended 31 December 2023

		2023	2022
	Note	€	€
Government subvention		1,247,497	1,030,336
Administrative expenses		(1,189,865)	(903,851)
Finance income	5.	10	19
Finance costs	6.	(5,722)	-
Profit before tax	7.	<u>51,920</u>	<u>126,504</u>
Taxation	9.	(12,202)	(46,052)
Profit for the year		<u>39,718</u>	<u>80,452</u>
Total comprehensive income for the year		<u><u>39,718</u></u>	<u><u>80,452</u></u>

Asset Recovery Bureau

Statement of Financial Position

As at 31 December 2023

		2023	2022
	Note	€	€
ASSETS			
Non-current assets			
Property, plant and equipment	10.	598,381	146,420
Intangible assets	11.	810	1,216
Total non-current assets		<u>599,191</u>	<u>147,636</u>
Current assets			
Trade and other receivables	12.	49,855	14,063
Cash and cash equivalents	13.	8,113,341	8,112,471
Total current assets		<u>8,163,196</u>	<u>8,126,534</u>
TOTAL ASSETS		<u>8,762,387</u>	<u>8,274,170</u>

Asset Recovery Bureau
Statement of Financial Position
As at 31 December 2023

	Note	2023 €	2022 €
EQUITY AND LIABILITIES			
Equity			
Retained earnings		243,969	204,251
Liabilities			
Non-current liabilities			
Lease liability	14.	283,163	-
Current liabilities			
Current tax payable		4,348	23,190
Lease liability	14.	151,047	-
Trade and other payables	15.	8,079,860	8,046,729
Total current liabilities		8,235,255	8,069,919
Total liabilities		8,518,418	8,069,919
TOTAL EQUITY AND LIABILITIES		8,762,387	8,274,170

These financial statements on pages 3 to 26 were approved by the board members on

23rd APRIL 2024

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 2023

	Retained earnings	Total equity
	€	€
At 1 January 2023	204,251	204,251
Profit for the year	39,718	39,718
At 31 December 2023	<u>243,969</u>	<u>243,969</u>
At 1 January 2022	123,799	123,799
Profit for the year	80,452	80,452
At 31 December 2022	<u>204,251</u>	<u>204,251</u>

Asset Recovery Bureau

Statement of Cash Flows

For the Year Ended 31 December 2023

	2023	2022
	€	€
Cash flows from operating activities:		
Profit for the year	39,718	80,452
Income tax expense	12,202	46,052
Bank interest income	(10)	(19)
Interest expense on leases	5,722	-
Depreciation and amortisation	29,504	11,504
	<u>87,136</u>	<u>137,989</u>
Profit from operations	87,136	137,989
Movement in trade and other receivables	(35,792)	(1,572)
Movement in trade and other payables	33,131	7,415,132
Bank interest received	10	19
Payment of income taxes	(31,044)	(89,524)
	<u>53,441</u>	<u>7,462,044</u>
Net cash flows from operating activities	53,441	7,462,044
Cash flows from investing activities:		
Payments to acquire intangible assets	-	(1,623)
Payments to acquire property, plant and equipment	(12,792)	(133,766)
	<u>(12,792)</u>	<u>(135,389)</u>
Net cash flows used in investing activities	(12,792)	(135,389)
Cash flows from financing activities:		
Payments for leases	(39,779)	-
	<u>(39,779)</u>	<u>-</u>
Net cash flows used in financing activities	(39,779)	-
Net movement in cash and cash equivalents	870	7,326,655
Cash and cash equivalents at beginning of year	8,112,471	785,816
	<u>8,113,341</u>	<u>8,112,471</u>
Cash and cash equivalents at end of year	13. 8,113,341	8,112,471

Asset Recovery Bureau

Notes to the Financial Statements

For the Year Ended 31 December 2023

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 2023

In the current year, the bureau has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

2. Change in accounting policies (continued)

a. New and revised standards that are effective for annual periods beginning on or after 1 January 2023 (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies

The bureau has adopted the amendments to IAS 1 and IFRS Practice Statement 2 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'fourstep materiality process' described in IFRS Practice Statement 2.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the bureau but affect the disclosure of accounting policies of the bureau.

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.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The bureau is currently assessing the impact of these new accounting standards and amendments. Management does not expect any standards issued by the IASB, but are yet to be effective, to have a material impact on the bureau.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

3. Material 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 2023

3. Material 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
-------------------	-------------------

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 2023

3. Material 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 2023

3. Material 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 2023

3. Material 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 2023

3. Material 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 2023, 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 2023

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.

During the current and previous years, the Asset Recovery Bureau did not dispose of any confiscated assets under its control.

5. Finance income

	2023	2022
	€	€
Bank interest income	10	19

6. Finance costs

	2023	2022
	€	€
Interest expense on leases	5,722	-

7. Profit before tax

Profit before tax is stated after charging the following:

	2023	2022
	€	€
Auditor's remuneration	1,200	1,200
Depreciation and amortisation	29,504	11,504

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

8. Wages and salaries

Payroll costs for the year comprise of the following:

	2023	2022
	€	€
Board members' remuneration	49,061	49,354
Salaries, wages and employee benefits	447,564	423,863
	<u>496,625</u>	<u>473,217</u>

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

	2023	2022
	No	No
Board members	5	5
Director	1	1
Operations and administration	12	13
	<u>18</u>	<u>19</u>

9. Taxation

	2023	2022
	€	€
Current expense	12,202	46,052

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

	2023	2022
	€	€
Profit before tax	51,920	126,504
Tax at 35%	18,172	44,276
Tax effect of:		
Disallowed expenses	81	1,776
Interest income subject to different tax rate	(2)	-
Application of IFRS16 to leases	(6,049)	-
	<u>12,202</u>	<u>46,052</u>

Asset Recovery Bureau**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****10. Property, plant and equipment****December 31, 2023**

	Construction in progress	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	IT equipment	Total
	€	€	€	€	€	€	€
Cost							
Opening balance	124,144	115,096	2,274	12,703	14,117	31,938	300,272
Additions	-	468,267	-	673	2,360	9,759	481,059
At 31 December 2023	124,144	583,363	2,274	13,376	16,477	41,697	781,331
Accumulated depreciation							
Opening balance	-	(115,096)	(1,054)	(3,992)	(9,365)	(24,345)	(153,852)
Charge for the year	-	(16,724)	(379)	(1,337)	(2,952)	(7,706)	(29,098)
At 31 December 2023	-	(131,820)	(1,433)	(5,329)	(12,317)	(32,051)	(182,950)
Carrying amount							
At 31 December 2023	124,144	451,543	841	8,047	4,160	9,646	598,381

Asset Recovery Bureau**Notes to the Financial Statements (continued)****For the Year Ended 31 December 2023****10. Property, plant and equipment (continued)****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
Accumulated 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 2023

10. Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2023	2022
	€	€
Buildings	451,543	-
Total right-of-use assets	<u>451,543</u>	<u>-</u>

Depreciation on right-of-use assets for the year under review was of € 16,724 (2022: € nil).

11. Intangible assets

December 31, 2023

	Computer software €
Cost	
Opening balance	3,670
At 31 December 2023	<u>3,670</u>
Accumulated amortisation	
Opening balance	(2,454)
Charge for the year	(406)
At 31 December 2023	<u>(2,860)</u>
Carrying amount	
At 31 December 2023	<u><u>810</u></u>

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

11. Intangible assets (continued)

December 31, 2022

	Computer software
	€
Cost	
Opening balance	2,047
Additions	1,623
At 31 December 2022	<u>3,670</u>
Accumulated 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>

12. Trade and other receivables

	2023	2022
	€	€
Prepayments	49,855	14,063

13. Cash and cash equivalents

	2023	2022
	€	€
Bank balances	8,113,341	8,112,471
Total cash and cash equivalents	<u>8,113,341</u>	<u>8,112,471</u>

Included in cash and cash equivalents are € 8,006,074 (2022: € 7,996,388) held on behalf of the Government of Malta, and which are therefore not available for the Bureau's general use.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

14. Lease liability

	2023	2022
	€	€
Non-current - between 2 and 5 years	283,163	-
Current - less than 1 year	151,047	-
Present value of lease liability	434,210	-

The Bureau has lease agreement for the office building and store. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Bureau classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The Bureau's ongoing lease is non-cancellable and expires on 18 September 2025, and has an extension option at the end of the "de fermo" period, for a further 1 year. The lease does not have variable payments linked to an index and does not give the option to the Bureau to acquire the underlying property.

For leases over these buildings, the Bureau must keep the properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Bureau must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Future minimum lease payments on premises leased by the Bureau at 31 December 2023 and 2022 were as follows:

	2023	2022
	€	€
Less than 1 year	169,327	-
Between 2 and 5 years	296,322	-
Future minimum lease payments	465,649	-

The Bureau has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

Total cash outflow for leases for the year ended 31 December 2023 was € 39,779.

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

15. Trade and other payables

	2023	2022
	€	€
Trade payables	16,408	33,967
Accruals	44,227	6,744
Other payables	8,019,225	8,006,018
	<u>8,079,860</u>	<u>8,046,729</u>

Information about the Bureau's exposure to liquidity risk arising from trade and other payables is disclosed in note 16.

16. 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.

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.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

16. Financial risk management (continued)

The Bureau's credit risk exposure is as follows:

	2023	2022
	€	€
Financial assets measured at amortised cost		
Cash and cash equivalents	8,113,341	8,112,471

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.

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 2023			
Lease liability	169,327	296,322	-
Trade and other payables	8,079,860	-	-
	<u>8,249,187</u>	<u>296,322</u>	<u>-</u>
31 December 2022			
Trade and other payables	<u>8,046,729</u>	-	-

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

17. 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:

	2023	2022
	€	€
Board members' remuneration	49,061	49,354
Directors' remuneration	72,230	59,344
	<u>121,291</u>	<u>108,698</u>

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 for the year		Balance outstanding	
	2023	2022	2023	2022
	€	€	€	€
Government subvention received from	1,247,497	1,030,336	-	-
IT expenses incurred from	(16,627)	(14,526)	-	-

18. 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.

Asset Recovery Bureau

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2023

19. Capital commitments

	2023	2022
	€	€
Authorised and not contracted for	11,531,474	11,531,474

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

Opinion

I have audited the accompanying financial statements of Asset Recovery Bureau set out on pages 3 to 26 which comprise the statement of financial position as at 31 December 2023, 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 my opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Bureau as at 31 December 2023, 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

I conducted our audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my 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 I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Board Members are responsible for the other information. The other information comprises the Board Members' report. My 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 my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my 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, I am required to report if I have identified material misstatements in the Board Members' report and other information. I 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

My 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. I 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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.


I 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 my 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
Certified Public Accountant

Level 4, The Penthouse, Suite 30
Ewropa Business Centre, Triq Dun Karm
Birkirkara BKR 9034
Malta

23rd APRIL 2024

Asset Recovery Bureau

For the Year Ended 31 December 2023

Schedules

Schedule of Administrative Expenses

	2023	2022
	€	€
Accountancy	-	2,748
Advertising	14,365	7,986
Auditor's remuneration	1,200	1,200
Bank charges	127	379
Cleaning	7,224	2,996
Consulting and professional fees	173,470	111,230
Depreciation and amortisation	29,504	11,504
Board members' remuneration	49,061	49,354
Electricity and water	5,740	4,556
Fines and penalties	238	5,073
Insurance	449	-
IT expenses	20,370	35,748
Lease rentals on operating lease	76,200	74,688
Legal fees	14,602	8,899
Materials and equipment	56,949	1,925
Postage	100	78
Printing and stationery	9,036	6,132
Procurement	-	1,525
Project-specific expenses	102,761	-
Repairs and maintenance	2,619	3,884
Recruitment expenses	19,960	-
Salaries, wages and employee benefits	447,564	423,863
Security and reception	113,267	101,477
Telephone	3,034	2,867
Transport and freight	17,465	17,860
Training	252	1,560
Towing	13,106	11,113
Travel	9,963	15,046
Other expenses	1,239	160
	<u>1,189,865</u>	<u>903,851</u>







ASSET RECOVERY
BUREAU

M A L T A

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