

CANADIAN INTERNATIONAL TRADE TRIBUNAL
Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2011, and all information contained in these statements rests with the Tribunal's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based 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 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 department's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the department'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; and through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Tribunal.

The Tribunal's financial statements have not been audited.

Serge Fréchette

Serge Fréchette
Acting Chairperson

Dominique Laporte

Dominique Laporte
Chief Financial Officer

Ottawa, Canada

28-08-2011

Date

CANADIAN INTERNATIONAL TRADE TRIBUNAL**Statement of Financial Position (Unaudited)**

At March 31

(in thousands of dollars)

	2011	2010
Assets		
Financial assets		
Due from Consolidated Revenue Fund	290	737
Accounts receivable (Note 4)	173	79
Non-financial assets		
Prepaid expenses	7	0
Tangible capital assets (Note 5)	394	396
Total	<u>864</u>	<u>1,212</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	446	742
Vacation pay and compensatory leave	429	451
Employee severance benefits (Note 7b)	1,607	1,803
Total	<u>2,482</u>	<u>2,996</u>
Equity of Canada	<u>(1,618)</u>	<u>(1,784)</u>
Total	<u><u>864</u></u>	<u><u>1,212</u></u>

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

Serge Fréchette

Serge Fréchette
Acting Chairperson

Dominique Laporte

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Chief Financial Officer

Ottawa, Canada

28-08-2011

Date

CANADIAN INTERNATIONAL TRADE TRIBUNAL

Statement of Operations (Unaudited)

For the year ended March 31

(in thousands of dollars)

	2011	2010
Expenses		
Adjudication of trade cases (quasi-judicial role)	8,489	8,925
General economic inquiries and references (advisory role)	135	142
Internal services	<u>4,851</u>	<u>5,100</u>
Total expenses	<u>13,475</u>	<u>14,167</u>
Revenues		
Adjudication of trade cases (quasi-judicial role)	1	1
General economic inquiries and references (advisory role)	0	0
Internal services	<u>1</u>	<u>1</u>
Total revenues	<u>2</u>	<u>2</u>
Net cost of operations	<u>13,473</u>	<u>14,165</u>

Segmented information (Note 9)

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

CANADIAN INTERNATIONAL TRADE TRIBUNAL

Statement of Equity of Canada (Unaudited)

For the year ended March 31

(in thousands of dollars)

	2011	2010
Equity of Canada, beginning of year	(1,784)	(1,372)
Net cost of operations	(13,473)	(14,165)
Net cash provided by Government	11,206	11,010
Change in due from Consolidated Revenue Fund	(447)	(54)
Services provided without charge by other government departments (Note 8a)	<u>2,880</u>	<u>2,797</u>
Equity of Canada, end of year	<u>(1,618)</u>	<u>(1,784)</u>

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

CANADIAN INTERNATIONAL TRADE TRIBUNAL**Statement of Cash Flow (Unaudited)**

For the year ended March 31

(in thousands of dollars)

	2011	2010
Operating activities		
Net cost of operations	13,473	14,165
Non-cash items		
Amortization of tangible capital assets	(54)	(36)
Services provided without charge by other government departments (Note 8a)	(2,880)	(2,797)
Variations in statement of financial position		
Increase (decrease) in receivables	94	(33)
Increase (decrease) in prepaid	7	0
(Increase) decrease in liabilities	<u>514</u>	<u>(357)</u>
Cash used by operating activities	<u>11,154</u>	<u>10,942</u>
Capital investment activities		
Acquisition of tangible capital assets	<u>52</u>	<u>68</u>
Financing activities		
Net cash provided by Government of Canada	<u>11,206</u>	<u>11,010</u>

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

CANADIAN INTERNATIONAL TRADE TRIBUNAL

Notes to the Financial Statements (Unaudited)

(1) Authority and Objectives

The Tribunal provides Canadian and international businesses with access to fair, transparent and timely processes for the investigation of trade remedy cases and complaints concerning federal government procurement and for the adjudication of appeals on customs and excise matters. At the request of the Government, the Tribunal provides advice in tariff, trade, commercial and economic matters.

The Tribunal operates under the authority of the *Canadian International Trade Tribunal Act*. It is also governed by the following statutes, regulations and rules: *Customs Act*, *Excise Tax Act*, *Special Import Measures Act*, *Energy Administration Act*, *Canadian International Trade Tribunal Regulations*, *Canadian International Trade Tribunal Procurement Inquiry Regulations* and *Canadian International Trade Tribunal Rules*.

The Tribunal's strategic outcome is the fair, timely and transparent disposition of international trade cases, procurement cases and government-mandated inquiries within the Tribunal's jurisdiction.

The Tribunal has three program activities:

- Adjudication of Trade Cases (quasi-judicial role)
- General Economic Inquiries and References (advisory role)
- Internal Services

In its quasi-judicial role, the Tribunal inquires into trade-related complaints (i.e. dumping, subsidizing and safeguards) and complaints regarding federal government procurement. The Tribunal hears appeals from decisions of the Minister of National Revenue and the CBSA under the *Excise Tax Act* and the *Customs Act* respectively.

In its advisory role, the Tribunal undertakes general economic inquiries and tariff references for the Minister of Finance or the Governor in Council.

Internal Services are groups of related activities and resources that are administered to support the needs of the program and other corporate obligations of an organization. These groups are: Governance and Management Support; Resources Management Services; and Asset Management Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

(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.

The significant accounting policies are as follows:

- (a) Parliamentary authorities—The Tribunal is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Tribunal 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 reconciliation between the bases of reporting.
- (b) Net cash provided by the Government—The Tribunal operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Tribunal is put into the CRF and all cash disbursements made by the Tribunal are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.
- (c) 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 Tribunal is entitled to draw from the CRF without further appropriations to discharge its liabilities.
- (d) Revenues—These are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.
- (e) 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; and
 - (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.
- (f) Employee future benefits
 - (i) Pension benefits—Eligible employees participate in the Public Service Superannuation Plan, a multi-employer plan administered by the Government. The Tribunal's contributions to the Plan are charged to expenses in the year incurred and represent the Tribunal's total obligation to the Plan. Current legislation does not require the Tribunal 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 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 having an initial cost of \$5,000 or more are recorded at their acquisition costs. The Tribunal does not capitalize intangibles, works of art

and historical treasures that have cultural, aesthetic or historical value, or 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
(1) Computer hardware	3 to 5 years
(2) Machinery and equipment	5 to 15 years

(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 Tribunal receives most of 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 Tribunal 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
	<i>(in thousands of dollars)</i>	
Net cost of operations	13,473	14,165
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(54)	(36)
Decrease in employee severance benefits	196	(463)
Refund of prior year's expenditures	111	52
Revenue not available for spending	2	2
Services provided without charge by other government departments	(2,880)	(2,797)
Increase in vacation pay and compensatory leave	21	(41)
Sub-total	10,870	10,884
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisition of tangible capital assets	52	68
Current year authorities used	10,922	10,952

(b) Authorities Provided and Used

Authorities provided	2011	2010
	<i>(in thousands of dollars)</i>	
Vote 20—Operating expenditures	10,900	9,969
Statutory amounts	1,310	1,307
Less:		
Lapsed: Operating	(1,288)	(324)
Current year authorities used	10,922	10,952

(4) Accounts Receivable and Advances

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

	2011	2010
	<i>(in thousands of dollars)</i>	
Receivables from other government departments and agencies	173	79
Accounts receivable and advances	173	79

(5) Tangible Capital Assets

(in thousands of dollars)

Capital asset class	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2011	2010
Machinery and equipment	83	16	0	99	8	12	0	20	79	75
Computer hardware	383	36	0	419	62	42	0	104	315	321
Total	466	52	0	518	70	54	0	124	394	396

(6) Accounts Payable and Accrued Liabilities

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

	2011	2010
	<i>(in thousands of dollars)</i>	
Accounts payable to other government departments and agencies	3	172
Accounts payable to external parties	443	570
Accounts payable and accrued liabilities	446	742

(7) Employee Future Benefits

(a) Pension Benefits

The Tribunal'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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Tribunal contribute to the cost of the Plan. The 2010-11 expense amounts to \$920,045 (\$943,973 in 2009-10), which represents approximately 1.9 time (1.9 in 2009-2010) the contributions by employees.

The Tribunal'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 Tribunal 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 of March 31, is as follows:

	2011	2010
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation, beginning of year	1,803	1,340
Expense for the year	182	581
Benefits paid during the year	<u>(378)</u>	<u>(118)</u>
Accrued benefit obligation, end of year	<u>1,607</u>	<u>1,803</u>

(8) Related Party Transactions

The Tribunal is related, as a result of common ownership, to all Government of Canada departments, agencies and Crown corporations. The Tribunal enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Tribunal 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 Tribunal received, without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Tribunal's Statement of Operations as follows:

	2011	2010
	<i>(in thousands of dollars)</i>	
Accommodation	2,029	2,018
Employer's contribution to the health and dental insurance plans	<u>851</u>	<u>779</u>
Total	<u>2,880</u>	<u>2,797</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 Department's Statement of Operations.

(9) Segmented Information

Presentation by segment is based on the Tribunal'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:

	Adjudication of trade cases (quasi- judicial role)	General economic inquiries and references (advisory role)	Internal services	2011 Total	2010 Total
	<i>(in thousands of dollars)</i>				
Expenses					
Salaries and employee benefits	6,162	98	3,521	9,781	10,132
Accommodation	1,278	20	731	2,029	2,018
Professional services	516	8	295	819	945
Acquisitions of equipment	170	3	97	270	168
Repairs and maintenance	140	2	80	222	243
Telecommunication	84	1	48	133	129
Transportation	63	1	36	100	269
Materials and supplies	57	1	32	90	168
Amortization	34	1	19	54	36
Information	29	0	17	46	65
Rental	26	1	15	42	44
Other	(70)	(1)	(40)	(111)	(50)
Total expenses	<u>8,489</u>	<u>135</u>	<u>4,851</u>	<u>13,475</u>	<u>14,167</u>
Revenues					
Other revenue	<u>1</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total revenues	<u>1</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>
Net cost of operations	<u>8,488</u>	<u>135</u>	<u>4,850</u>	<u>13,473</u>	<u>14,165</u>