

## **REGISTRY OF THE COMPETITION TRIBUNAL**

### **Statement of Management Responsibility**

Responsibility for the integrity and objectivity of the accompanying financial statements of the Registry of the Competition Tribunal (Registry) for the year ended March 31, 2009 and all information contained in these statements rests with the Registry's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on managements' best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Registry's financial transactions. Financial information submitted to the Public Accounts of Canada and included in the Registry's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Registry.

The financial statements of the Registry have not been audited.

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Raynald Chartrand

Deputy Head and Registrar

Ottawa, Canada

Date:

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Erminda Mondero

Financial Officer

**Registry of the Competition Tribunal**  
**Statement of Operations (Unaudited)**  
**For the Year Ended March 31**  
*(in dollars)*

	<b>2009</b>	<b>2008</b>
<b>Operating Expenses</b>		
Process Cases		
Salaries and employee benefits	\$ 920,281	\$ 1,125,613
Accommodation	602,631	570,132
Professional and special services	365,247	346,562
Transportation and telecommunications	154,333	129,253
Utilities, materials and supplies	69,914	50,951
Amortization of tangible capital assets	30,793	14,746
Information	24,431	11,895
Rentals	13,293	6,638
Repair and maintenance	445	1,395
<b>Total Operating Expenses</b>	<b>\$ 2,181,368</b>	<b>\$ 2,257,185</b>
<b>Revenue</b>		
Miscellaneous revenues	\$ 160	\$ -
<b>Net Cost of Operations</b>	<b>\$ 2,181,208</b>	<b>\$ 2,257,185</b>

The accompanying notes form an integral part of these financial statements.

**Registry of the Competition Tribunal**  
**Statement of Financial Position (Unaudited)**  
**At March 31**  
*(in dollars)*

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
<b>Financial assets</b>		
Accounts receivable and advances (note 4)	\$ <u>32,337</u>	\$ <u>17,011</u>
<b>Total financial assets</b>	<u>32,337</u>	<u>17,011</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	<u>227,318</u>	<u>102,844</u>
<b>TOTAL</b>	\$ <u>259,655</u>	\$ <u>119,855</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 213,627	\$ 138,618
Vacation pay and compensatory leave	28,204	24,222
Employee severance benefits (note 6)	<u>208,093</u>	<u>268,102</u>
<b>Total liabilities</b>	<u>449,924</u>	<u>430,942</u>
<b>Equity of Canada</b>	<u>(190,269)</u>	<u>(311,087)</u>
<b>TOTAL</b>	\$ <u>259,655</u>	\$ <u>119,855</u>

The accompanying notes form an integral part of these financial statements.

**Registry of the Competition Tribunal**  
**Statement of Equity of Canada (Unaudited)**  
**At March 31**  
*(in dollars)*

	<b>2009</b>	<b>2008</b>
<b>Equity of Canada, beginning of year</b>	\$ (311,087)	\$ (253,743)
Net Cost of Operations	(2,181,208)	(2,257,185)
Current year appropriations used (note 3)	1,691,468	1,697,344
Change in net position in the Consolidated Revenue		
Fund (note 3)	(61,787)	(127,635)
Services received without charge from other government departments (note 7)	672,345	630,132
<b>Equity of Canada, end of year</b>	\$ (190,269)	\$ (311,087)

The accompanying notes form an integral part of these financial statements.

**Registry of the Competition Tribunal**  
**Statement of Cash Flow (Unaudited)**  
**For the Year Ended March 31**  
*(in dollars)*

	<u>2009</u>	<u>2008</u>
<b>Operating Activities</b>		
Net Cost of Operations	\$ 2,181,208	\$ 2,257,185
Non-cash items:		
Amortization of tangible capital assets	(30,793)	(14,746)
Services received without charge from other government departments (note 7)	(672,345)	(630,132)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	15,326	(31,097)
Increase (decrease) in liabilities	(18,982)	(88,964)
Cash used by operating activities	\$ <u>1,474,414</u>	\$ <u>1,492,246</u>
<b>Capital investment activities</b>		
Acquisitions of tangible capital assets	<u>155,267</u>	<u>77,464</u>
Cash used by capital investment activities	\$ <u>155,267</u>	\$ <u>77,464</u>
<b>Financing activities</b>		
Net cash provided by Government	\$ <u>(1,629,681)</u>	\$ <u>(1,569,710)</u>

The accompanying notes form an integral part of these financial statements.

# **Registry of the Competition Tribunal**

## **Notes to the Financial Statements (unaudited)**

### **1. Authority and Objectives**

The Registry of the Competition Tribunal (Registry) is a quasi-judicial adjudicative tribunal created in 1986 by the Competition Tribunal Act. Its mandate is to hear applications and issue orders related to the civil renewable matters set out in Parts VII.1 and VIII of the Competition Act, whose purpose is to maintain and encourage competition in Canada, and to ensure that firms compete fairly and markets operate efficiently. The Registry has no other function and operates at arm's length from government and its departments.

The Competition Tribunal Act provides for an administrative infrastructure for the Registry. For the purpose of this report, a clear distinction between the Tribunal and its Registry must be established. While they assume complementary roles to support the implementation of the Competition Act, these two entities have different status, carry out different activities, and are subject to different accountability measures. One fundamental difference between the Tribunal and the Registry is that the former is a quasi-judicial body, while the latter is considered a federal department under the Financial Administration Act. In fact, the Financial Administration Act specifically excludes the Tribunal from the Registry's designation as a department.

### **2. Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

#### **(a) Parliamentary appropriations**

The Registry is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Registry do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(unaudited)

### **(b) Net Cash provided by Government**

The Registry operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the Registry is deposited to the CRF and all cash disbursements made by the Registry are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

### **(c) Change in net position in the Consolidated Revenue Fund**

The change is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non responsible revenue recorded by the Registry. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

### **(d) Expenses**

Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

### **(e) Employee future benefits**

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Registry's contributions to the Plan are charged to expenses in the year incurred and represent the total Registry obligation to the Plan. Current legislation does not require the Registry to make contributions for any actuarial deficiencies of the Plan.
- ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(unaudited)

#### **(f) Accounts and loans receivables**

Accounts and loans receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

#### **(g) Tangible capital assets**

All tangible capital assets and leasehold improvements having an initial cost of \$3,000 or more are recorded at their acquisition cost. The Registry does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<b>Asset Class</b>	<b>Amortization Period</b>
Machinery and Equipment	10 years
Informatics Hardware	3 – 4 years
Other Equipment	5 – 10 years
Leasehold Improvements	period of the lease

#### **(h) Measurement uncertainty**

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

### **3. Parliamentary appropriations**

The Registry receives its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Registry has different net results of



(unaudited)

operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

**(a) Reconciliation of net cost of operations to current year appropriations used:**

	<b>2009</b>	<b>2008</b>
	(in dollars)	
<b>Net cost of operations</b>	2,181,208	2,257,185
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Services provided without charge	(672,345)	(630,132)
Amortization of tangible capital assets	(30,793)	(14,746)
Employee severance benefits	60,009	(33,453)
Vacation pay and compensatory leave	(3,982)	41,026
Refund of Expenditures of Purchased Operating Goods/Services	1,944	-
Miscellaneous revenue	160	-
	<u>1,536,201</u>	<u>1,619,880</u>
Adjustments for items not affecting net cost but affecting appropriations		
Add: acquisitions of tangible capital assets	<u>155,267</u>	<u>77,464</u>
<b>Current year appropriations used</b>	<u><u>1,691,468</u></u>	<u><u>1,697,344</u></u>

**(b) Appropriations provided and used**

	<b>Appropriations Provided</b>	
	<b>2009</b>	<b>2008</b>
	(in dollars)	
Vote 45 – Operating expenditures	1,981,411	1,750,283
Statutory amounts	125,468	160,826
Less:		
Lapsed appropriations: Operating	<u>(415,411)</u>	<u>(213,765)</u>
<b>Current year appropriations used</b>	<u><u>1,691,468</u></u>	<u><u>1,697,344</u></u>

(unaudited)

**(c) Reconciliation of net cash provided by Government to current year appropriations used**

	<b>2009</b>	<b>2008</b>
	(in dollars)	
Net cash provided by Government	1,629,681	1,569,709
Change in net position in the Consolidated Revenue Fund		
Increase (Decrease) in accounts receivable and advances	(15,326)	31,097
Increase (Decrease) in accounts payable and accrued liabilities	75,010	96,538
Other adjustments	2,103	-
	<u>61,787</u>	<u>127,635</u>
<b>Current year appropriations used</b>	<u><u>1,691,468</u></u>	<u><u>1,697,344</u></u>

**4. Accounts Receivable and Advances**

The following table presents details of accounts receivable and advances:

	<b>2009</b>	<b>2008</b>
	(in dollars)	
Receivables from other Federal Government departments and agencies	32,954	17,628
Receivables from external parties	(1,117)	(1,117)
Standing advances	500	500
Total	<u><u>32,337</u></u>	<u><u>17,011</u></u>

(unaudited)

## 5. Tangible Capital Assets

(in dollars)

Capital asset class	Cost			
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance
Informatics hardware	240,920	46,770	-	287,690
Other equipment	172,824	28,260	-	201,084
Machinery and equipment	122,847	4,854	-	127,701
Leasehold improvements	53,884	75,383	-	129,267
Total	<b>590,475</b>	<b>155,267</b>	-	<b>745,742</b>

Capital asset class	Accumulated amortization			
	Opening balance	Amortization	Disposals and write-offs	Closing balance
Informatics hardware	215,850	7,318	-	223,168
Other equipment	150,762	9,551	-	160,313
Machinery and equipment	121,019	2,102	-	123,121
Leasehold improvements	-	11,822	-	11,822
Total	<b>487,631</b>	<b>30,793</b>	-	<b>518,424</b>

Capital asset class	2009	2008
	Net book value	Net book value
Informatics hardware	64,522	25,070
Other equipment	40,771	22,062
Machinery and equipment	4,580	1,828
Leasehold improvements	117,445	53,884
	<b>227,318</b>	<b>102,844</b>

Amortization expense for the year ended March 31, 2009 was \$30,793 (2008 was \$14,746)

(unaudited)

## 6. Employee Benefits

### (a) Pension benefits

The Registry's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Registry contribute to the cost of the Plan. The 2008-09 expense amounts to \$90,587 (\$116,928 in 2007-08) which represents approximately 2.0 times (2.1 in 2007-08) the contributions by employees.

The Registry's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

### (b) Employee severance benefits

The Registry provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2009</u>	<u>2008</u>
	(in dollars)	
Accrued benefit obligation, beginning of the year	268,102	234,649
Expense for the year	(60,009)	33,453
Benefits paid during the year	-	-
Accrued benefit obligation, end of the year	<u>208,093</u>	<u>268,102</u>

## 7. Related party transactions

The Registry is related as a result of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Registry enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Registry received services which were obtained without charge from other Government departments as presented in part (a).

(unaudited)

**(a) Services provided without charge:**

During the year, the Registry received services that were obtained without charge from other government departments and agencies. These services without charge have been recognized in the Registry's Statement of Operations as follows:

	<u>2009</u>	<u>2008</u>
	(in dollars)	
Accommodation	602,631	570,132
Employer's contribution to the health and dental insurance plans	69,714	60,000
Total	<u>672,345</u>	<u>630,132</u>

**(b) Payables outstanding at year-end with related parties:**

	<u>2009</u>	<u>2008</u>
	(in dollars)	
Accounts payable to other government departments and agencies	<u>53,273</u>	<u>75,286</u>