

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 seven-month period ended October 31, 2014 and all information contained in these statements rests with the former management of the Registry of the Competition Tribunal (the 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 is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

A Core Control Audit was performed in 2013–14 by the Office of the Comptroller General of Canada (OCG). The Audit Report and related Management Action Plan are posted on the Registry website at http://www.ct-tc.gc.ca/ResourcesRessources/FilesFichiers/PDFs/eng/RCT%20REPORT%20-%20CCA-2014_eng.pdf. The audit results and related management action plan will be considered as part of the Administrative Tribunals Support Service of Canada risk-based assessment for the period November 1, 2014 to March 31, 2015, in accordance with the Treasury Board Policy on Internal Control.

The financial statements of the Registry of the Competition Tribunal have not been audited.



Raynald Chartrand, CPA, CMA

Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
September 4, 2015

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Financial Position (Unaudited)

As at October 31, 2014

(in dollars)	October 31, 2014	March 31, 2014
Liabilities		
Accounts payable and accrued liabilities (note 5)	80,582	43,113
Vacation pay and compensatory leave	37,520	40,677
Employee future benefits (note 6)	40,288	33,528
Total liabilities	158,390	117,318
Financial assets		
Due from Consolidated Revenue Fund	76,014	653
Accounts receivable and advances (note 7)	12,004	42,960
Total financial assets	88,018	43,613
Departmental net debt	70,372	73,705
Non-financial assets		
Tangible capital assets (note 8)	65,210	76,915
Total non-financial assets	65,210	76,915
Departmental net financial position	(5,162)	3,210

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



Raynald Chartrand, CPA, CMA

Deputy Head and Registrar
Chief Financial Officer

Ottawa, Canada
September 4, 2015

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Operations and Departmental Net Financial Position *(Unaudited)*

(in dollars)	Planned Results 2014-15	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Expenses			
Process cases	2,388,032	628,100	1,282,454
Internal services	796,011	321,385	502,198
Total expenses	3,184,043	949,485	1,784,652
Net cost of operations before government funding and transfers	3,184,043	949,485	1,784,652
Government funding and transfers			
Net cash provided by Government		505,934	1,215,166
Change in due from Consolidated Revenue Fund		75,361	(59,846)
Services provided without charge by other government departments (note 9)		382,070	669,532
Transfer of the transition payments for implementing salary payments in arrears (note 10)		(22,252)	-
Net cost (revenue) of operations after government funding and transfers		8,372	(40,200)
Departmental net financial position - Beginning of year		3,210	(36,990)
Departmental net financial position - End of year		(5,162)	3,210

Segmented information (note 11)

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

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Change in Departmental Net Debt (*Unaudited*)

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Net cost (revenue) of operations after government funding and transfers	8,372	(40,200)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 8)	6,181	-
Amortization of tangible capital assets (note 8)	(17,886)	(47,594)
Total change due to tangible capital assets	(11,705)	(47,594)
Net decrease in departmental net debt	(3,333)	(87,794)
Departmental net debt - Beginning of year	73,705	161,499
Departmental net debt - End of year	70,372	73,705

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

REGISTRY OF THE COMPETITION TRIBUNAL

Statement of Cash Flows (*Unaudited*)

(in dollars)	For the 7-month period ended October 31, 2014	For the 12-month period ended March 31, 2014
Operating activities		
Net cost of operations before government funding and transfers	949,485	1,784,652
Non-cash items:		
Amortization of tangible capital assets (note 8)	(17,886)	(47,594)
Services provided without charge by other government departments (note 9)	(382,070)	(669,532)
Transition payments for implementing salary payments in arrears (note 10)	22,252	-
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(30,956)	26,389
Decrease (increase) in accounts payable and accrued liabilities	(37,469)	33,455
Decrease (increase) in vacation pay and compensatory leave	3,157	(9,260)
Decrease (increase) in employee future benefits	(6,760)	97,056
Cash used in operating activities	499,753	1,215,166
Capital investing activities		
Acquisition of tangible capital assets	6,181	-
Cash used in capital investing activities	6,181	-
Net cash provided by Government of Canada	505,934	1,215,166

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

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (*Unaudited*)

For the 7-month period ended October 31, 2014

1. Authority and objectives

The Competition Tribunal (the Tribunal), established in 1986, is an independent, quasi-judicial 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). The Registry is designated a department under Schedule I.1 of the *Financial Administration Act* and therefore must adhere to federal public administration policies including the preparation of these financial statements. These financial statements pertain to the activities of the Registry in support of the Tribunal and its deliberations, and not to Tribunal cases themselves.

In accordance with the approved Program Alignment Architecture (PAA), the Statement of Operations and Departmental Net Financial Position presents the following programs:

Process cases

The Registry of the Competition Tribunal's main program is to process cases by providing the public with efficient access to case documents and decisions, as well as with efficient hearing support services. The Tribunal hears cases and the Registry manages the material for the cases heard by the Tribunal under Part VII.1 (Deceptive Marketing Practices) and Part VIII (which includes Restrictive Trade Practices) of the *Competition Act*.

Internal services

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across the organization and not those provided specifically to a program.

2. Government reorganization

In Canada's *Economic Action Plan 2014*, the Government announced its intention to create the Administrative Tribunals Support Service of Canada (ATSSC). This new organization, which consolidates operations of several administrative tribunals, would provide support services to the Tribunal. The Tribunal would retain its adjudication powers while the Registry would transfer all human and financial resources to the ATSSC.

The *Economic Action Plan 2014 Act, No. 1* received Royal Assent on June 19, 2014. As a result, the ATSSC came into force on November 1, 2014. The net assets of \$153,228 and net liabilities of \$158,390 have been transferred to the ATSSC as of this date.

These financial statements represent the results of operations for the seven-month period ended October 31, 2014, and the financial position of the Registry as at October 31, 2014, immediately before the transfer of assets, liabilities, and commitments to the ATSSC on November 1, 2014. Comparative figures for the year ended March 31, 2014 are for a twelve-month period.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (*Unaudited*)

For the 7-month period ended October 31, 2014

3. 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 4 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" section of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the *2014-15 Report on Plans and Priorities*. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the *2014-15 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.

(c) 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:

- i. Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ii. Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

3. Summary of significant accounting policies (continued)

(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 statements 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 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.

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
Informatics software	3 years
Other equipment, including furniture	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.

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

4. 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

(in dollars)	October 31, 2014	March 31, 2014
Net cost of operations before government funding and transfers	949,485	1,784,652
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services provided without charge by other government departments	(382,070)	(669,532)
Amortization of tangible capital assets	(17,886)	(47,594)
Decrease (increase) in vacation pay and compensatory leave	3,157	(9,260)
Decrease (increase) in employee future benefits	(6,760)	97,056
Refund of prior years expenditures	1,019	102
Total items affecting net cost of operations but not affecting authorities	(402,540)	(629,228)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets	6,181	-
Transition payments for implementing salary payments in arrears	22,252	-
Total items not affecting net cost of operations but affecting authorities	28,433	-
Current year authorities used	575,378	1,155,424

(b) Authorities provided and used

(in dollars)	October 31, 2014	March 31, 2014
Authorities provided:		
Vote 1 – Program expenditures (Vote 85 in 2013–14)	492,548	2,290,984
Statutory amounts	92,830	126,497
Total authorities provided	585,378	2,417,481
Less:		
Lapsed authorities	(10,000)	(1,262,057)
Current year authorities used	575,378	1,155,424

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

5. Accounts payable and accrued liabilities

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

(in dollars)	October 31, 2014	March 31, 2014
Accounts payable – Other government departments and agencies	-	2,438
Accounts payable – External parties	22,322	20,104
Total accounts payable	22,322	22,542
Accrued liabilities	58,260	20,571
Total accounts payable and accrued liabilities	80,582	43,113

6. Employee future benefits

(a) Pension benefits

The Registry's employees participate in the Public Service Pension Plan (the 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. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to the *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

For the seven-month period ended October 31, 2014, expense amounts to \$63,459 (\$80,526 in 2013–14). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013–14) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times in 2013–14) the employee contributions.

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) 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.

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. Information about the severance benefits, measured as at October 31, is as follows:

(in dollars)	October 31, 2014	March 31, 2014
Accrued benefit obligation, beginning of year	33,528	130,584
Expense for the year	6,760	(56,125)
Benefits paid during the year	-	(40,931)
Accrued benefit obligation, end of year	40,288	33,528

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

7. Accounts receivable and advances

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

(in dollars)	October 31, 2014	March 31, 2014
Accounts receivable – Other government departments and agencies	11,623	42,460
Accounts receivable – External parties	381	-
Standing advances	-	500
Total accounts receivable and advances	12,004	42,960

8. Tangible capital assets

Cost	Opening Balance	Acquisitions	Disposals and Write-Offs	Closing Balance
(in dollars)	April 1, 2014			October 31, 2014
Machinery and equipment	83,174	-	-	83,174
Informatics hardware	150,101	6,181	-	156,282
Informatics software	14,781	-	-	14,781
Other equipment, including furniture	180,308	-	-	180,308
Leasehold improvements	298,140	-	-	298,140
	726,504	6,181	-	732,685

Accumulated Amortization	Opening Balance	Amortization	Disposals and Write-Offs	Closing Balance
(in dollars)	April 1, 2014			October 31, 2014
Machinery and equipment	83,174	-	-	83,174
Informatics hardware	127,967	6,508	-	134,475
Informatics software	2,874	2,874	-	5,748
Other equipment, including furniture	165,469	1,751	-	167,220
Leasehold improvements	270,105	6,753	-	276,858
	649,589	17,886	-	667,475

Net Book Value	Opening Balance		Closing Balance
(in dollars)	April 1, 2014		October 31, 2014
Machinery and equipment	-		-
Informatics hardware	22,134		21,807
Informatics software	11,907		9,033
Other equipment, including furniture	14,839		13,088
Leasehold improvements	28,035		21,282
	76,915		65,210

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

9. 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 Registry 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:

(in dollars)	October 31, 2014	March 31, 2014
Accommodation	354,596	605,287
Employer's contribution to the health and dental insurance plans	27,474	64,245
	382,070	669,532

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.

(b) Other transactions with related parties

(in dollars)	October 31, 2014	March 31, 2014
Expenses – Other government departments and agencies	45,062	126,889

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

REGISTRY OF THE COMPETITION TRIBUNAL

Notes to the Financial Statements (Unaudited)

For the 7-month period ended October 31, 2014

10. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014–15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Registry. However, it did result in the use of additional spending authorities by the Registry. Prior to October 31, 2014, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

11. Segmented information

Presentation by segment is based on the Registry's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 3. The following table presents the expenses incurred for the main programs and by major object of expense. The segment results for the period are as follows:

	For the 7-month period ended October 31, 2014			For the 12-month period ended March 31, 2014
	Process cases	Internal services	Total	Total
(in dollars)				
Operating expenses				
Salaries and employee benefits	286,344	168,571	454,915	867,728
Accommodation	248,217	106,379	354,596	605,287
Professional and special services	34,794	21,051	55,845	134,328
Transportation and telecommunications	11,324	13,503	24,827	55,953
Amortization of tangible capital assets	12,520	5,366	17,886	47,594
Materials and supplies	16,653	1,108	17,761	25,186
Information	10,430	-	10,430	30,740
Machinery and equipment	5,091	4,219	9,310	11,996
Rentals	2,727	1,168	3,895	5,820
Other	-	20	20	20
Total operating expenses	628,100	321,385	949,485	1,784,652
Net cost of operations before government funding and transfers	628,100	321,385	949,485	1,784,652