

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2013, and all information contained in these statements rests with the management of the Registry of the Competition Tribunal (Registry). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

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 management's 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 (ICFR) 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 Registry and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Registry will be subject to period Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to adhere to the Treasury Board *Policy on Internal Control*.

In the interim, the Registry has undertaken a risk-based assessment of the system of ICFR for the year ended March 31, 2013, in accordance with the Treasury Board *Policy on Internal Control*, and the action plan is summarized in the annex.

The financial statements of the Registry have not been audited.

Raynald Chartrand, CMA
Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
Date: July 25, 2013

REGISTRY OF THE COMPETITION TRIBUNAL
Statement of Financial Position (unaudited)
As at March 31
(in dollars)

	2013	2012
Liabilities		
Due to Consolidated Revenue Fund	\$ -	\$ 9,144
Accounts payable and accrued liabilities (note 4)	76,568	67,180
Vacation pay and compensatory leave	31,417	25,479
Employee future benefits (note 5)	130,584	128,343
Total liabilities	238,569	230,146
Financial assets		
Due from Consolidated Revenue Fund	60,497	-
Accounts receivable and advances (note 6)	16,571	76,824
Total financial assets	77,068	76,824
 Departmental net debt	 161,501	 153,322
 Non-financial assets		
Tangible capital assets (note 7)	124,511	177,209
Total non-financial assets	124,511	177,209
 Departmental net financial position	 \$ (36,990)	 \$ 23,887

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

Raynald Chartrand, CMA
Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
Date: July 25, 2013

REGISTRY OF THE COMPETITION TRIBUNAL
Statement of Operations and Departmental Net Financial Position (unaudited)
For the Year Ended March 31
(in dollars)

	2013 Planned Results	2013	2012
Expenses			
Process Cases	\$ 2,414,509	\$ 1,875,384	\$ 1,502,857
Internal Services	892,957	608,841	767,527
Total Expenses	<u>3,307,466</u>	<u>2,484,225</u>	<u>2,270,384</u>
Net cost of operations before government funding and transfers	<u>3,307,466</u>	<u>2,484,225</u>	<u>2,270,384</u>
Government funding and transfers			
Net cash provided by Government		1,667,018	1,646,670
Change in due from(to) the Consolidated Revenue Fund		69,641	(53,482)
Services provided without charge by other government departments (note 8)		686,691	668,024
Net cost of operations after government funding and transfers		<u>60,876</u>	<u>9,173</u>
Departmental net financial position - Beginning of Year		23,886	33,059
Departmental net financial position - End of Year		<u>\$ (36,990)</u>	<u>\$ 23,886</u>

Segmented information (note 9)

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

REGISTRY OF THE COMPETITION TRIBUNAL
Statement of Change in Departmental Net Debt (unaudited)
For the Year Ended March 31
(in dollars)

	2013	2012 (restated) note 10
Net cost of operations after government funding and transfers	\$ 60,876	\$ 9,173
Change due to tangible capital assets		
Acquisition of tangible capital assets	39,470	33,301
Amortization of tangible capital assets	<u>(92,166)</u>	<u>(91,267)</u>
Total change due to tangible capital assets	(52,696)	(57,967)
Net decrease in departmental net debt	<u>8,180</u>	<u>(48,795)</u>
Departmental net debt - Beginning of Year	153,322	202,117
Departmental net debt - End of Year	\$ <u><u>161,502</u></u>	\$ <u><u>153,322</u></u>

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>2013</u>	<u>2012</u>
Operating Activities		
Net cost of operations before government funding and transfers	\$ 2,484,225	\$ 2,270,384
Non-cash items:		
Amortization of tangible capital assets	(92,166)	(91,267)
Services received without charge from other government departments (note 8)	(686,691)	(668,024)
Variations in Statement of Financial Position:		
Increase (Decrease) in accounts receivable and advances	(60,253)	24,695
Decrease (Increase) in accounts payable and accrued liabilities	(9,388)	33,340
Decrease (Increase) in vacation pay and compensatory leave	(5,938)	533
Decrease (Increase) in future employee benefits	(2,241)	43,708
Cash used by operating activities	\$ <u>1,627,548</u>	\$ <u>1,613,369</u>
Capital investment activities		
Acquisitions of tangible capital assets	39,470	33,301
Disposal/Writeoff of capital assets	-	-
Cash used by capital investment activities	\$ <u>39,470</u>	\$ <u>33,301</u>
Net cash provided by Government of Canada	\$ <u>1,667,018</u>	\$ <u>1,646,670</u>

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 Ended March 31

1. Authority and objectives

The Competition Tribunal is an independent, quasi-judicial adjudicative tribunal established under the *Competition Tribunal Act* to hear applications brought by the Commissioner of Competition or a private party, depending on the circumstances, under various parts of the *Competition Act*. The purpose of the *Competition Act* is to maintain and encourage competition in Canada. The Tribunal hears applications related to deceptive marketing practices, such as misleading advertising, under Part VII.1 of the *Competition Act*. The Tribunal also has jurisdiction to hear references as well as applications brought pursuant to Part VIII, which sets out restrictive trade practices such as exclusive dealings.

The *Competition Tribunal Act* provides for an administrative infrastructure in support of the workings of the Competition Tribunal, through the Registry of the Competition Tribunal. The Registry of the Competition Tribunal is designated a department under Schedule I.1 of the *Financial Administration Act* and therefore must adhere to federal public administration policies. This report pertains to the activities of the Registry in support of the Tribunal and its deliberations, and not to Tribunal cases themselves.

The Registry of the Competition Tribunal supports all aspects of the Tribunal's work and ensures that the Tribunal can hold hearings across Canada, as required. The Registry is also the repository for filing applications, consent agreements, and documents, as well as issuing documents and orders for all cases brought before the Tribunal. The office of the Registry of the Competition Tribunal is located in the National Capital Region.

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

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 Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2012-13 Report on Plans and Priorities.

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 Government.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

c) Amounts due from or to the CRF

Amounts due from or 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 Registry is entitled to draw from the CRF without further authorities to discharge its liabilities.

d) Expenses

Expenses are recorded on the accrual basis.

- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and for the employer contributions to the health and dental insurance plans 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 pension 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. The Registry's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statement of the Government of Canada, as the Plan's sponsor.
- ii. Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. 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 receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts receivable 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, assets located on Indian reserves and museum collections.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

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
Computer hardware	3 - 4 years
Computer software	3 years
Other equipment	5 - 10 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

h) 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 future 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 Departmental Net Financial Position 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

	2013	2012
	(in dollars)	
Net cost of operations before government funding and transfers	2,484,225	2,270,384
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(686,691)	(668,024)
Amortization of tangible capital assets	(92,166)	(91,267)
Decrease (Increase) in employee future benefits	(2,241)	43,708
Decrease (Increase) in vacation pay and compensatory leave	(5,938)	533
Refund of prior years' expenditures	153	61
Total items affecting net cost of operations but not affecting authorities	<u>(786,883)</u>	<u>(714,989)</u>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	39,470	33,301
Total items not affecting net cost of operations but affecting authorities	<u>39,470</u>	<u>33,301</u>
Current year authorities used	<u>1,736,812</u>	<u>1,588,696</u>

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

b) Authorities provided and used

	<u>2013</u>	<u>2012</u>
	(in dollars)	
Authorities provided:		
Vote 85 - Operating expenditures	2,160,778	2,159,832
Vote 25 - Operating Budget Carry Forward	107,992	95,350
Vote 15 - Collective Agreements	-	946
Vote 30 - Pay List Expenditures	11,927	131,332
Statutory amounts	153,060	129,936
Less:		
Lapsed: Operating	(696,945)	(928,700)
Current year authorities used	<u>1,736,812</u>	<u>1,588,696</u>

4. Accounts payable and accrued liabilities

The following table presents details of the Registry's accounts payable and accrued liabilities:

	<u>2013</u>	<u>2012</u>
	(in dollars)	
Accounts payable - Other government departments and agencies	2,108	4,057
Accounts payable - External parties	50,447	47,669
Total accounts payable	<u>52,555</u>	<u>51,726</u>
Accrued liabilities	24,013	15,454
Total accounts payable and accrued liabilities	<u>76,568</u>	<u>67,180</u>

5. 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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Registry contribute to the cost of the Plan. The 2012-13 expense amounts to \$109,431 (\$83,765 in 2011-12), which represents approximately 1.7 times (1.8 times in 2011-12) 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)

For the Year Ended March 31

b) Severance benefits

The Registry provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. 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:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

	2013	2012
	(in dollars)	
Accrued benefit obligation, beginning of the year	128,343	172,051
Expense for the year	2,241	11,620
Benefits paid during the year	-	(55,328)
Accrued benefit obligation, end of the year	130,584	128,343

6. Accounts receivable and advances

The following table presents details of the Registry's accounts receivable and advances:

	2013	2012
	(in dollars)	
Receivables - Other Government departments and agencies	16,071	76,324
Standing advances	500	500
Total accounts receivable and advances	16,571	76,824

7. Tangible capital assets

(in dollars)

Capital asset class	Cost			2013
	2012	Acquisitions	Disposals and write-offs	
Machinery and equipment	83,174	-	-	83,174
Computer hardware	130,149	19,952	-	150,101
Computer software	-	14,781	-	14,781
Other equipment	180,308	-	-	180,308
Leasehold improvements	293,405	4,737	-	298,141
Total	687,036	39,470	-	726,505

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

Capital asset class	Accumulated amortization			2013
	2012	Amortization	Disposals and write-offs	
Machinery and equipment	81,550	971	-	82,521
Computer hardware	100,307	13,203	-	113,511
Computer software	-	-	-	-
Other equipment	162,325	141	-	162,466
Leasehold improvements	165,645	77,851	-	243,496
Total	509,827	92,166	-	601,994

Capital asset class	Net book value	
	2012	2013
Machinery and equipment	1,624	653
Computer hardware	29,842	36,590
Computer software	-	14,781
Other equipment	17,983	17,842
Leasehold improvements	127,760	54,645
Total	177,209	124,511

8. 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. 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 Department received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the Registry's Statement of Operations and Departmental Net Financial Position as follows:

	2013	2012
	(in dollars)	
Accommodation	604,999	599,237
Employer's contribution to the health and dental insurance plans	81,692	68,787
Total	686,691	668,024

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 and Departmental Net Financial Position.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (unaudited)

For the Year Ended March 31

b) Other transactions with related parties

	2013	2012
	(in dollars)	
Expenses - Other government departments and agencies	108,928	103,504

Expenses disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

9. Segmented information

(in dollars)

Presentation by segment is based on the Registry'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 expense and by major type of revenue. The segment results for the period are as follows:

	2013		2012	
	Process Cases	Internal Services	Total	Total
Operating Expenses				
Salaries and employee benefits	831,670	323,211	1,154,881	963,779
Accommodation	423,499	181,500	604,999	599,237
Professional and special services	295,452	36,247	331,699	297,685
Transportation and telecommunications	152,739	30,624	183,363	160,636
Utilities, materials and supplies	42,148	3,680	45,828	55,692
Acquisition of machinery and equipment	15,349	3,544	18,893	-
Amortization of tangible capital assets	64,516	27,650	92,166	91,267
Information	41,026	-	41,026	89,279
Rentals	8,205	2,385	10,590	12,714
Repairs and maintenance	780	-	780	95
Total Operating Expenses	1,875,384	608,841	2,484,225	2,270,384
Net Cost from continuing operations	1,875,384	608,841	2,484,225	2,270,384

10. Adjustment to Prior Year's Results

In 2011-12, a calculation error was made when calculating the Departmental net debt - Beginning of Year on the Statement of Change in Departmental Net Debt. Consequently, the comparative financial statements presented for the year ended March 31, 2012 have been restated. The effect of this adjustment is presented below:

	As previously stated 2012	Restated Amount 2012
	(in dollars)	
Statement of Change in Departmental Net Debt		
Departmental net debt - Beginning of Year	205,377	202,117
Departmental net debt - End of Year	156,583	153,322

REGISTRY OF THE COMPETITION TRIBUNAL
Simplified Annex for departments subject to core controls audits

1. Introduction

In support of an effective system of internal control, the Registry of the Competition Tribunal annually assesses the performance of its financial controls to ensure:

- financial arrangements or contracts are entered into only when sufficient funding is available;
- payments for goods and services are made only when the goods or services are received or the conditions of contracts or other arrangements have been satisfied; and
- payments have been properly authorized

The Registry of the Competition Tribunal will leverage the results of the periodic audit of core controls performed by the Office of the Comptroller General. Below is a summary of the results of the assessment conducted during fiscal year 2012-13.

2. Assessment results during fiscal year 2012-13

For the most part, controls related to payment of goods and services and payment authority were functioning well and form an adequate basis for the Registry of the Competition Tribunal system of internal control. Some adjustments to reinforce the commitment of funds prior to financial arrangements or contracts being entered into were identified and addressed during the current fiscal year.

3. Assessment plan

The Registry of the Competition Tribunal will continue to monitor the performance of its system of internal control with a focus on the core controls related to financial transactions.