

**CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD
IN ITS CAPACITY AS A SUPERVISORY AUTHORITY
(CAYMAN ATTORNEYS REGULATION AUTHORITY)**

Audited Financial Statements
For the year ended 31 December 2022

**CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD
IN ITS CAPACITY AS A SUPERVISORY AUTHORITY
(CAYMAN ATTORNEYS REGULATION AUTHORITY)**

**Audited Financial Statements
For the year ended 31 December 2022**

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD.

Opinion

We have audited the financial statements of the Cayman Islands Legal Practitioners Association Ltd. ("CILPA") in its capacity as a Supervisory Authority (Cayman Attorneys Regulation Authority – the "Authority"), which comprise the statement of financial position as at 31 December 2022 and the related statements of comprehensive income, changes in retained funds and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 Authority 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 the Cayman Islands, 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.

Emphasis of Matter

We draw attention to Note 2(a) in the financial statements, which indicates that the Authority is not a separate legal entity but a sub-committee of CILPA and therefore certain assets, liabilities, capital, income and expenses of CILPA, in its capacity as a supervisory authority, have been allocated to the Authority by management at and for the year ended 31 December 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines 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, management is responsible for assessing the Authority'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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
THE CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD. (Continued)**

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 International Standards on Auditing 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 International Standards on Auditing, 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Authority'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 auditor's report. However, future events or conditions may cause the Authority to cease to continue 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 those charged with governance 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.

This report, including the opinion, has been prepared for and only for CILPA's directors and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Baker Tilly (Cayman) Ltd.

**Baker Tilly (Cayman) Ltd.
Grand Cayman, Cayman Islands
5 December 2023**

**CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD
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Statement of Financial Position

As at 31 December 2022

Expressed in Cayman Islands Dollars

| | Note | 2022 | 2021 |
|---|-----------|------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 706,675 | 632,461 |
| Accounts receivable | 3 | 303,000 | - |
| Prepaid expenses | | 27,798 | 21,807 |
| Other current assets | | 4,632 | 33,034 |
| Total current assets | | 1,042,105 | 687,302 |
| Fixed assets | 4 | 86,298 | 21,213 |
| TOTAL ASSETS | \$ | 1,128,403 | \$ 708,515 |
| LIABILITIES AND MEMBERS' SURPLUS | | | |
| Current liabilities | | | |
| Accrued CARA Board fees | 5 | 6,500 | 4,000 |
| Accounts payable and accrued expenses | 6 | 54,423 | 58,286 |
| Total liabilities | | 60,923 | 62,286 |
| Retained funds | | | |
| Retained earnings | | 1,067,480 | 646,229 |
| Total retained funds | 9 | 1,067,480 | 646,229 |
| TOTAL LIABILITIES AND MEMBERS' SURPLUS | \$ | 1,128,403 | \$ 708,515 |

See accompanying notes to the financial statements.

**CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD
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**Statement of Comprehensive Income
For the year ended 31 December 2022**

Expressed in Cayman Islands Dollars

| | Note | 2022 | 2021 |
|--------------------------------|------|-------------------|-------------------|
| Income | | | |
| CILPA funding income | 3 | 1,212,000 | 1,212,000 |
| Other income | | - | 7,154 |
| Total income | | 1,212,000 | 1,219,154 |
| Expenses | | | |
| Employee costs | 5,7 | 559,431 | 469,279 |
| Rent expense | | 88,468 | 99,880 |
| Computer and internet expenses | | 44,482 | 26,125 |
| Work permit | | 26,769 | 6,910 |
| Depreciation | 4 | 15,598 | 6,588 |
| Professional fees | | 14,247 | 135,767 |
| Audit fees | | 9,471 | 7,319 |
| Telephone and communications | | 7,456 | 7,250 |
| Foreign exchange loss | | 4,973 | 1,008 |
| Office supplies | | 4,114 | 5,496 |
| Dues and subscriptions | | 3,944 | 1,539 |
| General expenses | | 3,359 | 2,935 |
| Maintenance and repairs | | 2,491 | 11,744 |
| Insurance | | 2,266 | - |
| Training and development | | 2,166 | 1,724 |
| Bank charges | | 957 | 672 |
| Entertainment | | 434 | 1,254 |
| Printing and media expenses | | 123 | - |
| Travel and meetings | | - | 1,627 |
| Facilities and equipment | | - | 195 |
| Total expenses | | 790,749 | 787,312 |
| Net income for the year | | \$ 421,251 | \$ 431,842 |

See accompanying notes to the financial statements.

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Statement of Changes in Retained Funds

For the year ended 31 December 2022

Expressed in Cayman Islands Dollars

| | Retained earnings | Total |
|--|--------------------------|---------------------|
| <u>Year ended 31 December 2021:</u> | | |
| Balance at 1 January 2021 | 214,387 | 214,387 |
| Net income for the year | 431,842 | 431,842 |
| Balance at 31 December 2021 | \$ <u>646,229</u> | \$ <u>646,229</u> |
| <u>Year ended 31 December 2022:</u> | | |
| Net income for the year | 421,251 | 421,251 |
| Balance at 31 December 2022 | \$ <u>1,067,480</u> | \$ <u>1,067,480</u> |

See accompanying notes to the financial statements.

**CAYMAN ISLANDS LEGAL PRACTITIONERS ASSOCIATION LTD
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**Statement of Cash Flows
For the year ended 31 December 2022**

Expressed in Cayman Islands Dollars

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Net income for the year | 421,251 | 431,842 |
| Depreciation | 15,598 | 6,588 |
| Net changes in non-cash operating balances: | | |
| Prepaid expenses | (5,991) | (17,192) |
| Accounts receivable | (303,000) | — |
| Other current assets | 28,402 | (26,716) |
| Accrued CARA Board fees | 2,500 | — |
| Accounts payable and accrued expenses | (3,863) | (4,377) |
| <i>Net cash flows from operating activities</i> | <u>154,897</u> | <u>390,145</u> |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (80,683) | (499) |
| <i>Net cash flows used in investing activities</i> | <u>(80,683)</u> | <u>(499)</u> |
| Net increase in cash and cash equivalents | <u>74,214</u> | <u>389,646</u> |
| Cash and cash equivalents at beginning of year | 632,461 | 242,815 |
| Cash and cash equivalents at end of year | <u>\$ 706,675</u> | <u>\$ 632,461</u> |

See accompanying notes to the financial statements.

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**Notes to the Financial Statements
For the year ended 31 December 2022**
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1. GENERAL INFORMATION

The Cayman Islands Legal Practitioners Association Ltd (“CILPA”) is an ordinary company, limited by guarantee and does not have any share capital. The main objective of CILPA is to support and protect the character, status and interest of the legal profession in the Cayman Islands through various methods and initiatives. The Registered Office of CILPA is: Offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Cayman Islands government appointed CILPA as the named Supervisory Authority for monitoring anti-money laundering compliance by firms of attorneys-at-law within the Cayman Islands. CILPA delegated this supervisory function to its operationally independent regulatory arm, the Cayman Attorneys Regulation Authority (“CARA” or “the Authority”). CARA is not a separate legal entity and is a sub-committee of CILPA.

CARA’s principal activity is to supervise, monitor and regulate firms of attorneys-at-law conducting relevant financial business and to ensure a high standard of anti-money laundering compliance across the legal sector within the Cayman Islands. CARA’s supervisory anti-money laundering responsibilities also include counter-terrorism financing and counter-proliferation financing (collectively included in any reference to “AML”).

The office of CARA is located at 27 Hospital Road, George Town, Grand Cayman, Cayman Islands.

The financial statements were approved by the CILPA Council on 5 December 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The significant accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements comprise the assets, liabilities, capital, income and expenses of the independent operations of CARA, which are recorded separately from CILPA’s other assets, liabilities, capital, income and expenses.

The financial records and statements are maintained and presented in Cayman Islands Dollars (“CIS\$”), which is the Authority’s functional and presentational currency.

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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**Notes to the Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency transactions

Transactions in foreign currencies are converted into Cayman Islands Dollars at the exchange rate at the date of the transaction. Transactions during the period and assets, liabilities and net assets at the balance sheet date denominated in United States dollars have been translated into Cayman Islands dollars at the fixed rate of US\$1.00 = CI\$0.82. Monetary assets and liabilities denominated in other foreign currencies are translated into Cayman Islands Dollars at the exchange rate at the reporting date. Any gains or losses arising from conversions at different rates are included in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies are measured at historical cost, translated using the exchange rate at the date of the transaction, and are not translated at year-end.

(d) Income recognition

Income-based government grants are recognized once there is reasonable assurance that both (1) the conditions for their receipt will be met and (2) the grant will be received. Income-based grants government grants are deferred in the balance sheet and released to the income statement to match the related expenditure that they are intended to compensate.

CILPA enters into annual Purchase Agreements with the Cayman Islands government (“CIG”) for the provision of AML compliance and related services on behalf of the CIG. The Purchase Agreements establish the outputs to be delivered by the Authority and their cost to the CIG for the related annual period.

The Authority invoices the CIG quarterly based on the cost established in the Purchase Agreement. Accounts receivable represents amounts invoiced to the CIG relating to Purchase Agreements.

Interest income is recognised on an accrual basis.

(e) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(f) Taxation

The Authority is not subject to any form of taxation in the Cayman Islands including income, capital gains and withholding taxes. As a result, no Cayman Islands tax liability or expense has been recorded in these financial statements.

(g) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost of each class of asset over its estimated useful life on the following basis:

| | |
|------------------------|-----------------------|
| Computer equipment | 5 years straight-line |
| Furniture and fixtures | 5 years straight-line |

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2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) Fixed assets (Continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(h) Financial instruments

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income, or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

The Company holds its financial assets with the objective of collecting the contractual cash flows and the payments are solely payments of principal and interest. As such all financial instruments are classified at amortised cost and the policies specified below are specific to the amortised cost basis.

The Company's financial assets measured at amortised cost comprise of cash and cash equivalents, accounts receivable, and other current assets in the statement of financial position.

The Company's financial liabilities measured at amortised cost comprise of accounts payable.

Initial recognition and measurement

The Authority recognises financial assets and liabilities on the date it enters into a transaction to receive or pay cash or other financial instruments respectively.

A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue for items not held at fair value through profit or loss. A receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

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2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(h) Financial instruments (Continued)

Derecognition

Financial instruments are derecognised when the rights or obligations to receive and pay, respectively, cash or other financial instrument is expired and substantially all risks and rewards pertaining to the financial instruments are transferred.

Impairment

The Authority holds financial assets with no financing component and which have maturities of less than 12 months at amortised cost and, as such, applies the simplified approach for expected credit losses (“ECL”) under IFRS 9 to all its current assets. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Authority’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For the year ended 31 December 2022, no bad debts expense (2021: \$Nil) was recognised in the financial statements.

Fair value measurement principles

For all financial instruments, their carrying amounts approximate their fair value due to the immediate or short-term nature of these financial instruments.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with banks.

(j) Retained funds

Retained funds represent funds in excess of the expenses incurred in the delivery of the Authority’s activities. Excess funds are maintained in the Authority’s bank account to be used in the delivery of the Authority’s principal activities in future periods.

(k) New accounting standards

New or amended standards effective for the year ended 31 December 2022 had no material impact on the Authority.

(l) Accounting standards issued but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on the Authority in the current or future reporting periods and on foreseeable future transactions.

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3. **ACCOUNTS RECEIVABLE**

The Authority received a grant relating to the Purchase Agreement for the year ended 31 December 2022 of \$1,212,000 (2021: \$1,212,000), of which, \$303,000 was receivable as at 31 December 2022 (2021: \$Nil). The entire balance was paid subsequent to year-end.

4. **FIXED ASSETS**

For the year ended 31 December 2022:

| | Computer equipment | Furniture & fixture | Total |
|------------------------------------|-------------------------------|------------------------------------|----------------|
| | \$ | \$ | \$ |
| Cost | | | |
| Opening balance | 33,440 | - | 33,440 |
| Additions | 23,877 | 56,806 | 80,683 |
| Balance at 31 December 2022 | 57,317 | 56,806 | 114,123 |
| Accumulated depreciation | | | |
| Opening balance | 12,227 | - | 12,227 |
| Depreciation for the year | 9,918 | 5,680 | 15,598 |
| Balance at 31 December 2022 | 22,145 | 5,680 | 27,825 |
| Carrying amount | | | |
| At 31 December 2022 | 35,172 | 51,126 | 86,298 |

For the year ended 31 December 2021:

| | Computer equipment | Total |
|------------------------------------|-------------------------------|---------------|
| | \$ | \$ |
| Cost | | |
| Opening balance | 32,941 | 32,941 |
| Additions | 499 | 499 |
| Balance at 31 December 2021 | 33,440 | 33,440 |
| Accumulated depreciation | | |
| Opening balance | 5,639 | 5,639 |
| Depreciation for the year | 6,588 | 6,588 |
| Balance at 31 December 2021 | 12,227 | 12,227 |
| Carrying amount | | |
| At 31 December 2021 | 21,213 | 21,213 |

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5. RELATED PARTIES

Related parties of the Authority include the CARA Board of Directors and CILPA.

CARA Board members' fees were accrued for their attendance of CARA meetings totalling \$22,500 (2021: \$21,500) which is included within employee costs in the comprehensive statement of income. At 31 December 2022, a balance of \$6,500 was still due and payable (2021: \$4,000).

Other than the assets, liabilities, income and expenses directly attributable to the Authority, there were no transactions between the Authority and CILPA for the years ended 31 December 2022 and 2021.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

| | 2022 | 2021 |
|------------------|------------------|------------------|
| Trade payables | 1,417 | 1,579 |
| Accrued expenses | <u>53,006</u> | <u>56,707</u> |
| | <u>\$ 54,423</u> | <u>\$ 58,286</u> |

7. EMPLOYEE COSTS

| | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| Salaries | 427,350 | 381,484 |
| Bonus | 42,735 | 39,571 |
| Health insurance | 62,690 | 26,586 |
| Directors fees (note 5) | 22,500 | 21,500 |
| Pension contribution | <u>4,156</u> | <u>138</u> |
| | <u>\$ 559,431</u> | <u>\$ 469,279</u> |

CILPA employs four (2021: four) full-time employees who work for the Authority and whose costs were allocated to CARA during the year ended 31 December 2022 and 2021 respectively. As required by the Pension Law of the Cayman Islands, CILPA has established a defined contribution pension plan with a third-party pension provider in the Cayman Islands for its employees. During the year ended 31 December 2020, the Cayman Islands Legislative Assembly passed the National Pensions (Amendment) Law (2020), which temporarily suspended pension contributions. The suspension of pension contributions ended 30 September 2022, and the Authority resumed contributions to the pension scheme from 1 October 2022. In addition, CILPA makes contributions towards its employees' health insurance coverage in compliance with the Health Insurance Law.

8. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The financial assets of the Authority include cash and cash equivalents, accounts receivable and other current assets. Financial liabilities include accounts payable. The main risks associated with the Authority's financial instruments are as follows:

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8. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Continued)

(a) Market risk

Market risk embodies the potential for both losses and gains and includes interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority's exposure to interest rates relates primarily to its cash kept with a financial institution earning interest at variable annual rates. Management believes that interest rate risk is not significant for the Authority.

Currency risk

The Authority may enter into transactions denominated in currencies other than the Cayman Islands Dollar, its functional currency. Consequently, the Authority may be exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Authority's assets or liabilities denominated in currencies other than the Cayman Islands Dollar.

The Authority had no material exposure to fluctuations in foreign currency exchange rates at 31 December 2022 and 2021.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted.

The Authority invests all available cash with banks and is exposed to credit-related losses in the event of non-performance by these banks. To mitigate this risk, the Authority's cash is placed in highly reputable financial institutions in the Cayman Islands.

The accounts receivable represents amounts owing from the CIG. The Authority does not consider there to be any credit risk associated with the CIG.

The extent of the Authority's exposure to credit risk in respect of the financial assets detailed above approximates their carrying values as recorded in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority monitors its cash flows in order to ensure that it has sufficient cash resources to settle its obligations in full as they fall due.

The Authority's financial liabilities at 31 December 2022 and 2021 have a maturity date of less than twelve months after period-end.

(d) Fair value information

The carrying amounts of the Authority's financial assets and liabilities as at 31 December 2022 and 2021 approximate their fair values due to the relatively short periods to maturity of these instruments.

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9. GOING CONCERN

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

As at 31 December 2022, the Authority's assets exceeded its liabilities by \$1,067,480 (2021: \$646,229). The ability of the Authority to continue as a going concern is dependent on the CIG continuing to provide financial support to the Authority.

On 14 October 2022, the Cabinet of the Cayman Islands signed the Legal Services Act ("the Act"), commencement order, specifically commencing Parts 1 and 2, and sections 99 and 101 of the Act, formally establishing the Cayman Islands Legal Services Council ("LSC"). Once fully enacted, the LSC will become the Supervisory Authority with responsibility for monitoring compliance with money laundering regulations in the Cayman Islands. The LSC may, by written instrument, delegate to any committee of the LSC or other person any of its functions under the Act.

The Board of the Authority expects that the Authority will be registered as an entity in its own right, with the LSC as shareholder of the Authority. The Authority will continue to operate as normal, and the existing assets and liabilities will be novated into the new entity. As at the date of these financial statements, CILPA has continued its role as the Supervisory Authority and the establishment of a new entity to continue the operations of the Authority has yet to occur.

10. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events up to the date that the financial statements were approved.

There is nothing that would require recognition or additional disclosure in these financial statements.