

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Management Responsibility (unaudited)

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, 2011 and all information contained in these statements rests with the management of the Registry. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are based on 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 in the preparation of the Public Accounts of Canada, and included in the Registry's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the department/agency.

The financial statements of the Registry have not been audited.

Raynald Chartrand, CMA
Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
Date:

REGISTRY OF THE COMPETITION TRIBUNAL
Statement of Financial Position (unaudited)
At March 31, 2011
(in dollars)

	2011	2010 Restated (note 10)
Assets		
Financial assets		
Due from Consolidated Revenue Fund	\$ 44,338	\$ 27,675
Accounts receivable and advances (note 4)	52,129	28,901
Total financial assets	96,467	56,576
Non-financial assets		
Tangible capital assets (note 5)	235,175	244,833
Total assets	\$ 331,642	\$ 301,409
Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 100,520	\$ 55,309
Vacation pay and compensatory leave	26,012	29,435
Employee severance benefits (note 7)	172,051	241,012
Total liabilities	298,583	325,756
Equity of Canada	33,059	(24,347)
Total liabilities and equity of Canada	\$ 331,642	\$ 301,409

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

Raynald Chartrand, CMA
Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
Date:

REGISTRY OF THE COMPETITION TRIBUNAL
Statement of Operations (unaudited)
For the Year Ended March 31, 2011
(in dollars)

	2011	2010
Operating Expenses		
Process Cases	\$ 1,279,034	\$ 1,311,704
Internal Services	855,894	756,320
Total Operating Expenses	\$ 2,134,928	\$ 2,068,024
Revenue		
Process Cases	\$ 75,000	\$ -
Internal Services	1,863	-
Total Revenue	\$ 76,863	\$ -
 Net Cost of Operations	 \$ 2,058,065	 \$ 2,068,024

Segmented information (note 9)

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, 2011
(in dollars)

	2011	2010 Restated (note 10)
Equity of Canada, beginning of year	\$ (24,347)	\$ -9,282
Net Cost of Operations	(2,058,065)	-2,068,024
Net cash provided by Government	1,426,589	1,521,120
Change in due from the Consolidated Revenue Fund	16,663	-153,312
Services provided without charge by other government departments (note 8)	672,219	685,151
Equity of Canada, end of year	\$ 33,059	\$ -24,347

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, 2011
(in dollars)

	<u>2011</u>	<u>2010</u>
Operating Activities		
Net Cost of Operations	\$ 2,058,065	\$ 2,068,024
Non-cash items:		
Amortization of tangible capital assets	(71,998)	(51,640)
Services provided without charge by other government departments (note 8)	(672,219)	(685,151)
Variations in Statement of Financial Position:		
Increase (Decrease) in accounts receivable and advances	23,228	(3,436)
(Increase) Decrease in liabilities	27,173	124,168
Cash used by operating activities	\$ <u>1,364,249</u>	\$ <u>1,451,965</u>
Capital investment activities		
Acquisitions of tangible capital assets	80,555	69,155
Disposal/Writeoff of capital assets	(18,215)	-
Cash used by capital investment activities	\$ <u>62,340</u>	\$ <u>69,155</u>
Net cash provided by Government	\$ <u>(1,426,589)</u>	\$ <u>(1,521,120)</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 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.

Process Cases

The Registry of the Competition Tribunal's main program activity is to process cases by providing the public with efficient access to case documents and decisions, as well as with efficient hearing support services.

Internal Services

Internal Services is an umbrella term for activities under the Registry's administration that meet program needs and other corporate obligations. These activities are: management and oversight services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property services; material services; acquisition services; and travel and other administrative services.

Significant accounting policies are as follows:

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with the Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

a) Parliamentary authorities

The Registry is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Registry do not parallel financial reporting according to generally accepted accounting principles since authorities 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 authorities 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) Amounts due from/to the CRF

Amounts due from/to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Department is entitled to draw from the CRF without further appropriations to discharge its liabilities.

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 and for the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

e) Revenues

- Revenues consist of revenues from fines and Crown Asset Disposal. All such revenues are non-respondable, meaning it cannot be spent by the Registry and are deposited to the CRF.
- All revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

f) Employee future benefits

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government. 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.

g) Accounts and loans receivables

Accounts and loans receivables are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

h) 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

i) Measurement uncertainty

The preparation of these financial statements 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 authorities

The Registry receives its funding through annual Parliamentary authorities. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary authorities 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:

a) Reconciliation of net cost of operations to current year authorities used

	2011	2010
	(in dollars)	
Net cost of operations	2,058,065	2,068,024
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge	(672,219)	(685,151)
Amortization of tangible capital assets	(71,998)	(51,640)
Employee severance benefits	68,961	(32,919)
Vacation pay and compensatory leave	3,423	(1,231)
Disposal/Writeoff of capital assets	(18,215)	-
Refund of previous years' expenditures	485	1,581
Revenues not available for spending	76,863	-
	<u>1,445,365</u>	<u>1,298,664</u>
Adjustments for items not affecting net cost but affecting authorities:		
Add: Acquisitions of tangible capital assets	80,555	69,155
Current year authorities used	<u><u>1,525,920</u></u>	<u><u>1,367,819</u></u>

b) Authorities provided and used

	2011	2010
	(in dollars)	
Authorities provided:		
Vote 65 - Operating expenditures (Vote 55 in 2010)	1,907,001	2,016,289
Statutory amounts	132,701	136,415
Vote 15 - Compensation Adjustments	30,580	-
Vote 25 - Operating Budget carry forward	93,026	-
Less:		
Lapsed authorities: Operating	(637,388)	(784,885)
Current year authorities used	<u><u>1,525,920</u></u>	<u><u>1,367,819</u></u>

4. Accounts receivable and advances

The following table presents details of accounts receivable and advances:

	2011	2010
	(in dollars)	
Receivables from other government departments and agencies	51,629	28,401
Standing advances	500	500
Total	<u><u>52,129</u></u>	<u><u>28,901</u></u>

5. Tangible capital assets
(in dollars)

Capital asset class	Cost			Closing balance
	Opening balance	Acquisitions / Transfer	Disposals and write-offs	
Informatics hardware	306,275	-	(176,126)	130,149
Other equipment	201,084	-	(20,776)	180,308
Machinery and equipment	127,989	-	(44,815)	83,174
Leasehold improvements	179,549	80,555	-	260,104
Total	814,897	80,555	(241,717)	653,735

Capital asset class	Accumulated amortization			Closing balance
	Opening balance	Amortization	Disposals and write-offs	
Informatics hardware	229,857	13,203	(155,956)	87,104
Other equipment	167,448	3,042	(14,056)	156,434
Machinery and equipment	127,040	1,027	(47,488)	80,579
Leasehold improvements	45,719	54,726	(6,002)	94,443
Total	570,064	71,998	(223,502)	418,560

Capital asset class	2011	2010
	Net book value	Net book value
Informatics hardware	43,045	76,418
Other equipment	23,874	33,636
Machinery and equipment	2,595	949
Leasehold improvements	165,661	133,830
Total	235,175	244,833

Amortization expense for the year ended March 31, 2011 is \$71,998 (\$51,640 in 2010).

6. Accounts payable and accrued liabilities

The following table presents details of accounts payable and accrued liabilities:

	2011	2010
	(in dollars)	
Accounts payable to other government departments and agencies	39,692	14,788
Accounts payable to external parties	43,753	22,449
	83,445	37,237
Accrued liabilities	17,075	18,072
Total	100,520	55,309

7. Employee future benefits

a) Pension benefits

The Registry's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. 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 2010-11 expense amounts to \$64,267 (2009-10 - \$75,524) which represents approximately 1.9 times (1.9 times in 2009-10) 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 authorities. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2011</u>	<u>2010</u>
	(in dollars)	
Accrued benefit obligation, beginning of the year	241,012	208,093
Expense for the year	(68,961)	32,919
Accrued benefit obligation, end of the year	<u>172,051</u>	<u>241,012</u>

8. Related party transactions

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

a) Common services provided without charge by other government departments:

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>2011</u>	<u>2010</u>
	(in dollars)	
Accommodation	607,952	609,627
Employer's contribution to the health and dental insurance plans	64,267	75,524
Total	<u>672,219</u>	<u>685,151</u>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the Registry's Statement of Operations.

9. Segmented information
(in dollars)

Presentation by segment is based on the Department's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

	2011		2010	
	Process Cases	Internal Services	Total	Total
Operating Expenses				
Salaries and employee benefits	651,286	229,387	880,673	1,027,016
Accommodation	425,566	182,386	607,952	609,627
Professional and special services	66,092	310,383	376,475	215,201
Transportation and telecommunications	53,231	39,365	92,596	77,328
Utilities, materials and supplies	47,619	20,408	68,027	62,200
Amortization of tangible capital assets	-	71,998	71,998	51,640
Information	32,373	211	32,584	14,339
Rentals	2,867	1,756	4,623	10,232
Repair and maintenance	-	-	-	441
Total Operating Expenses	1,279,034	855,894	2,134,928	2,068,024
Revenue				
Miscellaneous revenues	-	1,863	1,863	-
Revenue from Fines	75,000	-	75,000	-
Total Revenue	75,000	1,863	76,863	-
Net Cost of Operations	1,204,034	854,031	2,058,065	2,068,024

10. Adoption of new accounting policies

During the year, the Registry adopted the revised Treasury Board accounting policy TBAS 1.2: Departmental and Agency Financial Statements which is effective for the Registry for the 2010-11 fiscal year. The major change in the accounting policies of the Registry required by the adoption of the revised TBAS 1.2 is the recording of amounts due from the Consolidated Revenue Fund as an asset on the Statement of Financial Position.

The adoption of the new Treasury Board accounting policies have been accounted for retroactively with the following impact on the comparatives for 2009-10:

	2010 as previously stated	Effect of changes	2010 Restated
(in dollars)			
Statement of Financial Position:			
Assets	273,734	27,675	301,409
Equity of Canada	(52,022)	27,675	(24,347)

11. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.