



ASSET RECOVERY  
BUREAU

M A L T A

# Annual Report **2021**

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# Statement of the Chairperson of the Asset Recovery Bureau

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“This fourth annual report of the Asset Recovery Bureau (hereinafter “the ARB” or “the Bureau”) is intended to present a very short overview of the activities of the Bureau, from January 2021 to 31 December 2021.”



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The ARB is an autonomous public entity governed by a Board led by the Chairperson, responsible for policy making and a Directorate headed by a Director, responsible for the implementation of the provisions of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) and the execution of policy as established by the Board. The ARB was founded in January 2018 and became operational on 20th August 2018.

The ARB Board is made up of key institutional law enforcement agencies involved in combating financial crime. It is composed of a Chairperson and four other members namely the Commissioner of Police, the Commissioner for Revenue, the Chief Executive Officer of the Court Services Agency and the Director of the Financial Intelligence Analysis Unit.

During the year under review, the Board was composed of Judge Emeritus Joseph David Camilleri as Chairperson, Mr Marvin Gaerty, as the Commissioner for Revenue and Mr Kenneth Farrugia, as the Director of the Financial Intelligence Analysis Unit. The Deputy Chairperson of the ARB Board was Mr Frank Mercieca as the Chief Executive Officer of the Court Services Agency and later in the year, Ms Eunice Grech Fiorini was appointed as Deputy Chairperson in her role as the Chief Executive Officer of the same Court Services Agency. The Commissioner of Police, Mr Angelo Gafa became a member of the Board in September 2021 and previously he was represented on the Board by Dr Antoine Casha and later by Dr Alexandra Mamo.

During 2021 the ARB Board met fourteen (14) times. I am pleased to acknowledge the cooperation extended to the ARB Board by all its Members, who notwithstanding their other most onerous responsibilities, attended regularly and participated actively in the deliberations of the Board. The first two meetings were also attended by the then ARB Director Mr Brian Farrugia, who terminated his employment on 16th January 2021. The rest of the Board meetings, during the year under review, were attended by Dr Kenneth Camilleri in his capacity as Acting Director of the ARB. Dr Camilleri, who occupies the post of Principal Legal Officer within the ARB, also acted as the unofficial Secretary to the Board. His appointment as Acting Director was made by the Board on 18th January and was terminated on 24th January 2022. The following day, the Minister responsible for Justice appointed Mr Anthony Sevasta as the Director of the ARB. Minutes of these quite long Board meetings have been regularly kept and several important and necessary decisions were taken to enhance and continue building the operational capacity of the ARB.

A major milestone for the ARB happened on 12th March 2021 when the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) came into force by the publication of the Legal Notice 98 of 2021. This new Act brings along several innovative tools towards the implementation of an effective asset recovery regime in Malta. First and foremost, it provides for the enhanced structures and functions of the Asset Recovery Bureau. It also provides for the identification, tracing, freezing and confiscation of proceeds of crime, including laundered property, income and other benefits derived from such proceeds, property that is the proceeds of, or used in or intended for use in the financing of terrorism. Moreover, it establishes a specialized Asset Recovery Section within the Civil Court, while also providing for the special procedures to be applied before the said Civil Court (Asset Recovery Section) such as to determine the gain from the proceeds of crime and the recovery of assets of the accused which may also end up in the hands of third parties. Part IV of the Act creates the harmonization of Court Orders thereby providing much better guidance to prosecutors and other enforcement officers, including ARB Officers who are roped in from the early stages of investigation. The Act also provides for in rem actions, that is, non-conviction-based confiscation of proceeds of crime in certain situations specified in Part VI of the Act. It is important to note here that Legal Notice 180 of 2021 (the Mutual Recognition of Freezing Orders and Confiscation Orders Regulations, 2021) designates the ARB as the competent "Issuing Authority" and "Executing Authority" for Malta, pursuant to the provisions of Regulation (EU) 2018 / 1805 of the European Parliament and of the Council of 14th November 2018 on the mutual recognition of freezing orders and confiscation orders.

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. Accordingly, the Board produced, with the assistance of foreign experts, an internal document called "Policy document of the Assets Recovery Bureau" which sets out the policies to be adopted by the Asset recovery Bureau Directorate when carrying out its different functions. These can be divided into three main categories, namely tracing of assets, asset management and assets disposal. This document was approved by the Board during its meeting held on 13th January 2021. The Board also approved on 3rd March 2021, another internal document called "Procedures document of the Assets Recovery Bureau", which sets out the procedures to be adopted by the Bureau Directorate in the exercise of its functions in accordance with the law and the policies set out in the Policy document mentioned above.

Another important milestone achieved during the year under review, was the signing of three Memoranda of Understanding between the ARB and other local law enforcement agencies that must grapple with the huge and constantly evolving challenge of economic crime. These MOUs, which are meant to enhance cooperation and to avoid duplication of work, were an MOU between the Office of the Attorney General, the Malta Police Force and the ARB, an MOU between the Malta Police Force and the ARB and an MOU between the Office of the Commissioner for Revenue and the ARB. I am happy to note that as per the relative MOU, a Police Inspector and a Tax Officer from the Revenue Compliance Unit were assigned to assist the Bureau, respectively on 15th April 2021 and on 5th May 2021.

I am pleased to acknowledge the work of the Acting Director, Dr Kenneth Camilleri during the year under review. I would also like to thank the current Director ARB, Mr Anthony Sevasta, as well as the Bureau Officers and staff for their dedication 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 of Justice and by Mr Alfred Camilleri, Permanent Secretary at the Ministry of Finance and thank them for their constant backing and support.



Judge Emeritus Dr Joseph David Camilleri  
Chairperson  
Asset Recovery Bureau Board

## Director's foreword

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“I have been appointed as Director of the ARB on the 25th of January 2022, and thus since this Annual Report is an overview of the period covering the year 2021 my foreword will be focusing on a few goals that in my opinion the ARB needs to achieve in 2022 and beyond. I also wish to take the opportunity to thank Dr. Kenneth John Camilleri for his efforts as Acting Director during 2021 to keep the ARB functioning in an effective manner especially during the difficult times of the pandemic.”

While the Bureau is a relatively young agency, the responsibilities are focused and convergent to the tracing, freezing and confiscation of goods acquired from proceeds of crime. The functions of the ARB, which since April 2021 have been coined in the legislative framework of the Proceeds of Crime Act (POCA) are important for our country to achieve satisfactory levels in the FATF and other international reviews. The recovery of proceeds of crime with the right legislative tools can be an effective instrument to fight crimes, especially those related to illegal activities such as money laundering and drug trafficking amongst others. By dispossessing criminals of assets which they have acquired through illicit means we aim to prevent investment in criminal activities as it possibly will result in inhibiting other individuals from joining or assisting criminal gangs or deter them from involving in illegal activities themselves.

The Bureau presently mainly focuses on two main activities, Asset Tracing and Asset Management. The ARB also assists other Asset Recovery offices external to our borders on European and International dedicated platforms with various requests for information.

In 2022 the ARB aims for more association with foreign Asset Recovery Offices in order to enhance cooperation, understand common practices, exchange information on specific processes, evaluate different legal frameworks and gain important expertise from these offices, most of which have been established years before our Bureau. Information from other AROs will help the ARB to streamline internal standard operating procedures, especially in asset management, and gather intelligence to enhance the legislative framework in a manner to be a more effective toolset.

New challenges are also on the horizon for the ARB, two important ones are the non-conviction based legislation and the threats originating from the relation between money laundering and the crypto world. To this effect the ARB will also be targeting for more resources in its tracing and investigation capabilities.

While there has been substantial progress in the development of the concession of land from the government in Hal-Far to be turned into a high security compound for the ARB, this is quite a few months away from completion. However, in order to consolidate its operations the ARB is issuing a tender for the lease of adequate and appropriate office space and warehousing facilities since at the moment the Bureau operates from a makeshift terraced house and three garages located in different areas.

A new website is also being commissioned, and most importantly requirements are being drafted for a case management software which will eliminate most communication by email, unnecessary printing of documents and provide a secure digital platform which can make information available and accessible to bureau officers and stakeholders as swiftly as possible.

Finally I look forward to use my knowledge and experience in order to take the Bureau to new levels with dedication, commitment and enthusiasm during my term in this office.



Anthony Sevasta  
Director/CEO  
Asset Recovery Bureau (Malta)

# Preliminary

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The report outlines the milestones and accomplishments of the Asset Recovery Bureau during 2021, in its fight to investigate and identify all assets resulting from the proceeds of crime. The report proves that the Bureau remains an integral part of the law enforcement response to criminal conduct in Malta.

## The Asset Recovery Bureau Directorate

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In 2015, the Asset Recovery Bureau was formally established with the enactment of the Asset Recovery Bureau Regulations (L.N. 357 of 2015) and later became operational on the 20th August 2018. On the 12th March 2021, the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) was enacted by Parliament which repealed the Asset Recovery Bureau Regulations and established additional powers and functions of the Asset Recovery Bureau.

### **The Act provides for (among other matters):**

- The establishment of the Bureau
- The objectives & functions of the Bureau
- The Civil Court (Asset Recovery Section)
- Monitoring, investigation, attachment, freezing and confiscation orders
- Non-Conviction Based Confiscation
- International Cooperation

## An Independent Body

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The Asset Recovery Bureau exists as an independent body from the Government of Malta and shall have a distinct legal personality. The independence of the Bureau is highlighted under Article 6 of the same Act.

## Objectives & Functions

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The objectives and functions of the Asset Recovery Bureau are listed under Part II of the Proceeds of Crime Act and may be summarized as:

- To trace and identify proceeds of crime and any other property subject to confiscation;
- To act and confiscate assets which are subject to confiscation;
- To ensure the proper administration and disposal;
- To assist other law enforcement and other regulatory authorities in the fight against crime.

## The Director

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The overall management and executive action of the Bureau are in the hands of the Director who is appointed by the Minister, after consultation with the Board as stipulated under Article 9 of the Proceeds of Crime Act. During the reporting period, Dr. Kenneth Camilleri served as the Acting Director for the Bureau.



## The Board of the Bureau

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The Act also provides for a Board of the Bureau which shall be composed of a Chairperson and four other members who shall either be the Commissioner of Police or his representative, the Commissioner for Revenue or his representative, the Chief Executive Officer of the Court Services Agency or his representatives, the Director of the Financial Intelligence Analysis Unit and his representative. The Board is responsible of establishing the policy which needs to be adopted by the Bureau and ensure that the latter acts in line with the same policies. The legal and judicial representation of the Bureau vests in the Chairperson. During the report period, Judge Emeritus Joseph D. Camilleri held the position of Chairperson of the Bureau.

## Enhancing the Directorate

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In order to ensure that procedures within the Asset Recovery Bureau are updated, especially following the enactment of the Proceeds of Crime Act, and that Bureau Officers follow a uniform procedure, several Standards of Procedures were updated.

Moreover, with the help of experts specialized in Asset Recovery, the Bureau drafted detailed policy and procedural documents in line with the Proceeds of Crime Act. These documents underline the main

### **steps in the asset recovery cycle such as:**

1. A referral system
2. Prioritizing cases within the Bureau
3. Investigation, securing evidence and tracing the assets
4. Policy and procedures relating to asset management upon their seizure
5. Disposal of assets
6. International cooperation

These documents are updated periodically to ensure that policy and procedures adopted by the Asset Recovery Bureau are in line with new legal amendments.

## Training and Development

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During 2021, the Bureau continued to enhance the training needed by Bureau Officers. With the increase in powers and functions introduced by the Proceeds of Crime Act, the Bureau officers required an increase in training to ensure that all functions and duties are executed in a proper legal and technical manner. Besides receiving several training sessions, the Bureau took the initiative to also reach out to the relevant authorities and entities in order to explain the new functions of the Bureau. The purpose of such outreach was two-fold; primarily it served for different entities to understand the new functions of the Bureau and secondly to acknowledge that the Bureau's powers were enhanced at law to also assist them in the fight against crime.

<b>Title</b>	<b>Date</b>
FIAU (CBAR)	11th February 2021
Malta's commitment and achievements in AML and CFT on a national and international scale (ARB's perspective)	18th February 2021
Monitoring, investigation, attachment and freezing orders under the Proceeds of Crime Act	25th February 2021
Changes to the ARB powers, functions and duties as a result of the Proceeds of Crime Act	6th March 2021
FIAU (CBAR)	7th April 2021
Disciplinary Procedures	12th April 2021
Information Session on How to Recognise and Mitigate Terrorist Financing Risk in Voluntary Organisations	7th April 2021
Data protection webinar Human Resources	22nd June 2021
Data protection webinar Finance/Procurement	24th June 2021
Fostering an enduring compliance culture in Malta - The FATF plenary decision – What are the next steps?	6th July 2021
National Training Sessions on Confiscations	May - July 2021
Virtual Assets for Dummies	13th July 2021
Seizure and confiscation of Virtual Assets	29th September 2021
Performance Management	10th December - 15th December 2021

# Hal Far premises and Press Release

The Asset Recovery Bureau was working on the necessary procurement plans to issue the tender for the construction of a new storage facility on a plot of land located in Hal Far. Such a facility would allow the ARB to store all seized assets until they are finally confiscated in favour of the Government. Ensuring that these assets remain in the best condition is one of the utmost priorities of the Asset Management Unit. On one hand, in cases where the accused is acquitted and confiscation is not ordered by the Court, then the subject person would receive his property back in good conditions. On the other hand, if the accused is found guilty and the court orders the confiscation of his assets, then the ARB would sell the assets in favour of the Government at a higher price.

On the 9th March 2021, the Minister of Justice, Equality and Good Governance Hon. Edward Zammit Lewis along with the Acting Director Dr. Kenneth Camilleri and the architect in charge of the facility, Architect Mariello Spiteri, delivered a press release about this project. A section of this building is even specifically designated to cater for auctions once a confiscation sentence is given by the competent courts.



**Hon. Minister Edward Zammit Lewis during the press release**



**Architect Mariello Spiteri during the press release**



**Dr. Kenneth Camilleri Acting Director during the press release**

# Financial Action Task Force & Moneyval

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In 2021, both Moneyval and the Financial Action Task Force assessed the measures adopted by Malta to combat money laundering and financing of terrorism.

The assessment targeted several aspects of Malta's contribution to battle financial crime, however, the ARB was mainly involved in addressing Immediate outcome 8.

Consequently, this roped in several local authorities including the Bureau. As soon as the recommendations from FATF and Moneyval were provided, the Asset Recovery Bureau along with several other competent authorities increased their effort to address the indicated matters. As a result, the National Coordinating Council, along with the competent authorities held numerous meetings to discuss all the underlying issues. A continuous effort was done across the board so that Malta could reach the required standards in the fight against crime.

Several positive outcomes resulted from the continuous efforts of all the competent authorities which as a result enhanced the international compliance rating of Malta from "partially compliant" to "largely compliant" with regards to several FATF recommendations. Although achieving a positive outcome, Malta will still require reporting back to Moneyval on future progress and additional follow ups will still need to be carried out.

On the day of the plenary session, the Bureau ensured that all questions asked were answered in the most complete way during the assessments and ensured that all fields related to asset recovery were addressed in the most detailed manner. A report was additionally drafted with all relevant statistics produced by the Bureau to show its effectiveness in the fight against the proceeds of criminal activities. This report clearly illustrates a considerable increase in the value of frozen, seized, and confiscated assets by the Bureau. It also provides an insight on the increased communication between the local asset recovery bureau and its foreign counterparts, both with European Member States as well as Non-EU Member States.

Unfortunately, following the FATF's plenary session, Malta was grey listed and therefore efforts had to collectively increase by all the entities involved to attempt to remove Malta from the grey list in the shortest period possible.

## The Proceeds of Crime Act (Chapter 621 of the Laws of Malta)

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On the 12th March 2021, the Proceeds of Crime Act was enacted and consequently repealed the previous Asset Recovery Regulations. This Act revolutionized the functions and powers of the Asset Recovery Bureau.

For example, part III of the Proceeds of Crime Act provides for a Civil Court (Asset Recovery Section). This Civil Court is competent to hear all cases falling under this Act including cases dealing with non-conviction based confiscation. The latter type of confiscation was introduced by the same Act and provides three instances in which the Police and / or ARB may proceed with a non-conviction based confiscation where in the judgment of the Attorney General, it is not necessary or rather it is not appropriate to recover such property through a conviction based confiscation as part of a criminal

### **prosecution which are the following:**

1. Where the perpetrator absconds or is not in Malta;
2. Where the perpetrator is dead; or
3. Where the perpetrator dies prior to the conclusion of the criminal proceedings

In addition, whereas the previous subsidiary legislation referred to as the Asset Recovery Bureau Regulations, only involved the Bureau once a freezing order was issued, the new Act ropes in the Bureau at a preliminary stage being the Monitoring Stage.

## **Legal Notice 180 of 2021**

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During the year 2021, the Asset Recovery Bureau together with the Office of the Attorney General also drafted Legal Notice 180 of 2021 which directly deals with Regulation (EU) 2018/1805 and states that the ARB is the issuing and executing authority when it comes to the mutual recognition of freezing and confiscation orders. Therefore, once a freezing order is issued on a person in Malta, and the ARB receives intelligence that the person has other assets belonging to him in another Member State, then the ARB informs the foreign counterpart on these assets and through the proper channels, requests that the local freezing order is recognized in the foreign jurisdiction and subsequently executed. Similarly, the ARB, throughout this year, the ARB has also received numerous requests from other Member States, particularly from Italy and the Netherlands to recognize and execute foreign freezing orders locally. The use of freezing and confiscation certificates between Member States has accelerated the process in which a freezing and confiscation order is recognized and executed.

## **Legal Unit**

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The Legal Unit is currently composed of two lawyers who continuously communicate with both the Research and Data Management and the Asset Management Unit to ensure that their actions are in line with the Proceeds of Crime Act and other relevant laws. Once the assets are identified by the Research and Data Management Unit, the Legal Unit will then propose the different options available at law to ensure that the assets do not dissipate. This unit is also responsible of appearing before the Court to present the different reports compiled by the Bureau and in litigation before the Civil Court (Asset Recovery Section). With an increase in prosecutions and powers granted to the Bureau, the legal unit receives numerous court applications filed by both defense and prosecution relating to this Act (including matters on attachments, freezing orders, court appointed administrators and assets) to which subsequently they must reply within the stipulated periods of time. Moreover, as stated earlier, through the enactment of Legal Notice 180 of 2021, the Bureau is now the competent authority to recognize and execute freezing orders. Such communication is received by the legal unit which in turn communicates with the foreign counterparts in terms of Regulation (EU) 2018/1805.

## **Assignment of a Police Officer and a Tax Officer with the Asset Recovery Bureau**

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In order to ensure that the ARB can manage all the functions and duties imposed on it by the Proceeds of Crime Act (Chapter 621 of the Laws of Malta) the ARB has continuously recruited officers to join the different units of the Bureau.

Additionally, following several discussions with the Commissioner of the Malta Police Force and the Commissioner for Revenue, an agreement was signed between the respective parties in which a Police officer and a Tax officer were assigned to assist the Bureau with their investigation. The Police officer was assigned to the Bureau on the 15th April 2021 while the Tax officer was later assigned on the 5th May 2021.



The assignment of the officers has already proved to be fruitful as their assistance within the Bureau's investigations has resulted in the identification of additional proceeds of crime. Besides, continuously assisting the Bureau with investigations, they also provide a secure and efficient channel of communication between the respective authorities.

## Non-Conviction Based Confiscation Case

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As explained above, part VI of the Proceeds of Crime Act provides for non-conviction based confiscation. With the cooperation of the Malta Police Force, the Attorney General's Office, the Financial Investigation Analysis Unit and the State Advocate's Office, the Bureau and the Malta Police Force jointly opened a case before the Civil Court (Asset Recovery Section) in order to confiscate an asset where it is not appropriate to recover such property through a conviction based confiscation as part of a criminal prosecution where the perpetrator absconds or is not in Malta; where the perpetrator is dead; where the perpetrator dies prior to the conclusion of the criminal proceedings. The plaintiff in such cases is the Asset Recovery Bureau and/or the Malta Police Force and the case is opened against a "rem" (the asset itself). Upon the commencement, any interested party may intervene to prove ownership over the asset itself. The case is currently still ongoing.

## Research and Data Management Unit

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The Research and Data Management remains one of the main pillars of the Bureau as it is responsible of the tracing and identification of assets (both locally and abroad); one of the main functions provided for under article 6(2) of the Proceeds of Crime Act. Although facing several challenges, the unit managed to handle an increased number of cases which the Asset Recovery Bureau received throughout the year when compared to the previous years. This will be illustrated further below, in the statistical analysis section of this annual report. This unit is also responsible of publishing freezing, variation and cancellation orders issued by the Court on the Government Gazette). Unlike, the previous subsidiary legislation, the Proceeds of Crime Act now ropes in the Bureau from the early stages of a Monitoring Order, Investigation Order, Attachment Order and subsequently the Freezing Order.

The lack of a structural database management system has remained as another setback for this unit and for the Asset Recovery Bureau's different units. A holistic database management system would assist both the officers carrying out desk-based data collection and the executive positions in generating reports showcasing tangible results of the accomplishments achieved by the Asset Recovery Bureau. An optimal system would also allow the stakeholders with whom this unit routinely communicates, to enjoy a level of automation and standardisation when submitting their replies wherein the officer in charge will only be communicating with those stakeholders who submit a positive reply, in order to review such a reply and implement any additional procedures that need to be carried out for the proper submission of replies. As a result, the Bureau has initiated discussions with different stakeholders to ensure that all the relevant units within the Bureau would have access and use of such a database.

Despite the drawbacks and difficulties, the unit can still report on a number of achievements that were attained throughout the year. The Research and Data Management unit is always looking for new ways to extend its outreach at a national level by using different tools at its disposal. The dedicated online web portal for court orders which was implemented during 2020 has generated a substantial amount of interest amongst professionals executing due diligence and compliance practices; and for 2021 alone, the Research and Data Management unit can report a total of 160 orders which were uploaded throughout the year. A substantial increment is also reported in the number of stakeholders which we regularly communicate with; wherein the 450 stakeholders which we were communicating with by the end of year 2020 increased to a total of approximately 550 stakeholders by the end of year 2021. Besides the obvious numerical factor of this increase, the Asset Recovery Bureau can also report that new sectors have also been included, namely those which deal with Virtual Financial Assets in Malta. Aside from

broadening our outreach on a national level, the Asset Recovery Bureau remains committed to reach out at an international level. Through the SIENA system installed last year there have been notable increments at an international level as can be seen through the statistical analysis section of the report.

The year 2021 saw new systems and new research methodologies incorporated into our standard operating procedures. The Asset Recovery Bureau was given access to systems which are maintained by other authorities in an effort to optimise collaboration and cooperation between all entities, but mostly the Asset Recovery Bureau was given access because it is listed and recognised as one of the national authorities that conducts criminal investigations of money laundering and its associated predicate offences and access should be a default. With new research methodologies adopted throughout this year, a total of circa €5 million assets were discovered which would have otherwise gone undetected.

During the reporting year 2021 the Asset Recovery Bureau along with other national competent authorities were given access to the Centralised Bank Account Register (CBAR) which has been developed and maintained by the FIAU in conjunction with all the credit and financial institutions within the Maltese territory. The CBAR system allows the Asset Recovery Bureau to carry out searches on accounts identifiable by their IBAN, safe deposit boxes and safe custody services provided by the mentioned institutions. With the implementation of this tool in its arsenal the Asset Recovery Bureau is improving the methodologies used for the prevention, detection, investigation and prosecuting of money laundering and the related predicate offences as well as assisting in combatting the funding of terrorism.

The Research and Data Management unit aims to maintain the momentum generated throughout these last years, to keep on obtaining measurable results and assist all national authorities in the fights against crime. For the coming year the focus shall be on extending collaboration through the intelligence gathered and applying learnt knowledge to the searches carried out. The unit aims at increasing the number of stakeholders which provide information on the subject person in particular ones relating to virtual assets such as virtual assets service providers (VASPs). Moreover, an improved communication system is also being analysed to facilitate the method of communication with the relevant stakeholders.

## The International Perspective

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Following the enactment of the Proceeds of Crime Act, the ARB has increased its efforts to act as a front-line agency in the fight against criminality. The Bureau continues to play an important role in the context of law enforcement at an international level.

As stated in previous reports, the Bureau is the designated Asset Recovery Office (ARO) in Malta. With the coming into force of the Council Decision 2007/845/JHA dating 6th December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the field of tracing and identification of proceeds from, or other property related to, crime for the purpose of the facilitating and identification of the proceeds of crime and other crime related property which may become subject to a seizure and confiscation.

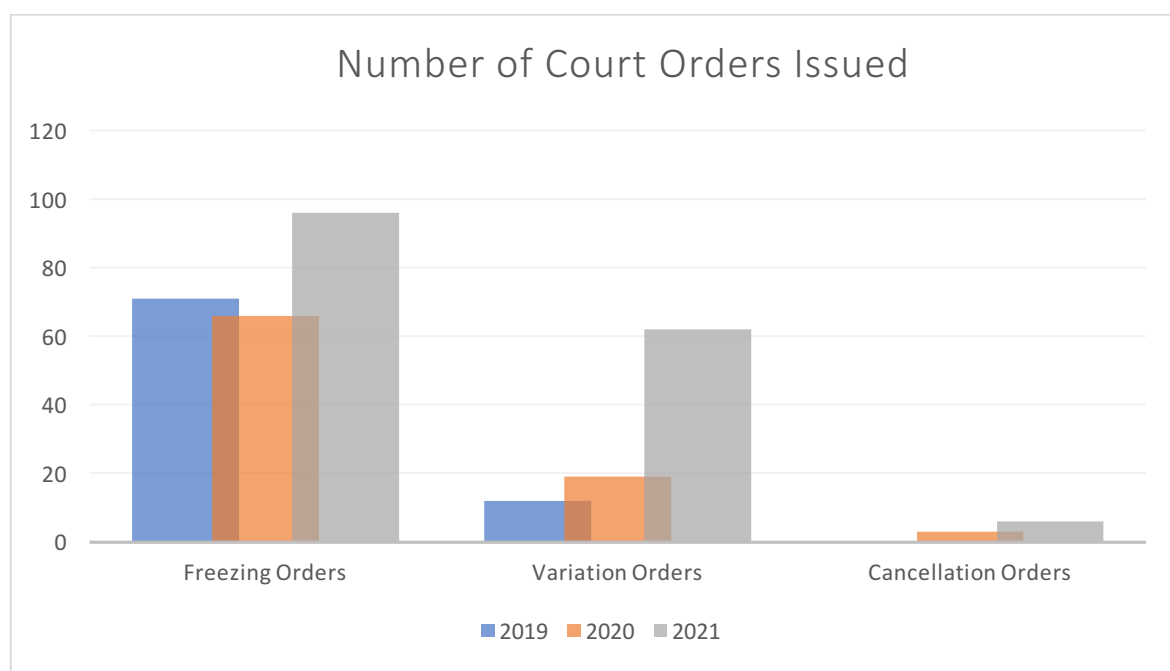
Moreover, with the enactment of Regulation 2018/1805 (EU) on the Mutual Recognition of Freezing Orders and Confiscation Orders and Legal Notice 180 of 2021, the Bureau was selected to be the issuing and executing authority of freezing orders to be recognised and enforced in Member States. The Bureau is also a member of the Camden Asset Recovery Inter-Agency Network (CARIN) which is an informal network of law enforcement and judicial practitioners in the field of asset tracing, freezing, seizure and confiscation. The Asset Recovery Bureau is one of two national contact points in Malta and has been a participant in different forums held by this network.

# Asset Recovery Bureau Statistical Analysis

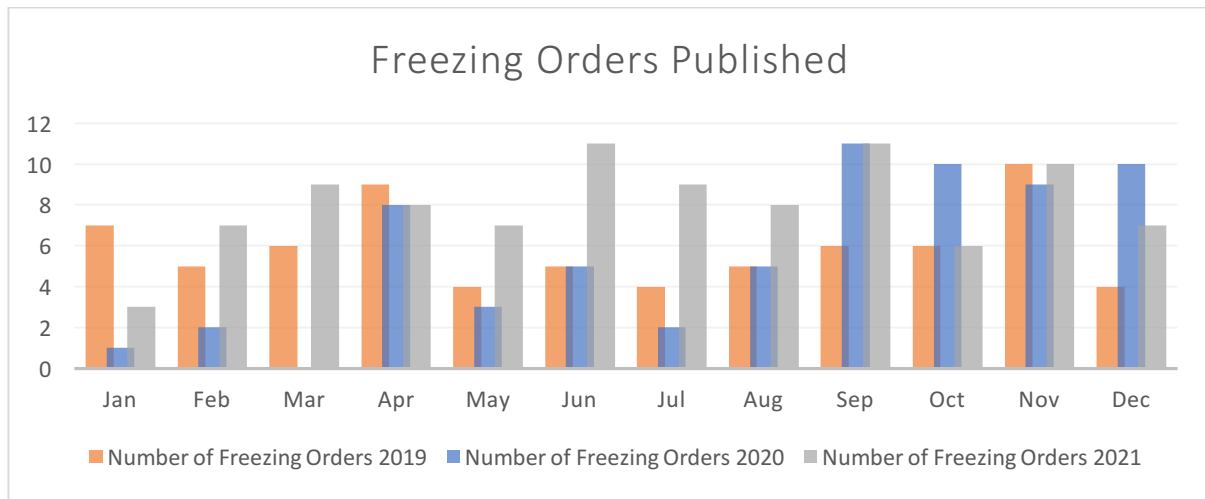
## Court Orders Issued

The number of cases registered for these last three consecutive years indicates an upward trend, reporting an increase in all the orders which are executed by the Asset Recovery Bureau. The increase in freezing orders is notable and should be taken into consideration when reporting on the number of subject persons or legal entities which these orders are affecting, as shall be seen in additional figures presented in this section.

Aside from a direct correlation to the number of freezing orders issued, the increase in variation orders when compared to previous years is justified due to an increase in obligations as well as new processes implemented as part of risk avoidance exercises by third parties. The reporting year also saw variation orders being implemented to appoint administrators on ongoing businesses which had freezing orders on them, allowing ordinary commercial operations to be maintained under the watchful eye of a Court expert instructed to preserve any possible criminal proceeds generated.

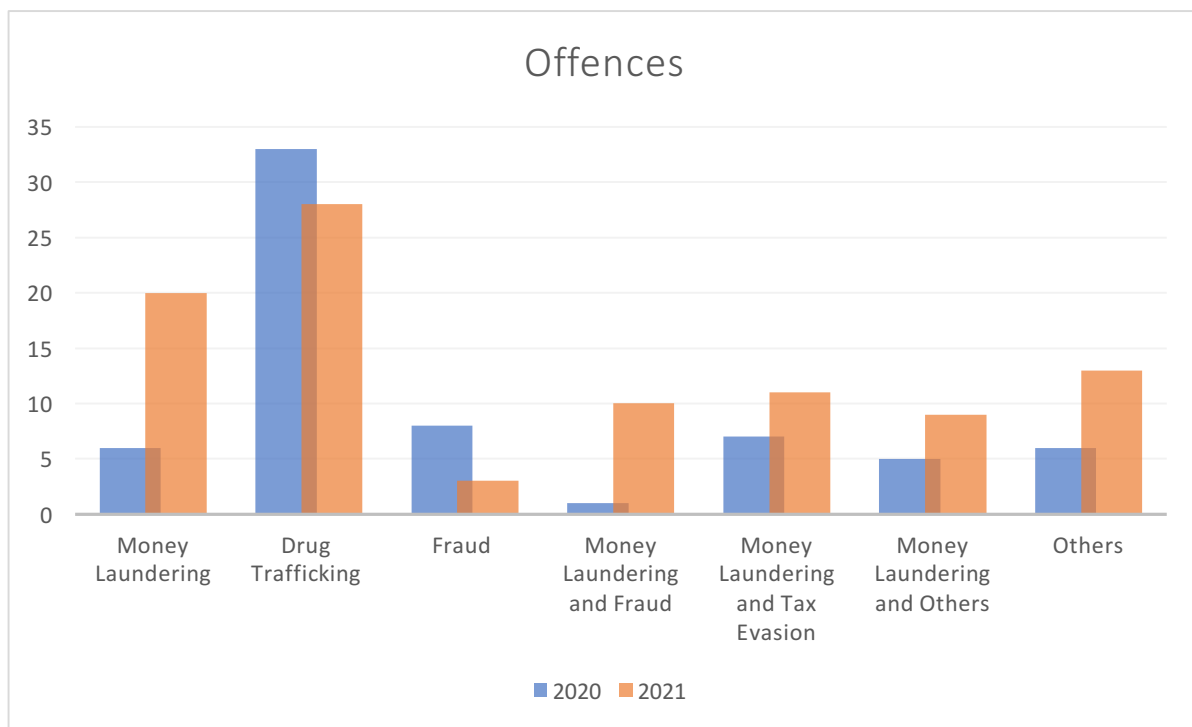






## Offences

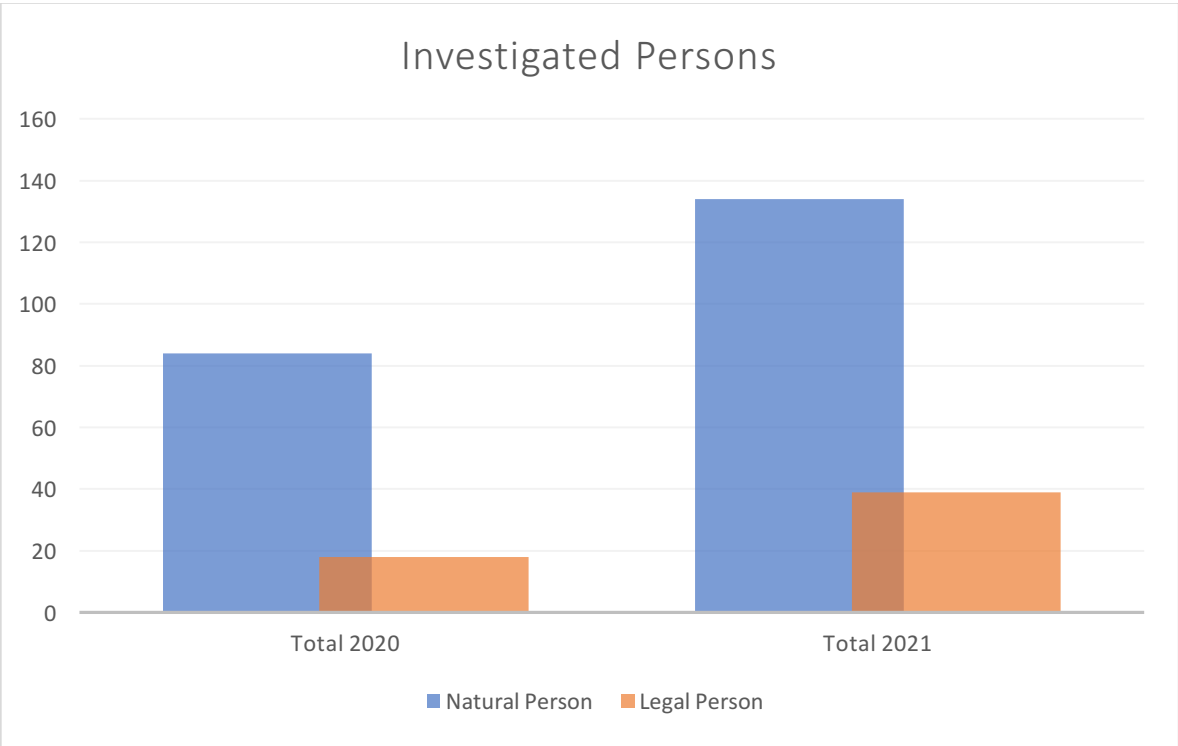
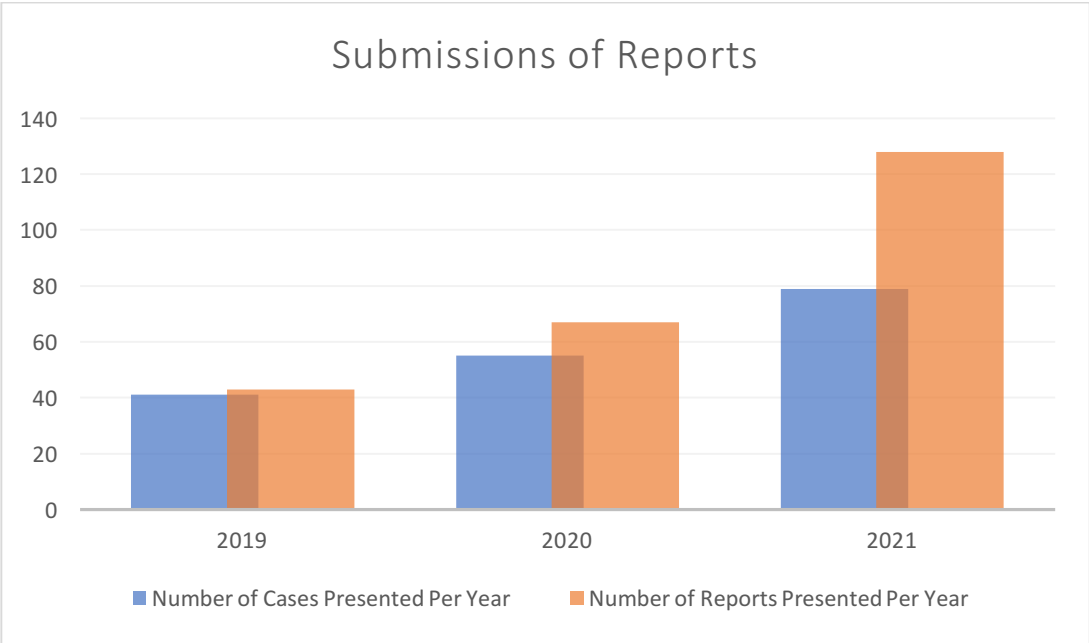
Following the tendencies as set in the previous year, this reporting year indicated that once again drug trafficking was the predominant offence for the arraigned subject persons, followed by money laundering. However, money laundering charges are reported to have increased from last year especially when reported alongside the related predicate offences of fraud and tax evasion. Notwithstanding, the statistics and analysis shown hereunder are presenting a simplistic view of the offences for 2021; especially when considering that charges on the arraigned subject person might be numerous and fall within the parameters of the different categories displayed here. Thus, limitations on the categories have been implemented to ensure that the final values are not unnecessarily inflated whilst still reflecting the trends met during the year.

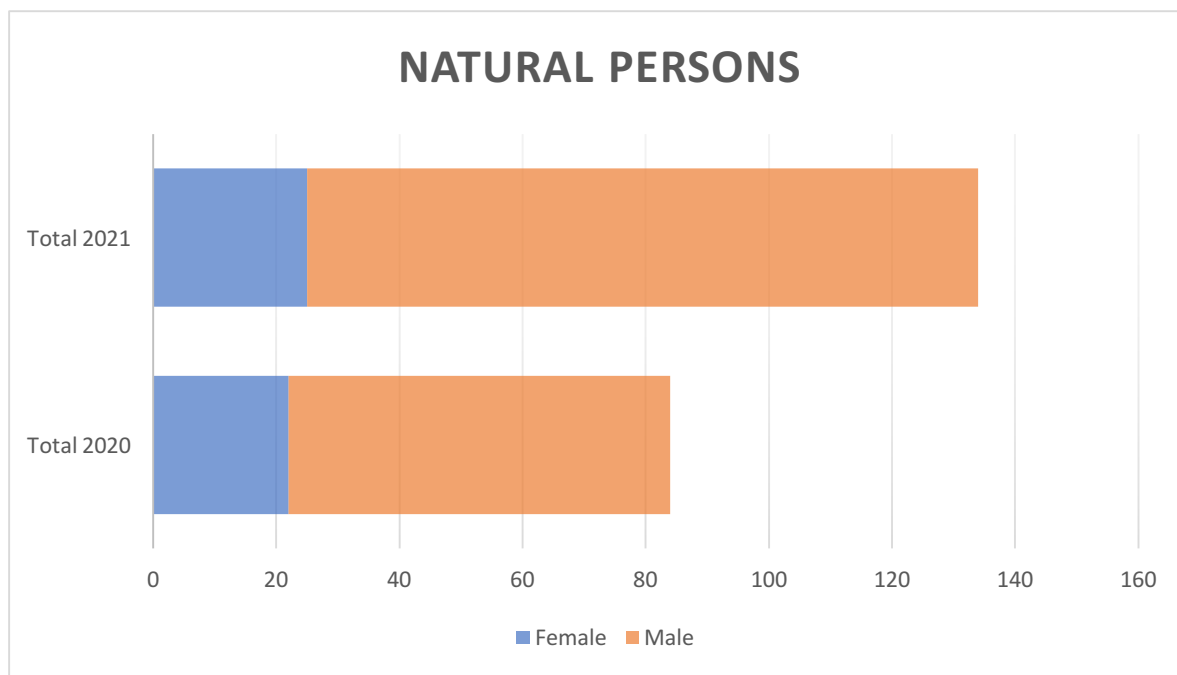


# Reports Submitted and Investigated Persons

As is expected, the reporting year is registering an increase in the number of reports which were submitted to Court. The years 2020 and 2021 feature an increasing disparity between the “number of cases” versus “the number of reports” which emerges due to the complexities that the cases themselves have. Whereas cases for 2019 and the majority of 2020 featured one or two arraigned natural persons or legal persons per case, during 2021 there were multiple cases which featured numerous arraigned subjects indicating a possible change in the complexities of the cases themselves.

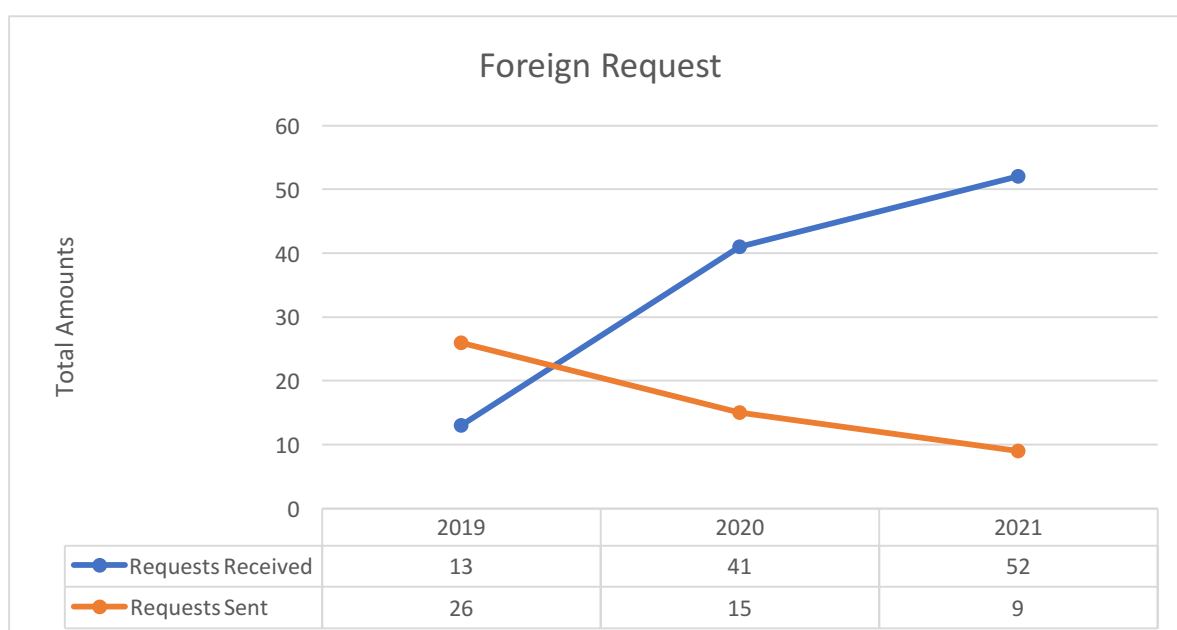
This is better reflected in the amounts denoting the total number of investigated persons which were being covered by the freezing orders issued in 2019 versus those issued in the following years. Whilst in 2019 the 71 freezing orders were covering a total of 76 investigated persons; 2020 had 66 freezing orders encompassing 102 investigated persons and in 2021 the 96 freezing orders issued were covering a total of 173 investigated persons.

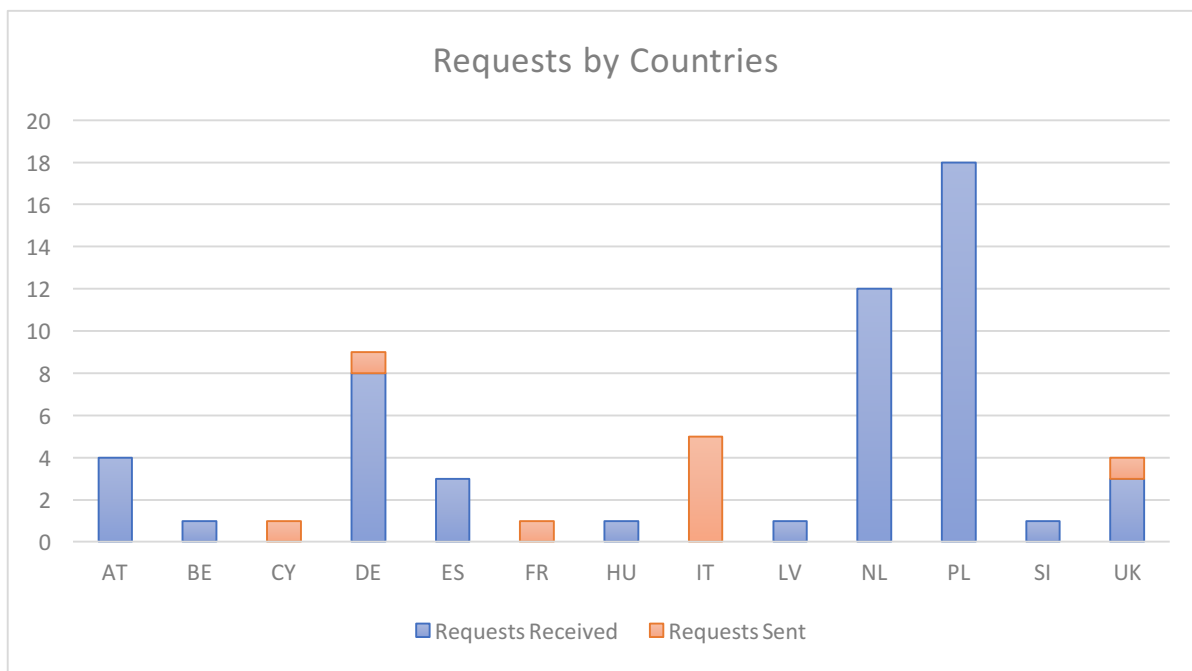




## International Assistance

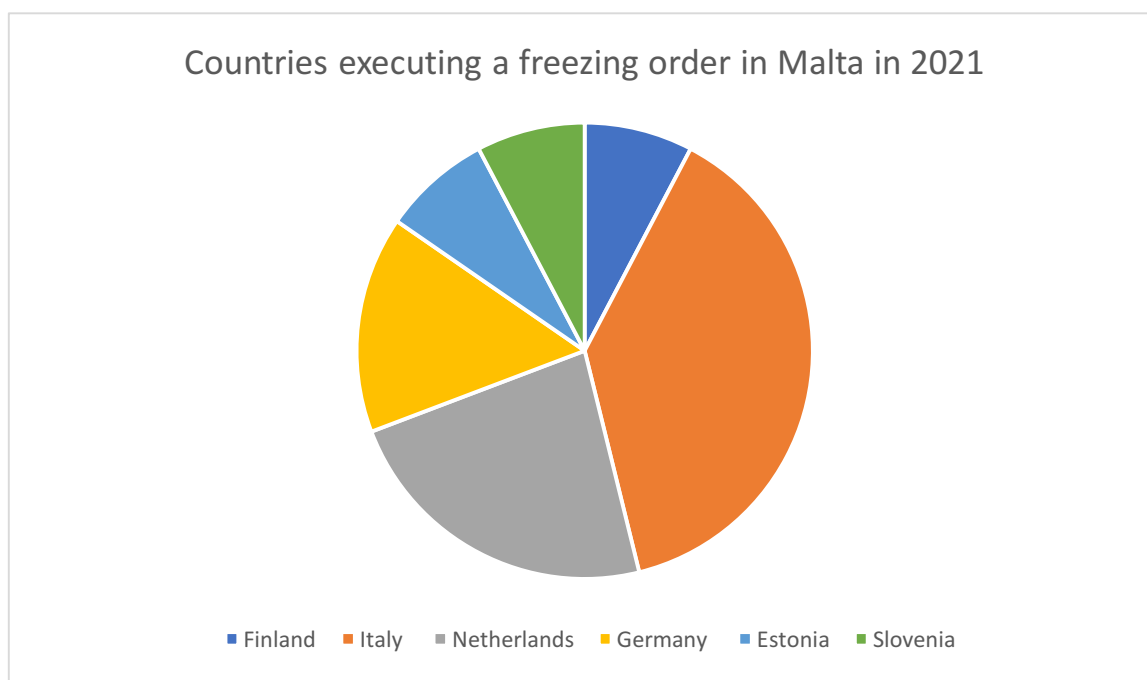
Through the installation of the SIENA system which was carried out during the year 2020 the Asset Recovery Bureau was given access to a channel which would allow communications to be carried out to and from foreign authorities. This is evident through the number of requests received which has been on a steady increase since the commencement of operations of the Asset Recovery Bureau. The number of incoming requests is in direct contrast with the number of outgoing requests which Malta sends out to foreign authorities. The installation of SIENA is meant to carry out searches in foreign jurisdictions based in Europe, there are still lacunas which need to be mitigated to reach out to foreign jurisdictions which go beyond the European continent. The Asset Recovery Bureau is constantly searching for different methodologies which could be implemented to build stronger networks with other jurisdictions.

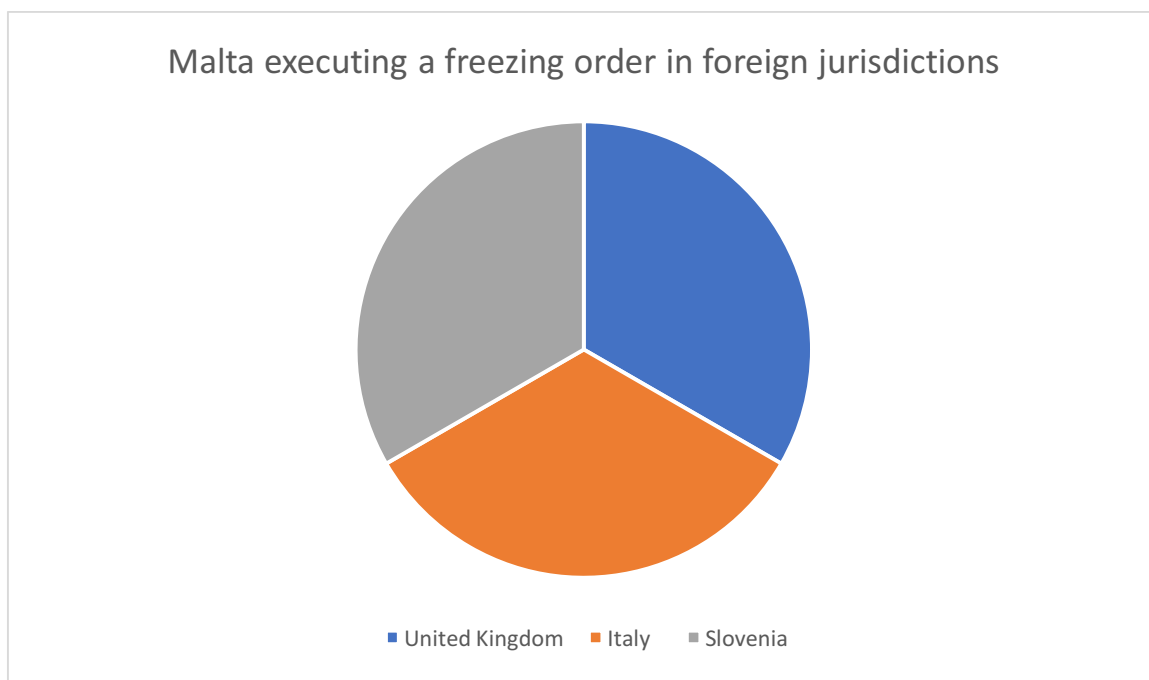




As stated above, under the Legal Notice 180 of 2021, the ARB also became the competent authority to recognise and execute foreign freezing orders in Malta as well as the issuing authority when extending local freezing orders in foreign jurisdictions.

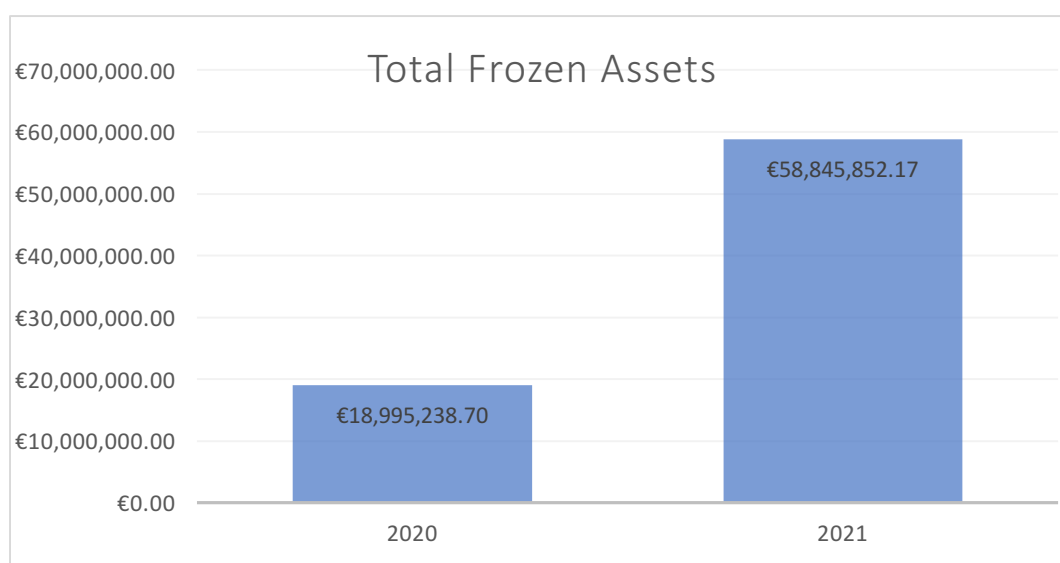
During this year the Bureau, received a total of 13 foreign freezing certificates and issued 3 freezing certificates in different Member States.

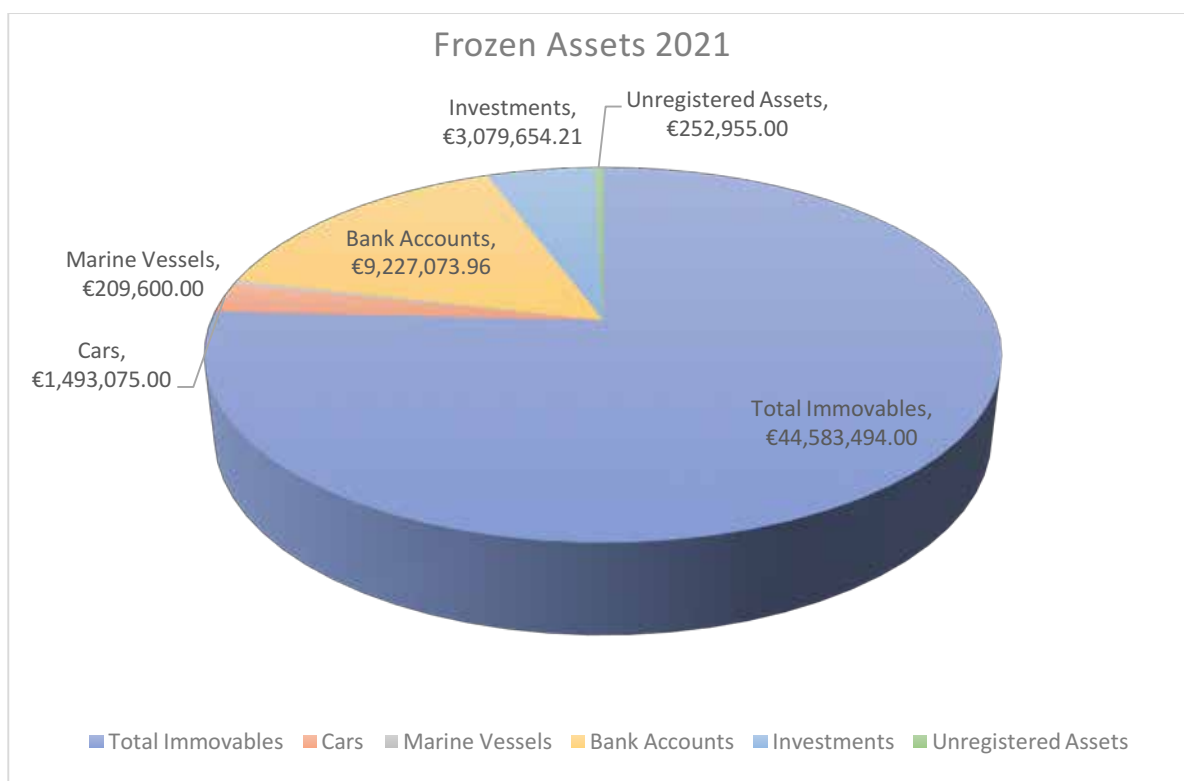




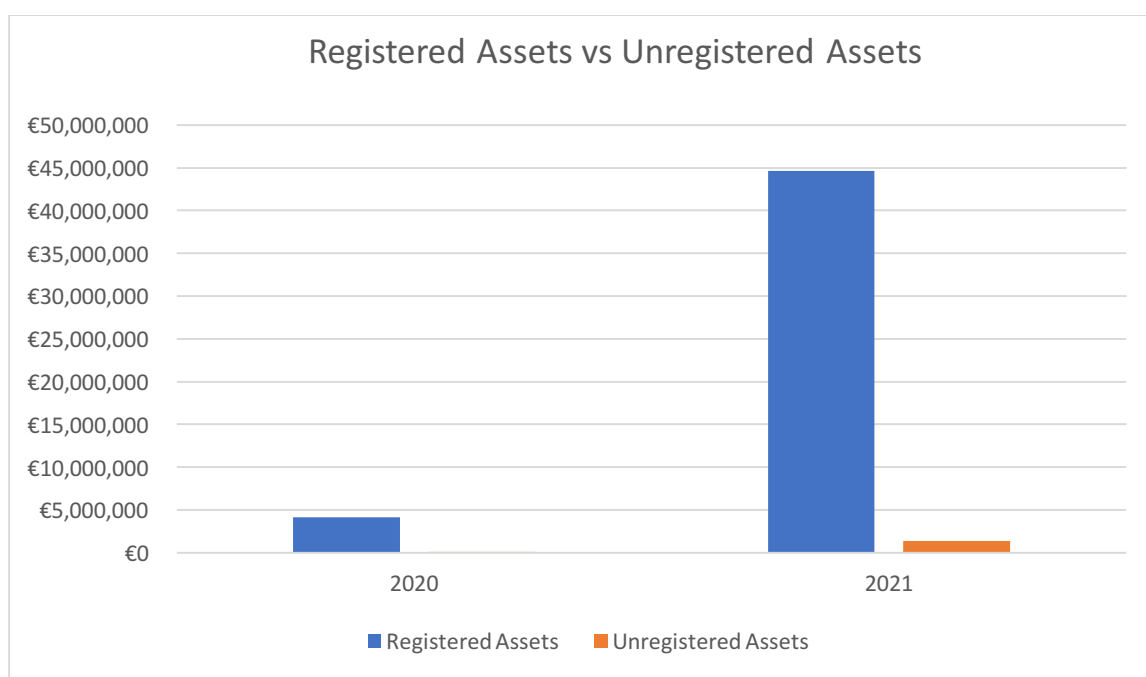
## Frozen Assets

As has been reported throughout the whole analysis, the reporting year also saw an increase in the frozen assets which are ultimately presented to Court through the reports generated. Undoubtedly, this value is in direct correlation with the number of freezing orders which the Asset Recovery Bureau processed throughout the year. However, applying knowledge obtained through previous cases, and examining and improving on current procedures allows the Asset Recovery Bureau to keep on improving on the results attained in previous years.





The graph below shows the differences between Registered and Unregistered assets between the year of 2020 and the year of 2021. Registered assets include all the property which is registered on the name of the person being accused. On the other hand, unregistered assets include all the assets which are identified either on the spot during the onsite asset inventory or through further asset tracing and which are not registered on the accused but registered on third parties.



# The Asset Management Unit

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The Asset Management Unit within the Bureau is another essential cog in an organized system to combat crime and ensuring it does not pay. With the increase in cases and with the enactment of a new Act, the Unit had to cater for an increase in duties.

Due to the increase in cases and on-site inspections, the Bureau had to cater for additional storage space where new assets deriving from criminal activity can be stored and managed. As a result, in 2021 the Bureau acquired an additional two storage facilities to ensure that all assets are kept in the best state. It is essential for the Unit to ensure that all assets are maintained in pristine condition to keep its value. This is crucial since on one hand, in cases where the accused is not found guilty of the offence then the assets are returned to him in the same condition as prior to being seized, while on the other hand, in cases where the assets are subsequently sold in favor of the Government, the latter will receive a higher value for the sold assets. Moreover, under both attachments and freezing order, the Director is bound to exercise for the safekeeping of any property subject to the relative order and held in his possession as is exercised by a bonus paterfamilias.

Following a number of confiscation orders by the Court, the Asset Management Unit was tasked to draft and issue a sale by tender in order to sell a speedboat and a vehicle in favour of the Government. The necessary arrangements were made with Customs Malta which kindly allowed the Bureau to host its sale by tender at their auction venue and after allowing the public to view the vehicles, the Bureau publicly published the result to the bidders to ensure transparency amongst the bids. The vehicles were previously being stored at the Asset Recovery Bureau's storage facility and subsequently were taken by the highest bidders. The Asset Management Unit also ensured that the necessary permits and transfer documents were submitted correctly to Transport Malta. Moreover, in order to minimize the possibility that the money used to purchase the assets did not derive from crime, the Bureau analyzed the source of funds.

With an increase in on-site inspections, the Asset Management Unit was continuously identifying new assets, which consequently required having new experts on board to value these different assets. Experts in areas ranging from clothing and antiques to live stock and real estate. Efforts are also being done to bring an expert in the area of crypto currencies and other virtual assets to ensure that any such hidden assets are also identified and secured. A number of outsourced experts assist the unit during on-site inspections to list and value the high valuable assets.

## Visit of the Libyan Asset Recovery and Management Office

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On the 7th December 2021, the Asset Recovery Bureau invited the Director General and other members of the Libyan Asset Recovery and Management Office (LARMO) and held a meeting at the Bureau. This was essential to firstly introduce ourselves personally and secondly discuss an increase in cooperation between Malta and Libya in the identification and seizure of proceeds of crime.

Both members of the ARB and LARMO clearly listed the difficulties they face when communicating with middle-eastern countries and the execution of cross-bored asset confiscation and subsequently several ideas and solutions were shared across the board. The ARB is continuously ensuring to keep all contact points and channels of communication as active as possible to both assist and request other jurisdictions all the necessary assistance to identify and trace proceeds of crime abroad.



ASSET RECOVERY  
BUREAU

M A L T A

**Annual Report and  
Financial Statements**  
**For the Year Ended 31 December 2021**

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**Asset Recovery Bureau****Statement of Comprehensive Income****For the Year Ended 31 December 2021**

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		<b>2021</b>	<b>2020</b>
			<b>(restated)</b>
	<b>Note</b>	<b>€</b>	<b>€</b>
Government subvention		610,988	530,000
Administrative expenses		(588,589)	(446,542)
Finance income	5.	17	14
Other income		350	6,857
Finance costs	6.	(331)	(2,803)
<b>Profit before tax</b>	7.	22,435	87,526
Taxation	9.	(7,853)	(30,635)
<b>Profit for the year</b>		14,582	56,891
<b>Total comprehensive income for the year</b>		14,582	56,891

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**Asset Recovery Bureau****Statement of Financial Position****As at 31 December 2021**

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		2021	2020	2019
			(restated)	(restated)
	Note	€	€	€
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10.	23,240	26,480	59,781
Intangible assets	11.	511	1,023	1,535
<b>Total non-current assets</b>		<b>23,751</b>	<b>27,503</b>	<b>61,316</b>
<b>Current assets</b>				
Trade and other receivables	12.	12,491	451	-
Cash and cash equivalents	13.	785,816	659,476	117,514
<b>Total current assets</b>		<b>798,307</b>	<b>659,927</b>	<b>117,514</b>
<b>TOTAL ASSETS</b>		<b>822,058</b>	<b>687,430</b>	<b>178,830</b>

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**Asset Recovery Bureau**  
**Statement of Financial Position**  
**As at 31 December 2021**

		2021	2020	2019
			(restated)	(restated)
	Note	€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Retained earnings		123,799	109,217	52,326
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current tax payable		66,662	58,809	28,174
Lease liability		-	-	46,353
Trade and other payables	14.	631,597	519,404	51,977
<b>Total current liabilities</b>		<b>698,259</b>	<b>578,213</b>	<b>126,504</b>
<b>Total liabilities</b>		<b>698,259</b>	<b>578,213</b>	<b>126,504</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>822,058</b>	<b>687,430</b>	<b>178,830</b>

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



Judge Joseph David Camilleri  
Chairperson



Anthony Sevasta  
Director

**Asset Recovery Bureau**

**Statement of Changes in Equity**

**For the Year Ended 31 December 2021**

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	<b>Retained earnings</b>	<b>Total equity</b>
	<b>€</b>	<b>€</b>
At 1 January 2021	109,217	109,217
Profit for the year	14,582	14,582
<b>At 31 December 2021</b>	<b>123,799</b>	<b>123,799</b>

At 1 January 2020 (as restated)	52,326	52,326
Profit for the year (as restated)	56,891	56,891
<b>At 31 December 2020 (as restated)</b>	<b>109,217</b>	<b>109,217</b>

**Asset Recovery Bureau****Statement of Cash Flows****For the Year Ended 31 December 2021**

	2021	2020
		(restated)
	€	€
<b>Cash flows from operating activities:</b>		
Profit for the year	14,582	56,891
Income tax expense	7,853	30,635
Bank interest income	(17)	(14)
Bank interest expense	331	156
Interest expense on leases	-	2,647
Depreciation and amortisation	11,601	56,484
<b>Profit from operations</b>	<b>34,350</b>	<b>146,799</b>
Movement in trade and other receivables	(12,040)	(451)
Movement in trade and other payables	112,193	467,427
Bank interest received	17	14
Bank interest paid	(331)	(156)
<b>Net cash flows from operating activities</b>	<b>134,189</b>	<b>613,633</b>
<b>Cash flows from investing activities:</b>		
Payments to acquire property, plant and equipment	(7,849)	(22,671)
<b>Net cash flows used in investing activities</b>	<b>(7,849)</b>	<b>(22,671)</b>
<b>Cash flows from financing activities:</b>		
Payments for leases	-	(49,000)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(49,000)</b>
<b>Net movement in cash and cash equivalents</b>	<b>126,340</b>	<b>541,962</b>
Cash and cash equivalents at beginning of year	659,476	117,514
<b>Cash and cash equivalents at end of year</b>	<b>785,816</b>	<b>659,476</b>

13.

**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 2021**

In 2021, the bureau adopted new standards, amendments and interpretations to existing standards that are mandatory for the bureau's accounting period beginning on 1 January 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the bureau's accounting policies impacting the company's financial performance and position.

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the bureau's financial results or position.

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

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

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

**3. Significant Accounting Policies**

**a. Property, plant and equipment**

**i. Recognition and measurement**

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

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

**ii. Depreciation**

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

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

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

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

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

**iii. Derecognition**

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



**3. Significant Accounting Policies (continued)**

**b. Intangible assets**

**i. Recognition and measurement**

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

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

**ii. Amortisation**

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

Computer software	25% straight line
-------------------	-------------------

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.

**3. Significant Accounting Policies (continued)**

**c. Leases (continued)**

***Measurement and recognition of leases as a lessee***

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

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

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

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

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

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

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

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

**d. Impairment testing of non-financial assets**

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

3. Significant Accounting Policies (continued)

e. Financial instruments

i. Recognition and derecognition

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

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

ii. Financial assets

***Classification and initial measurement of financial assets***

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

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

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

The classification is determined by both:

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

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

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

***Subsequent measurement of financial assets***

***Financial assets at amortised cost***

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

3. Significant Accounting Policies (continued)

e. Financial instruments (continued)

ii. Financial assets (continued)

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

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

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

***Impairment of financial assets***

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

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

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

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

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

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

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

iii. Financial liabilities

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

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

**3. Significant Accounting Policies (continued)**

**e. Financial instruments (continued)**

**iii. Financial liabilities (continued)**

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

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

**f. Cash and cash equivalents**

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

**g. Equity**

Retained earnings include current and prior period results.

**h. Revenue recognition**

**i. Government subvention**

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

**ii. Interest income**

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

**i. Borrowing costs**

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

**j. Significant management judgement and estimates**

International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates in the preparation of financial statements. IFRS also requires management to exercise judgement in the process of applying the Bureau's accounting policies. Any areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are required to be separately disclosed. For the year ended 31 December 2021, 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 2021

#### 4. Custody and disposal of confiscated assets

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

The results for the year under review were as follows:

	2021	2020
	€	€
Proceeds derived from disposal of assets	3,500	800
Transfer to Government's Consolidated Fund	(3,500)	(800)
	-	-

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

#### 5. Finance income

	2021	2020
	€	€
Bank interest income	17	14

#### 6. Finance costs

	2021	2020
	€	€
Interest expense on leases	-	2,647
Bank interest expense	331	156
	331	2,803

#### 7. Profit before tax

Profit before tax is stated after charging the following:

	2021	2020
	€	€
Auditor's remuneration	944	944
Depreciation and amortisation	11,601	56,484

**Asset Recovery Bureau****Notes to the Financial Statements (continued)****For the Year Ended 31 December 2021****8. Wages and salaries**

Payroll costs for the year comprise of the following:

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Board members' remuneration	51,642	39,000
Salaries, wages and employee benefits	337,872	307,027
	<u>389,514</u>	<u>346,027</u>

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

	<b>2021</b>	<b>2020</b>
	<b>No</b>	<b>No</b>
Board members	5	5
Director	1	1
Operations and administration	10	9
	<u>16</u>	<u>15</u>

**9. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>(restated)</b>
Current expense	<u>7,853</u>	<u>30,635</u>

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

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>(restated)</b>
Profit before tax	<u>22,435</u>	<u>87,526</u>
Tax at 35%	<u>7,852</u>	<u>30,634</u>
<b>Tax effect of:</b>		
Excess of depreciation over capital allowances	<u>1</u>	<u>1</u>
	<u>7,853</u>	<u>30,635</u>

**Asset Recovery Bureau**

**Notes to the Financial Statements (continued)**

**For the Year Ended 31 December 2021**

**10. Property, plant and equipment**

**December 31, 2021**

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

**December 31, 2020**

	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Furniture and fixtures</b>	<b>Office equipment</b>	<b>IT equipment</b>	<b>Total</b>
	€	€	€	€	€	€
<b>Cost</b>						
Opening balance	115,096	715	4,629	4,671	10,875	135,986
Additions	-	349	3,273	3,578	15,471	22,671
<b>At 31 December 2020</b>	<b>115,096</b>	<b>1,064</b>	<b>7,902</b>	<b>8,249</b>	<b>26,346</b>	<b>158,657</b>
<b>Depreciation</b>						
Opening balance	(68,740)	(119)	(882)	(1,453)	(5,011)	(76,205)
Charge for the year	(46,356)	(177)	(790)	(2,062)	(6,587)	(55,972)
<b>At 31 December 2020</b>	<b>(115,096)</b>	<b>(296)</b>	<b>(1,672)</b>	<b>(3,515)</b>	<b>(11,598)</b>	<b>(132,177)</b>
<b>Carrying amount</b>						
<b>At 31 December 2020</b>	<b>-</b>	<b>768</b>	<b>6,230</b>	<b>4,734</b>	<b>14,748</b>	<b>26,480</b>

Depreciation on right-of-use assets for the year under review was nil (2020: € 46,356).



**Asset Recovery Bureau****Notes to the Financial Statements (continued)****For the Year Ended 31 December 2021****11. Intangible assets****December 31, 2021****Computer  
software  
€****Cost**

Opening balance

2,047

**At 31 December 2021**

2,047

**Amortisation**

Opening balance

(1,024)

Charge for the year

(512)

**At 31 December 2021**

(1,536)

**Carrying amount****At 31 December 2021**

511

**December 31, 2020****Computer  
software  
€****Cost**

Opening balance

2,047

**At 31 December 2020**

2,047

**Amortisation**

Opening balance

(512)

Charge for the year

(512)

**At 31 December 2020**

(1,024)

**Carrying amount****At 31 December 2020**

1,023

## Asset Recovery Bureau

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

#### 12. Trade and other receivables

	2021	2020
	€	€
Prepayments	12,491	297
Other receivable	-	154
	<u>12,491</u>	<u>451</u>

#### 13. Cash and cash equivalents

	2021	2020
	€	€
Cash on hand	140	284
Bank balances	785,676	659,192
<b>Total cash and cash equivalents</b>	<u>785,816</u>	<u>659,476</u>

Included in cash and cash equivalents are € 604,066 (2020: € 504,939) held on behalf of a third party, and which are therefore not available for the Bureau's personal use.

#### 14. Trade and other payables

	2021	2020
	€	€
Trade payables	18,004	2,929
Accruals	9,176	10,736
Other payables	604,417	505,739
	<u>631,597</u>	<u>519,404</u>

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

#### 15. Financial risk management

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

- credit risk
- liquidity risk

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

**15. Financial risk management (continued)**

**Credit risk**

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

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

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

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

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

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

The Bureau's credit risk exposure is as follows:

	2021	2020
	€	€
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	785,816	659,476

**Liquidity risk**

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

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

## Asset Recovery Bureau

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

#### 15. Financial risk management (continued)

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

	Less than 1 year €	1 to 5 years €	Over 5 years €
<b>31 December 2021</b>			
Trade and other payables	631,597	-	-
<b>31 December 2020</b>			
Trade and other payables	519,404	-	-

#### 16. Related parties

##### a. Transactions with key management personnel

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

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

	2021 €	2020 €
Board members' remuneration	51,642	39,000
Directors' remuneration	47,999	58,897
	<u>99,641</u>	<u>97,897</u>

## Asset Recovery Bureau

### Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

#### 16. Related parties (continued)

##### b. Transactions and balances with related parties

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

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

	Transaction value		Balance outstanding	
	for the year			
	2021	2020	2021	2020
	€	€	€	€
Government subvention received from	610,988	530,000	-	-
Recharge of board remuneration, wages and salaries from	-	(45,143)	-	-
IT expenses incurred from	(8,620)	(768)	-	-
Purchase of office equipment from	-	(3,237)	-	-

#### 17. Capital management policies

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

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

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

## Asset Recovery Bureau

### Notes to the Financial Statements (continued)

#### For the Year Ended 31 December 2021

#### 18. Restatement of comparatives

During the current reporting period, the Bureau has restated the comparative figures to account for income tax which was omitted from the previously reported financial statements for the years ended 31 December 2018, 2019 and 2020.

In carrying out these corrections, the Bureau has complied with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' by retrospectively restating the the tax expense in the statement of comprehensive income and the tax liability and retained earnings in the statement of financial position.

These retrospective adjustments had the following impacts on the Bureau's previously reported financial statements:

	As originally reported €	Adjustment €	As restated €
<b>Income statement for the period ended 31 December 2018:</b>			
Tax expense	-	(703)	(703)
Profit for the period	2,748	(703)	2,045

<b>Income statement for the year ended 31 December 2019:</b>			
Tax expense	-	(27,471)	(27,471)
Profit for the year	77,752	(27,471)	50,281

<b>Income statement for the year ended 31 December 2020:</b>			
Tax charge	-	(30,635)	(30,635)
Profit for the year	87,526	(30,635)	56,891

	As originally reported €	Adjustment €	As restated €
<b>Balance sheet for the period ended 31 December 2018:</b>			
Current tax payable	-	(703)	(703)
Retained earnings	2,748	(703)	2,045

<b>Balance sheet for the year ended 31 December 2019:</b>			
Current tax payable	-	(28,174)	(28,174)
Retained earnings	80,500	(28,174)	52,326

<b>Balance sheet for the year ended 31 December 2020:</b>			
Current tax payable	-	(58,809)	(58,809)
Retained earnings	168,026	(58,809)	109,217

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

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**Opinion**

We have audited the accompanying financial statements of Asset Recovery Bureau set out on pages 3 to 23 which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Bureau as at 31 December 2021, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Proceeds of Crime Act (Chapter 621 of the Laws of Malta).

**Basis for Opinion**

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

**Other Information**

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

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

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

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

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

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**Responsibilities of the Board Members**

The Board Members responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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

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**Report on Other Legal and Regulatory Requirements**

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

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



David Sammut  
for and on behalf of  
CCPS Audit Limited

15, Level 1, Suite 4  
Naxxar Road  
Birkirkara BKR 9049  
Malta

18 May 2022

**Asset Recovery Bureau****For the Year Ended 31 December 2021****Schedules****Schedule of Administrative Expenses**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Advertising	9,503	5,465
Auditor's remuneration	944	944
Cleaning	2,499	2,781
Consulting and professional fees	94,584	7,751
Depreciation and amortisation	11,601	56,484
Board members' remuneration	51,642	39,000
Electricity and water	3,006	2,567
IT expenses	9,608	1,983
Lease rentals on operating lease	47,469	-
Legal fees	590	9,050
Materials and equipment	1,279	1,858
Postage	170	44
Printing and stationery	2,637	1,464
Repairs and maintenance	1,248	1,453
Salaries, wages and employee benefits	337,872	307,027
Telephone	2,930	1,981
Transport and freight	10,024	5,033
Training	40	189
Towing	540	384
Travel	389	1,083
Other expenses	14	1
	<b>588,589</b>	<b>446,542</b>





ASSET RECOVERY  
BUREAU

M A L T A

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