

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, 2010 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.

Raynald Chartrand
Deputy Head and Registrar

Erminda Mondero
Financial Officer

Ottawa, Canada
Date: August 13, 2010

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

	2010			2009	
	Process Cases	Internal Services	Total	Total	
Operating Expenses					
Salaries and employee benefits	\$ 695,161	\$ 331,855	\$ 1,027,016	\$ 920,281	
Accommodation	390,161	219,466	609,627	602,631	
Professional and special services	136,095	79,106	215,201	365,247	
Transportation and telecommunications	34,491	42,837	77,328	154,333	
Utilities, materials and supplies	39,409	22,791	62,200	69,914	
Amortization of tangible capital assets	-	51,640	51,640	30,793	
Information	14,120	219	14,339	24,431	
Rentals	2,267	7,965	10,232	13,293	
Repair and maintenance	-	441	441	445	
Total Operating Expenses	\$ 1,311,704	\$ 756,320	\$ 2,068,024	\$ 2,181,368	
Revenue					
Miscellaneous revenues	\$ -	\$ -	\$ -	\$ 160	
Net Cost of Operations	\$ 1,311,704	\$ 756,320	\$ 2,068,024	\$ 2,181,208	

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)

	2010	2009
Assets		
Financial assets		
Accounts receivable and advances (note 4)	\$ 28,901	\$ 32,337
Total financial assets	28,901	32,337
Non-financial assets		
Tangible capital assets (note 5)	244,833	227,318
TOTAL	\$ 273,734	\$ 259,655
Liabilities		
Accounts payable and accrued liabilities	\$ 55,309	\$ 213,627
Vacation pay and compensatory leave	29,435	28,204
Employee severance benefits (note 6)	241,012	208,093
Total liabilities	325,756	449,924
Equity of Canada	(52,022)	(190,269)
TOTAL	\$ 273,734	\$ 259,655

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)

	2010	2009
Equity of Canada, beginning of year	\$ (190,269)	\$ (311,087)
Net Cost of Operations	(2,068,024)	(2,181,208)
Current year appropriations used (note 3)	1,367,819	1,691,468
Change in net position in the Consolidated Revenue Fund (note 3)	153,301	(61,787)
Services received without charge from other government departments (note 7)	685,151	672,345
Equity of Canada, end of year	\$ (52,022)	\$ (190,269)

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)

	2010	2009
Operating Activities		
Net Cost of Operations	\$ 2,068,024	\$ 2,181,208
Non-cash items:		
Amortization of tangible capital assets	(51,640)	(30,793)
Services received without charge from other government departments (note 7)	(685,151)	(672,345)
Variations in Statement of Financial Position:		
(Increase) Decrease in accounts receivable and advances	(3,436)	15,326
Increase (Decrease) in liabilities	124,168	(18,982)
Cash used by operating activities	\$ 1,451,965	\$ 1,474,414
Capital investment activities		
Acquisitions of tangible capital assets	69,155	155,267
Cash used by capital investment activities	\$ 69,155	\$ 155,267
Financing activities		
Net cash provided by Government	\$ (1,521,120)	\$ (1,629,681)

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

Registry of the Competition Tribunal

Notes to the Financial Statements (unaudited)

For the year ending March 31

1. Authority and Objectives

The Competition Tribunal 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 Tribunal 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. The Registry aims to provide high quality internal services to ensure the infrastructure is in place to assist the Tribunal in meeting its mandate.

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.

(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 spendable 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.

Registry of the Competition Tribunal

Notes to the Financial Statements (unaudited)

(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.

(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:

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

Registry of the Competition Tribunal
Notes to the Financial Statements (unaudited)

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

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Net cost of operations	2,068,024	2,181,208
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Services provided without charge	(685,151)	(672,345)
Amortization of tangible capital assets	(51,640)	(30,793)
Employee severance benefits	(32,919)	60,009
Vacation pay and compensatory leave	(1,231)	(3,981)
Refund of Expenditures of Purchased Operating Goods/Services	1,581	1,943
Miscellaneous revenue	-	160
	<u>1,298,664</u>	<u>1,536,201</u>
Adjustments for items not affecting net cost but affecting appropriations		
Add: acquisitions of tangible capital assets	69,155	155,267
	<u>69,155</u>	<u>155,267</u>
Current year appropriations used	<u>1,367,819</u>	<u>1,691,468</u>

(b) Appropriations provided and used

	Appropriations Provided	
	<u>2010</u>	<u>2009</u>
	(in dollars)	
Vote 45 - Operating expenditures	2,016,289	1,981,411
Statutory amounts	136,415	125,468
Less:		
Lapsed appropriations: Operating	(784,885)	(415,411)
	<u>(784,885)</u>	<u>(415,411)</u>
Current year appropriations used	<u>1,367,819</u>	<u>1,691,468</u>

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

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Net cash provided by Government	1,521,120	1,629,681
Change in net position in the Consolidated Revenue Fund		
Increase in accounts receivable and advances	3,436	(15,326)
(Decrease) in accounts payable and accrued liabilities	(158,318)	75,010
Other adjustments	1,581	2,103
	<u>(153,301)</u>	<u>61,787</u>
Current year appropriations used	<u>1,367,819</u>	<u>1,691,468</u>

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Receivables from other Federal Government departments and agencies	28,401	32,954
Receivables from external parties	-	(1,117)
Standing advances	500	500
	<u>500</u>	<u>500</u>
Total	<u>28,901</u>	<u>32,337</u>

Registry of the Competition Tribunal

Notes to the Financial Statements (unaudited)

5. Tangible Capital Assets (in dollars)

Capital asset class	Cost			Closing balance
	Opening balance	Acquisitions	Disposals and write-offs	
Informatics hardware	287,690	18,585	-	306,275
Other equipment	201,084	-	-	201,084
Machinery and equipment	127,701	288	-	127,989
Leasehold improvements	129,267	50,282	-	179,549
Total	745,742	69,155	-	814,897

Capital asset class	Accumulated amortization			Closing balance
	Opening balance	Amortization	Disposals and write-offs	
Informatics hardware	223,168	6,689	-	229,857
Other equipment	160,313	7,135	-	167,448
Machinery and equipment	123,121	3,919	-	127,040
Leasehold improvements	11,822	- 33,897	-	45,719
Total	518,424	51,640	-	570,064

Capital asset class	2010	2009
	Net book value	Net book value
Informatics hardware	76,418	64,522
Other equipment	33,636	40,771
Machinery and equipment	949	4,580
Leasehold improvements	133,830	117,445
	244,833	227,318

Amortization expense for the year ended March 31, 2010 was \$51,640 (2009 was \$30,793)

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 2009-10 expense amounts to \$98,376 (\$90,587 in 2008-09) which represents approximately 1.9 times (2.0 in 2008-09) 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.

Registry of the Competition Tribunal

Notes to the Financial Statements (unaudited)

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:

	2010	2009
	(in dollars)	
Accrued benefit obligation, beginning of the year	208,093	268,102
Expense for the year	32,919	(60,009)
Benefits paid during the year	-	-
Accrued benefit obligation, end of the year	<u>241,012</u>	<u>208,093</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).

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:

	2010	2009
	(in dollars)	
Accommodation	609,627	602,631
Employer's contribution to the health and dental insurance plans	75,524	69,714
Total	<u>685,151</u>	<u>672,345</u>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Registry's Statement of Operations.

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

	2010	2009
	(in dollars)	
Accounts payable to other government departments and agencies	<u>14,788</u>	<u>53,273</u>