Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Year ended March 31, 2020

This management's discussion and analysis ("MD&A"), dated June 18, 2020, should be read in conjunction with the Land Title and Survey Authority of British Columbia ("LTSA") audited consolidated financial statements and related notes for the year ended March 31, 2020, (the "consolidated financial statements"). Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

For purposes of this discussion, the LTSA refers to the Land Title and Survey Authority of British Columbia and its wholly-owned subsidiaries, LandSure Systems Limited ("LandSure") and Autoprop Software Limited ("Autoprop").

This report contains forward-looking statements, including statements regarding LTSA business and anticipated financial performance. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and represent management's best judgement based on facts and assumptions that management considers reasonable. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated in the forward-looking statements.

Business Overview

The LTSA was formed in 2005 as a publicly accountable, statutory corporation responsible for operating the land title and survey systems in BC. These systems provide the foundation for all real property business and ownership in the province. The LTSA's services are primarily accessed electronically by legal professionals, land surveyors, certain statutory officers and other professionals who provide property-related services to their clients.

The Province of BC establishes the mandate, responsibilities and performance standards of the LTSA in the *Land Title and Survey Authority Act* and through an Operating Agreement.

LTSA operations are funded through regulated fee revenue from land title and survey services, myLTSA services and property information services provided to customers. Regulated fees are established in compliance with the requirements set out in the Operating Agreement. Administrative fees are set by the LTSA's Board of Directors.

Highlights

Total revenue for the year was $41.6 million, greater than prior year by $2.8 million or 7.1%. The higher revenue is due to revenue from new products and services of $1.6 million and the $1.2 million impact of an 8% fee increase on April 1, 2019, offset by lower transaction volumes in our existing businesses.

Cost of revenue was $26.1 million which was less than prior year by $0.4 million or 1.7% with the operating margin increasing from 31.6% to 37.2%. The higher operating margin for the year was partly due to the prospective adoption of a new lease accounting standard on April 1, 2019. The current fiscal year margin after adjustment to remove the impact of IFRS 16 lease adoption was 36.2%.

Total operating expenses for the year were $13.9 million, greater than prior year by $3.6 million or 34.5%. The main factor that contributed to this increase was $1.9 million or 101.3% higher spending on research and development. This reflects our focus on investing in the creation of new products and services for our customers. Policy and regulation expenses increased by $0.9 million to $3.5 million or 8.3% of revenue. General and administrative expense increased by $0.8 million to $6.6 million or 15.9% of revenue. We will continue to control operating expenses to ensure that their growth is in line with the growth in our revenue.

Net income and comprehensive income was $1.3 million, a decrease of $1.8 million or 57.1% from last year.

We spent $9.8 million in the year on capital projects of which $3.8 million was spent on leasehold improvements to our Victoria, New Westminster, and LandSure offices and upgrades to the Victoria historical records vault. We also spent $3.2 million on the Web Filing project which is expected to complete in 2020 at a total cost of $10.3 million. Development began on the Land Owner Transparency Registry ("LOTR") system with a capital cost of $2.0 million this year. Development of this system is expected to be completed by fall 2020. We incurred $0.8 million for other software development projects.

Results

The following table sets forth certain consolidated statement of operations data, as well as consolidated statement of financial position data, expressed in dollars, as at March 31, 2020 and 2019.

Year ended March 31	**2020**	2019
Revenue:		
Examination services	**$20,062,546**	$18,832,443
Information products and subscriptions	**15,428,178**	13,807,905
Service fees	**6,098,113**	6,185,791
	41,588,837	38,826,139
Cost of revenue:		
Cost of examination services	**17,240,676**	17,259,219
Cost of information products and subscriptions	**5,504,362**	5,944,019
Cost of service fees	**3,370,218**	3,359,045
	26,115,256	26,562,283
Gross income	**15,473,581**	12,263,856
Operating expenses:		
Research and development	**3,784,413**	1,879,705
Policy and regulation	**3,464,482**	2,593,049
General and administration	**6,622,743**	5,842,190
	13,871,638	10,314,944
Operating income	**1,601,943**	1,948,912
Other income (expenses):		
Lease interest	**(553,449)**	(4,470)
Bank charges, interest, and investment fees	**(148,255)**	(139,693)
Investment income	**758,803**	1,492,606
Loss on disposal of property and equipment	**(55,349)**	(24,978)
	1,750	1,323,465
Income and comprehensive income before income taxes	**1,603,693**	3,272,377
Income tax expense	**284,554**	198,468
Net income and comprehensive income	**$1,319,139**	$3,073,909
Total assets	**$115,533,302**	$102,800,177
Total liabilities	**$25,746,189**	$14,332,203
Total non-current liabilities	**$11,867,101**	$1,961,030
Total equity	**$89,787,113**	$88,467,974

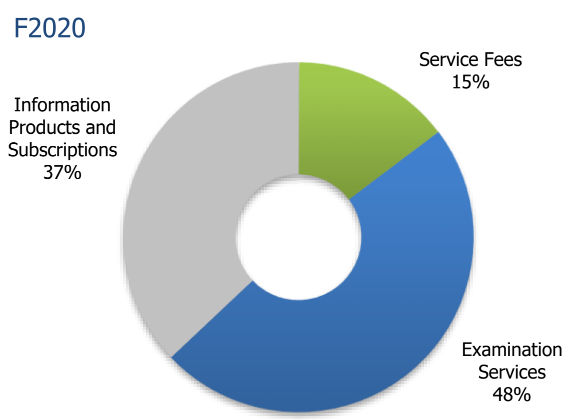
The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same fiscal periods.

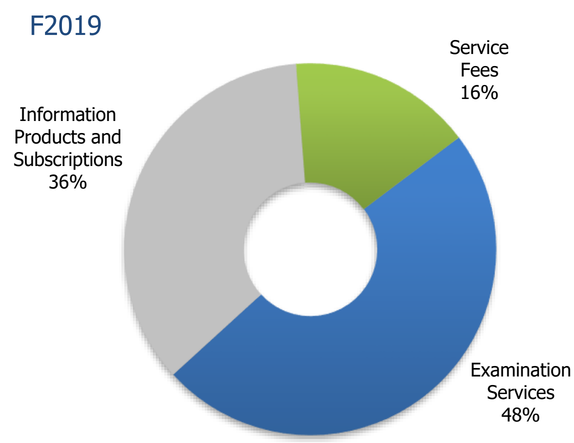
Year ended March 31	**2020**	2019
Revenue:		
Examination services	**48.2%**	48.5%
Information products and subscriptions	**37.1%**	35.6%
Service fees	**14.7%**	15.9%
	100.0%	100.0%
Cost of revenue:		
Cost of examination services	**41.5%**	44.5%
Cost of information products and subscriptions	**13.2%**	15.3%
Cost of service fees	**8.1%**	8.7%
	62.8%	68.4%
Gross income	**37.2%**	31.6%
Operating expenses:		
Research and development	**9.1%**	4.8%
Policy and regulation	**8.3%**	6.7%
General and administration	**15.9%**	15.0%
	33.3%	26.6%
Operating income	**3.9%**	5.0%
Other income (expenses):		
Lease interest	**(1.3%)**	(0.0%)
Bank charges, interest, and investment fees	**(0.4%)**	(0.4%)
Investment income	**1.8%**	3.8%
Loss gain on disposal of property and equipment	**(0.1%)**	(0.0%)
	0.0%	3.4%
Income and comprehensive income before income taxes	**3.9%**	8.4%
Income tax expense	**0.7%**	0.5%
Net income and comprehensive income	**3.2%**	7.9%

Revenue

LTSA revenue sources consist of examination services to ensure that applications and plans are submitted in accordance with the rules and regulations of various provincial statutes and acts; information products include title, document and plan images, certifications, document scanning and subscription services; service fees are for electronic processing of land title and survey transactions through the myLTSA electronic portal.

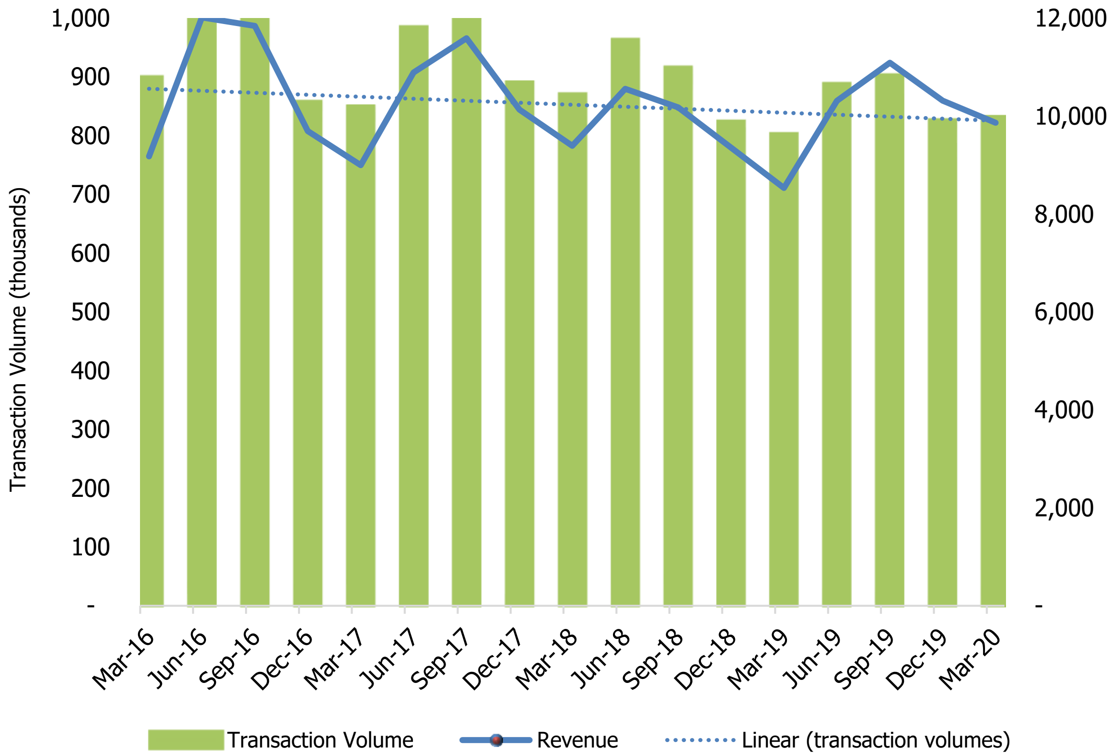
Revenue by Source



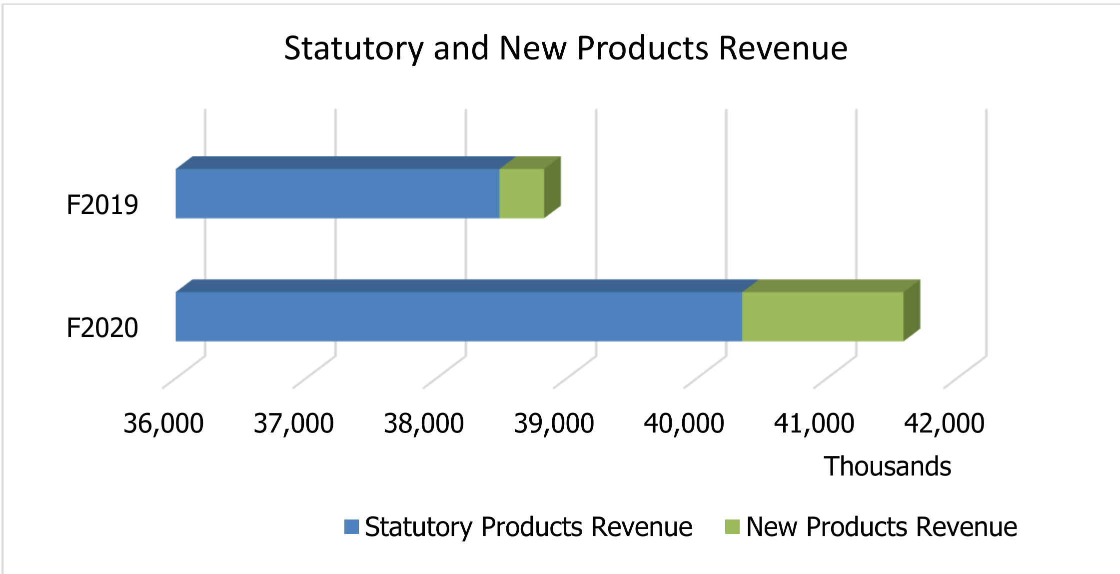


Total consolidated revenue for the year was $41.6 million, greater than prior year by $2.8 million or 10.2%. Revenues were greater than last year due to new service offerings and a 8.0% fee increase for statutory products and services. Volumes this year for our existing services were 1.7% less than last year.

Revenues for the year reflect the continued downward trend in transaction volumes we have seen since 2016. The chart shows revenue and transaction volumes since 2016. The impact of seasonality can also be seen with the June and September quarters being much busier than the fall and winter.

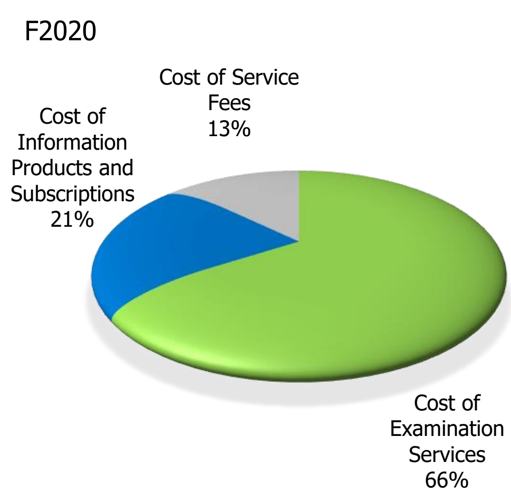


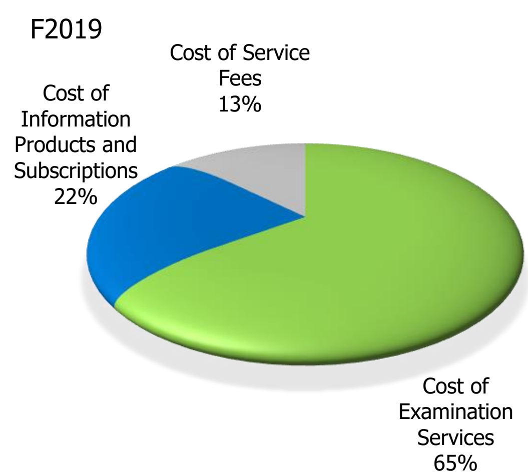
The LTSA's strategy of developing new sources of revenue to support customers with interests in land information is proving to be successful with two new products launched over the last 18 months. Autoprop, acquired in October 2018, earned $1.2 million of revenue this year. The Condo and Strata Assignment Integrity Register ("CSAIR"), which was released in February 2019, also had revenue of $1.2 million in the period.



Cost of Revenue

Cost of revenue for the year was $26.1 million, $0.4 million or 1.7% less than last year's $26.6 million. The decrease reflects a reduction in the cost of information products and services due to the completion of the core land title system's amortization early in the fiscal year.





Gross Income

LTSA's gross income was $15.5 million representing a 37.2% operating margin, up 17.8% from the 31.6% earned in 2019. The gross margin by revenue category is as follows:

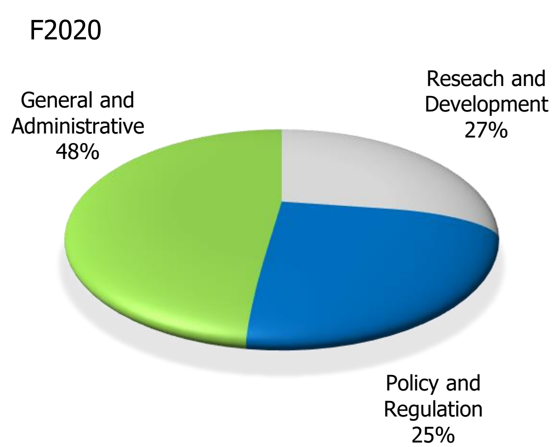
Gross Margins by Revenue Type

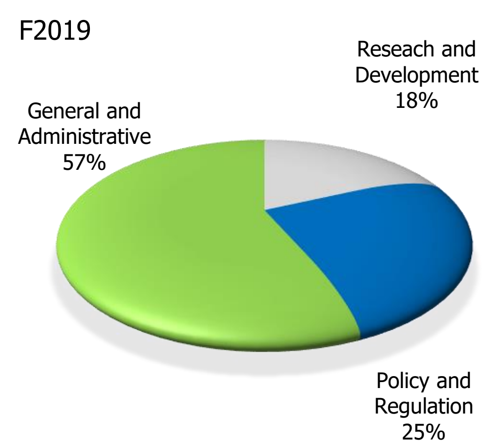
Year ended March 31	**2020**	2019
Total LTSA	**37.2%**	31.6%
Examination services	**14.1%**	8.4%
Information products and subscriptions	**64.3%**	57.0%
Service fees	**44.7%**	45.7%

Examination services margins increased due to our fee increase. Information products and subscriptions margin increased due to the inclusion of Autoprop and CSAIR and the fee increase. The change in lease accounting standards also provided a decrease in operating costs of $0.4 million increasing the margin from 36.2%.

Operating Expenses

Operating expenses for the year were $13.9 million, $3.6 million or 34.5% greater than in 2019. This is mainly due to increased expenses on research and development, and policy and regulation.





Research and development costs were $3.8 million, $1.9 million or 101.3% more than last year. The increase from last year was due to spending on the initial research and design phases of the LOTR and Property Tax Deferment systems and work on survey plan submission modernization.

Policy and regulation costs were $3.5 million, $0.9 million or 33.6% greater than in 2019. This increase is due to costs to support knowledge management systems, land title initiatives to improve flexibility in the electronic filing of land title applications and title searches. In addition, we invested $0.4 million in the restoration, conservation and archival storage of our historical collections of land title and survey documents.

General and administrative expenses were $6.5 million, $0.8 million or 13.4% greater than last year. These expenses incurred were in line with the growth in revenue.

Other Income (Expenses)

Our investment portfolio earned $0.8 million, down $0.7 million or 49.2% from last year. This was due to the overall deterioration in global market conditions in the fourth quarter. Our investment portfolio is conservative with 89% of our investments held in fixed income securities.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled $1.3 million or 3.2% of revenue, down $1.8 million or 57.1% from 2019. A $2.8 million increase in total revenue and $0.4 million decrease in cost of revenue partially offset the $3.6 million higher operating expenses, and $1.3 million higher other expenses and taxes. The higher other expenses were primarily due to an increase of $0.6 million in lease interest due to the adoption of IFRS 16.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash, cash equivalents and short-term investments balance was $67.4 million on March 31, 2020 (March 31, 2019 - $70.0 million), of which $0.2 million (March 31, 2019 - $0.2 million) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties was remitted the following business day.

The remaining $67.2 million (March 31, 2019 - $69.8 million) represents cash, cash equivalents and short-term investments readily available to the LTSA. Net LTSA current liabilities (total current liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled $9.0 million (March 31, 2019 - $9.4 million) at March 31, 2020, which when combined with the $6.0 million (March 31, 2020 - $6.0 million) allocated to the Assurance Fund, leaves $52.2 million (March 31, 2020 - $54.4 million) of cash available for reinvestment in LTSA's business.

Cash from Operating Activities

The LTSA's primary source of cash derives from operating activities. Cash from operations for this year totalled $10.3 million compared to $9.0 million for last year. This is attributed to the stronger revenue from Autoprop and CSAIR.

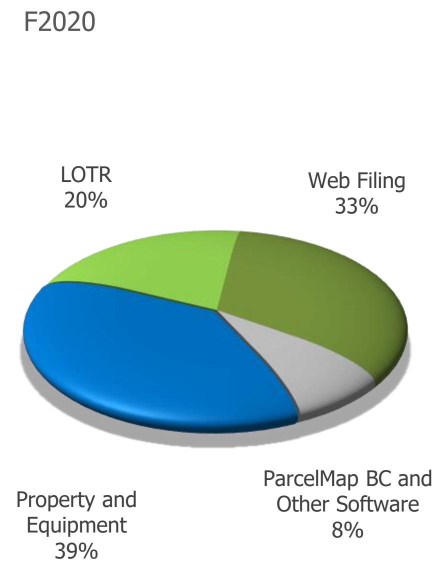
Cash from Financing Activities

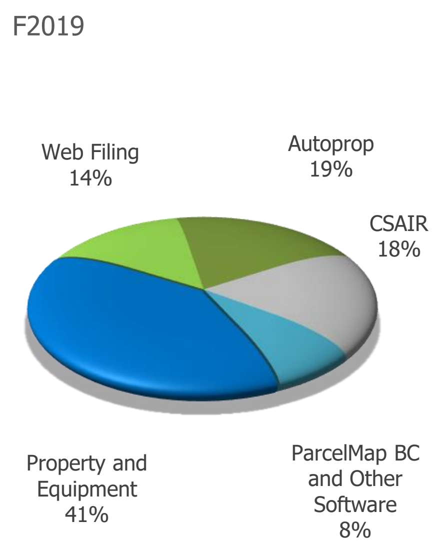
LTSA paid $2.4 million this year for the repayment of lease obligations. This is attributed to a reclassification of our operating leases due to our adoption of IFRS 16 on April 1, 2019.

Cash from Investing Activities

LTSA transfers excess cash into an investment portfolio that is governed by our investment policy. We invested $40.0 million of cash in marketable securities during the year. Cash is also used to purchase property and equipment and invest in software systems that will either enhance current operations or provide additional service offerings to our customers. $10.5 million was invested in capital projects during the year.

Capital Investments





Year ended March 31 (in millions)	**2020**	2019
Property and equipment	**$3.8**	$3.2
Web Filing	**3.2**	1.1
LOTR	**2.0**	-
ParcelMap BC and other software	**0.8**	0.4
CSAIR	**-**	1.5
Autoprop software	**-**	1.7
	$9.8	$7.9

The Web Filing project will modernize the customer interface to the land title system and will be completed in 2020. We also started work on the LOTR system which is a major project to build and operate a registry under the *Land Owner Transparency Act* on behalf of the province. Filing services to the registry and search capabilities will be available by fall 2020. Total cost to build the LOTR system is estimated to be approximately $7.5 million.

Assurance Fund

The Assurance Fund has remained at $6.0 million since March 31, 2013 by resolution of the Board of Directors. The result of an independent actuarial analysis of the program in 2017 and the small number of Assurance Fund claims supports the LTSA's belief that this continues to be an appropriate fund balance. The fund is assessed on an annual basis and adjusted to reflect changing market conditions as well as transaction volumes.

Leases

LTSA adopted IFRS 16 Leases on April 1, 2019. We have adopted IFRS 16 using the modified retrospective approach, with no restatement of prior periods. For those leases which were previously classified as operating leases, the LTSA has elected for the right of use asset to equal the lease liability, adjusted for any prepaid or incentive amounts. As a result of the adoption of IFRS 16, we have recorded a right of use asset of $13.2 million and a lease liability of $15.2 million.

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Outlook

We plan to continue with our strategy of developing new products and services for our customers with interests in land information and will introduce at least two new products in the upcoming fiscal year for the Province of British Columbia, LOTR and automation of the Property Tax Deferral program. In addition, we will continue with Autoprop's targeted marketing to Real Estate Boards with enhanced products and services for real estate professionals.

Since March 2020, LTSA, along with the Province of British Columbia, has invoked provincial guidelines for remote working and social distancing in response to the global pandemic of the outbreak of the novel strain of coronavirus, "COVID-19". Land registry has been designated as an essential service by the province and we are continuing to operate with full capacity.

These safety guidelines will impact revenue in the upcoming fiscal year as we expect a decline in the real estate market. Reports published by the Royal Bank of Canada and the BC Real Estate Association both indicate that there will be a contraction in the BC real estate market of between 21% – 30% between April and June 2020. However there is some confidence that recovery will occur from July onwards as this market contraction is primarily in the interest of public health as opposed to a larger global market correction.

LTSA's LOTR initiative should not be significantly impacted by this correction as the product is a result of a regulatory change that has already been passed and impacts existing property owners. In addition, the impact of the COVID-19 impact should not adversely impact the property tax deferral initiative as it relates to the annual filing of property taxes and the market is already established and will grow over time as the property owner population ages.

The LTSA is in a strong financial position with available cash totaling $52.2 million at March 31, 2020. We are of the opinion that our cash reserves are sufficient to manage the COVID-19 financial risk in the 2020 – 2021 fiscal year.

Risk and Uncertainty

Critical Accounting Estimates

LTSA's financial statements are prepared in accordance with IFRS. These accounting principles require management to make certain estimates, assumptions and judgements. Management believes that these estimates, assumptions and judgements upon which we rely are reasonable based upon information available to us at the time. The estimates, assumptions and judgements made can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates and actual results, the financial statements of the LTSA would be affected.

Public Service Pension Plan

LTSA employees are members of the Public Service Pension Plan (the "Plan"), a defined benefit, multi-employer pension plan. The most recent Plan valuation, as at March 31, 2017, indicated a funding surplus of $1,896 million in the Basic Account. The next plan valuation will be assessed as at March 31, 2020, with results available in early 2021.

LandSure Systems and Autoprop employees are members of a group registered retirement savings plan to which the company contributes.

Impairment of Long Lived Assets

The LTSA regularly reviews the carrying value of property, equipment and intangible assets, and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the LTSA may be required to record impairment charges for these assets. There are no impairment adjustments at this time.

Please refer to the consolidated financial statements which contain additional information regarding our accounting policies and other disclosures required under IFRS.

Consolidated Financial Statements
(Expressed in Canadian dollars)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Year ended March 31, 2020

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To Directors of the Land Title and Survey Authority of British Columbia

Opinion

We have audited the consolidated financial statements of the Land Title and Survey Authority of British Columbia, (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 18, 2020

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Expressed in Canadian dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Examination services	$ 20,062,546	$ 18,832,443
Information products and subscriptions	15,428,178	13,807,905
Service fees	6,098,113	6,185,791
	41,588,837	38,826,139
Cost of revenue (note 6):		
Cost of examination services	17,240,676	17,259,219
Cost of information products and subscriptions	5,504,362	5,944,019
Cost of services fees	3,370,218	3,359,045
	26,115,256	26,562,283
Gross income	15,473,581	12,263,856
Operating expenses (note 6):		
Research and development	3,784,413	1,879,705
Policy and regulation	3,464,482	2,593,049
General and administrative	6,622,743	5,842,190
	13,871,638	10,314,944
Operating income	1,601,943	1,948,912
Other income (expenses):		
Lease interest	(553,449)	(4,470)
Bank charges and investment fees	(148,255)	(139,693)
Investment income (note 7)	758,803	1,492,606
Loss on disposal of property and equipment	(55,349)	(24,978)
	1,750	1,323,465
Income and comprehensive income before income taxes	1,603,693	3,272,377
Income tax expense (recovery) (note 12):		
Current	436,906	482,349
Deferred	(152,352)	(283,881)
	284,554	198,468
Net income and comprehensive income	$ 1,319,139	$ 3,073,909

See accompanying notes to the consolidated financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 8)	**$ 20,708,770**	$ 53,328,397
Investments	**46,736,966**	16,659,897
Funds held for customers	**3,841,484**	3,609,922
Trade and other receivables	**232,145**	234,405
Prepaid expenses	**813,571**	812,851
	72,332,936	74,645,472
Property and equipment (note 9)	**19,451,931**	5,545,289
Intangible assets (note 10)	**23,673,618**	22,525,684
Deferred tax assets (note 12)	**74,817**	83,732
	43,200,366	28,154,705
	$ 115,533,302	$ 102,800,177
Liabilities and Equity		
Current liabilities:		
Trade and other payables	**$ 2,737,693**	$ 3,579,397
Customer deposits held	**3,841,484**	3,609,922
Provisions (note 14)	**527,311**	526,594
Employee benefits (note 15)	**3,101,168**	2,715,457
Contract liabilities (note 11)	**878,260**	774,679
Current lease liabilities (note 16)	**1,804,618**	111,071
Other current liabilities (note 17)	**988,554**	1,054,053
	13,879,088	12,371,173
Deferred tax liabilities (note 12)	**223,600**	373,932
Lease liabilities (note 16)	**11,643,501**	1,587,098
	11,867,101	1,961,030
	25,746,189	14,332,203
Equity:		
Retained earnings	**89,787,113**	88,467,974
	$ 115,533,302	$ 102,800,177

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

________________ Director   ________________ Director

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars)

Year ended March 31, 2020, with comparative information for 2019

	Unappropriated retained earnings	Assurance Fund reserve (note 18)	Total retained earnings
Balance, March 31, 2018	$ 79,394,065	$ 6,000,000	$ 85,394,065
Net income and comprehensive income	3,073,909	-	3,073,909
Balance, March 31, 2019	82,467,974	6,000,000	88,467,974
Net income and comprehensive income	1,319,139	-	1,319,139
Balance, March 31, 2020	**$ 83,787,113**	**$ 6,000,000**	**$ 89,787,113**

See accompanying notes to the consolidated financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash flow from operating activities:		
Cash received for:		
Fees	**$ 41,509,216**	$ 38,735,631
Fees collected on behalf of the Province of BC	**36,668,745**	37,395,476
Fees collected on behalf of other parties	**8,675,812**	7,743,918
Interest - investment	**1,932,508**	1,474,714
	88,786,281	85,349,739
Cash paid for:		
Salaries and benefits	**(18,370,785)**	(16,657,650)
Goods and services	**(13,699,784)**	(13,357,652)
Sales and income taxes	**(1,033,725)**	(1,103,764)
Fees submitted to the Province of BC	**(36,684,404)**	(37,469,215)
Fees submitted to other parties	**(8,675,645)**	(7,744,467)
	(78,464,343)	(76,332,748)
Total cash flow from operating activities	**10,321,938**	9,016,991
Cash flow from financing activities:		
Repayment of lease liability	**(1,811,506)**	(30,612)
Interest - lease liability	**(553,449)**	(4,470)
	(2,364,955)	(35,082)
Cash flow from investing activities:		
Purchase of investments	**(48,314,725)**	(2,298,055)
Proceeds from sale or maturity of investments	**18,237,655**	8,647,856
Purchase of property and equipment	**(3,764,171)**	(2,223,993)
Purchase of intangible assets	**(6,735,369)**	(4,720,658)
	(40,576,610)	(594,850)
Net increase (decrease) in cash and cash equivalents	**(32,619,627)**	8,387,059
Cash and cash equivalents, beginning of year	**53,328,397**	44,941,338
Cash and cash equivalents, end of year	**$ 20,708,770**	$ 53,328,397

See accompanying notes to the consolidated financial statements.

1. Nature of operations:

The Land Title and Survey Authority of British Columbia (the "LTSA") is an independent, not-for-profit corporation without share capital. It is established under the *Land Title and Survey Authority Act* and has responsibility for managing, operating and maintaining British Columbia's land title and land survey systems. Our corporate head office is located at Suite 200, 1321 Blanshard Street, Victoria, British Columbia. The LTSA's primary customers are legal professionals, land surveyors, certain statutory officers and other professionals who act on behalf of those who have an interest in conducting land-related transactions. Other stakeholders include all levels of government and First Nations, real estate professionals, financial institutions, historians, registry agents and other organizations, and the general public.

The LTSA operates independently from the provincial government, but must meet obligations and targets that the provincial government has established for it both in legislation and in a written Operating Agreement. The Operating Agreement has a term of 60 years, with the provision to renegotiate the revenue arrangement between the Province and the LTSA every 10 years.

2. Summary of significant accounting policies:

(a) Basis of presentation and statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorized for issue on June 18, 2020 by the LTSA's Board of Directors.

(b) Basis of consolidation:

The financial statements have been prepared on a consolidated basis which includes the assets, liabilities, revenues and expenses of the LTSA and its wholly-owned subsidiaries, LandSure Systems Limited ("LandSure") and Autoprop Software Limited ("Autoprop"). All significant inter-company transactions and balances have been eliminated upon consolidation.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The LTSA considers all highly liquid financial assets purchased with a maturity of three months or less to be cash equivalents.

2. Summary of significant accounting policies (continued):

(d) Property and equipment:

Property and equipment is measured at cost less accumulated amortization and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range from four to eight years as follows:

	Years
Office furniture and equipment	8
Vault storage systems	8
Technical equipment	4 to 5

Leasehold improvements are amortized over the lesser of the useful life of the leasehold improvement or the lease term, which includes renewal periods if renewal is reasonably assured. Residual values and useful lives are reviewed at each reporting date.

At the inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts that contain a lease, the LTSA recognizes a right of use asset (“ROU”) and a lease liability at the lease commencement date. The right of use asset is initially measured based on the amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received. Right of use assets are subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. The lease term includes consideration of an option to renew or to terminate if the LTSA is reasonably certain to exercise the option. The right of use asset is reviewed for impairment on a periodic basis and any adjustments are made at that time.

(e) Intangible assets:

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization for intangible assets is calculated using the straight-line method over the estimated useful lives of the assets. Residual values and useful lives are reviewed at each reporting date.

	Years
Acquired software	4
Internally-developed software	6
Internally-developed cadastral fabric	15

2. Summary of significant accounting policies (continued):

(e) Intangible assets (continued):

Acquired software:

Acquired computer software is capitalized on the basis of the costs incurred to acquire and install the specific software.

Internally-developed software and cadastral fabric:

The LTSA develops software and cadastral fabric for internal use. Costs that relate to the conceptual formulation and design of internally-developed software and cadastral fabric are expensed in the period incurred. Direct costs attributable to the software and cadastral fabric under development are capitalized after technological feasibility is established. Costs to support or service internally-developed software and cadastral fabric are expensed in the period incurred. Amortization commences when an asset is available for use.

(f) Impairment of property and equipment and intangible assets:

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows which are defined as cash-generating units.

When indicators of impairment are identified, the impairment charged to the statement of comprehensive income is management's estimate of the excess of the carrying value over the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use.

Impairment losses are evaluated for potential reversals when events or changes warrant such consideration. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized. A reversal of impairment is charged to the statement of comprehensive income.

(g) Provisions:

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

2. Summary of significant accounting policies (continued):

(h) Employee benefits:

Employee benefits, including employee leave entitlement and short-term termination benefits are measured at the undiscounted amount that the LTSA expects to pay to discharge the liability.

The LTSA also contributes through its payroll system for specific health care and other short-term benefits as provided for under the collective agreement with unionized employees and terms and conditions of employment for excluded employees.

(i) Post-employment benefits:

Public service pension plan:

The LTSA and some of its employees contribute to the Public Service Pension Plan ("PSPP"), a jointly trusteed pension plan overseen by The Public Service Pension Board of Trustees.

Every three years an actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method. This method produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted for the amortization of any funding surplus or deficit.

The latest actuarial valuation as at March 31, 2017 indicated a funding surplus of $1,896 million for basic pension benefits on a going concern basis.

The next valuation will be as at March 31, 2020, with results available in early 2021.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

LandSure and Autoprop retirement benefit:

LandSure and Autoprop contribute to group registered retirement savings plans. These contributions are recognized as an expense in the period that the contributions are paid.

(j) Lease liability:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the LTSA's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate or if the LTSA changes its assessment of whether it will exercise a purchase, renewal or termination option.

2. Summary of significant accounting policies (continued):

(j) Lease liability (continued):

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

(j) Revenue recognition:

The LTSA provides examination services, information products and subscriptions, and service fees. Each of these products or services have been determined to be distinct performance obligations. The services are provided based upon contracts with customers that include fixed or determinable prices and are based upon published rates. Contract terms do not include the provision of post-service obligations. The LTSA recognizes the amount of revenue to which it expects to be entitled for the transfer of promised services or products to customers. Revenue is measured based on the consideration specified in a contract with a customer on either an “over time” or “point in time” basis.

Examination services:

The LTSA provides examination services to ensure that applications and plans are submitted in accordance with the rules and regulations as defined by various provincial statutes and acts. Recognition of revenue occurs on the day the transaction is completed as we consider registration as a distinct performance obligation. Transactions which are in progress and not yet completed at the reporting date are recorded as contract liabilities. Examination services revenue is recognized using the “point in time” method.

Information products and subscriptions:

The LTSA provides information products such as title searches, document and plan images, title certificates, and document copies. Revenue is recognized at the time a customer receives the information product as we consider the transfer of the product as a distinct performance obligation. This revenue is recognized using the “point in time” method.

The LTSA also provides subscription services for parcel activity and property information. Subscription fee revenue is recognized proportionately over the subscription period with the outstanding balance recorded as contract liabilities. Unrecognized revenue is recognized immediately upon early cancellation of a subscription. Subscription fee revenue is recognized using the “over time” method.

Service fees:

The LTSA provides electronic processing services of land title and survey transactions through its electronic portal, myLTSA. Revenue is recognized at the time the customer either submits an application or plan, or receives an information product, as we consider this to be when the distinct performance obligation is satisfied. Service fees revenue is recognized using the “point in time” method.

2. Summary of significant accounting policies (continued):

(k) Taxes:

The LTSA is a “Tax Exempt Corporation” as described in the *Income Tax Act* and as such, is exempt from federal and provincial income taxes. The operations of its subsidiaries, LandSure and Autoprop, are subject to income tax.

For LandSure and Autoprop, deferred tax assets and liabilities are recognized on temporary differences between the tax basis of assets and liabilities and their respective carrying amounts. These deferred tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Deferred tax assets are recognized only to the extent it is considered probable that future taxable profit will be available against which the benefits of deductible temporary differences and available tax loss carry forwards can be utilized.

The provision of registration services is an exempt supply under the *Excise Tax Act* for Goods and Services Tax (“GST”) purposes, where registration services include both examination services and information products. Service fees and subscription services to access property databases are subject to GST. Subscription services to access property databases are also subject to Provincial Sales Tax.

(l) Foreign currency:

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the LTSA and its subsidiary.

Transactions denominated in foreign currencies have been translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year-end exchange rate. Exchange gains and losses are included in the statement of comprehensive income.

(m) Financial instruments:

<u>Financial assets:</u>

The LTSA classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at FVTPL:

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of comprehensive income in the period in which they arise.

2. Summary of significant accounting policies (continued):

(m) Financial instruments (continued):

Financial assets at amortized cost:

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of comprehensive income.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The following table shows classification of financial instruments in accordance with IFRS 9:

Financial instrument	Classification under IFRS 9
Financial assets:	
Cash and cash equivalents	Amortized cost
Funds held for customers	Amortized cost
Trade and other receivables	Amortized cost
Investments	FVTPL
Financial liabilities:	
Provisions	Amortized cost
Other current and non-current liabilities	Amortized cost

2. Summary of significant accounting policies (continued):

(m) Financial instruments (continued):

Impairment of financial assets at amortized cost:

The LTSA recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to the twelve month expected credit losses. For trade receivables, the LTSA applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(n) Estimates and judgments:

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions that affect the amounts recognized in the financial statements. These estimates and the underlying assumptions are reviewed continuously on the basis of past experience and other factors considered reasonable in the circumstances.

Significant estimates relate to:

Fair value of financial instruments:

Fair values are estimated using period-end market rates. Actual market transactions may be more volatile and therefore the actual realized value may differ from management's estimates.

Useful lives of and impairment of property, equipment and intangible assets:

The calculation of amortization involves estimates concerning the economic life and salvage value of property, equipment and intangible assets. The assessment of potential impairment requires assumptions about the amount and timing of future cash flows and selection of appropriate discount rates.

Capitalization of development costs as intangible assets:

The allocation of costs between the research and development phases of technology projects impacts the amounts capitalized as intangible assets.

Provisions:

Individual Assurance Fund and other legal claims are examined to determine whether a liability has been created. Assessing the likelihood that a particular claim has resulted in the creation of an obligation and estimating the amount of any such obligation is inherently uncertain.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

2. Summary of significant accounting policies (continued):

(o) Funds held for customers:

The funds held for customers are comprised of cash transferred by customers to the LTSA and held in trust.

3. Changes in accounting policies:

New standards and interpretations adopted:

IFRS 16 - *Leases*:

On January 13, 2016, the IASB issued IFRS 16 *Leases,* which replaced IAS 17 *Leases*. The standard introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Accordingly, management has adopted this standard effective April 1, 2019.

The LTSA has elected to apply IFRS 16 using the Modified Retrospective Approach, The LTSA will use the following practical expedients permitted by the standard:

- The use of the modified retrospective approach with no restatement of prior periods. For contracts previously classified as operating leases, the LTSA has elected for the right-of use asset to equal the lease liability, adjusted for any prepaid amount; and
- The election not to recognize leases for which the underlying asset is of low value.

On transition to IFRS 16, the LTSA recognized a ROU asset of $13.4 million and a lease liability of $15.2 million. The recognition of the ROU asset and lease liability are considered non-cash items within the statement of cash flows.

When measuring operating lease commitments, the LTSA discounted lease payments using its incremental borrowing rate at April 1, 2019. The discount rate applied was 3.95%.

The following table reconciles the LTSA's operating lease commitments as at March 31, 2019 as previously disclosed in the LTSA's annual audited financial statements, to the lease obligations recognized on initial application of IFRS 16 on April 1, 2019.

Operating lease commitments as of March 31, 2019	$ 28,805,484
Effect of discounting using the incremental borrowing rate at April 1, 2019	(3,747,731)
New commitment recognized as part of transition	812,606
Non-lease components included within operating lease commitments	(10,718,779)
Lease liability recognized as at April 1, 2019	**$ 15,151,580**

The current portion of the lease liability recognized at April 1, 2019 was $2.3 million.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

4. Financial risk management:

Fair value of financial instruments:

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following tables present the financial instruments recorded at fair value in the consolidated statements of financial position classified using the fair value hierarchy described above:

Financial assets	Level 1	Level 2	Level 3	**March 31, 2020**
Investments:				
Pooled equity fund	$ -	$ 5,993,095	$ -	**$ 5,993,095**
Bonds	40,743,871	-	-	**40,743,871**
	$ 40,743,871	$ 5,993,095	$ -	**$ 46,736,966**

Financial assets	Level 1	Level 2	Level 3	March 31, 2019
Investments:				
Short-term notes	$ -	$ 1,146,743	$ -	$ 1,146,743
Bonds	15,513,154	-	-	15,513,154
	$ 15,513,154	$ 1,146,743	$ -	$ 16,659,897

During the year, no transfers occurred between levels.

Pooled equity funds are traded on an over-the-counter market and are valued at their closing bid price on the valuation date. Where a bid price is not available, they are valued at the closing sale price on the valuation date. Short-term notes and bonds which have quoted prices available but are not traded in an active market have been classified as Level 2 in the fair value hierarchy.

Due to their short-term nature, the carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value: cash and cash equivalents, funds held for customers, trade and other receivables, trade and other payables and other liabilities and provisions. These financial assets and liabilities are measured at amortized cost in the consolidated financial statements.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

4. Financial risk management (continued):

Liquidity risk:

Liquidity risk is the risk that the LTSA will not be able to meet its obligations as they fall due. The LTSA manages its liquidity risk through cash management including monitoring its investment portfolio.

The timing of cash outflows relating to financial liabilities at March 31 is outlined in the table below:

March 31, 2020	**Total**	Less than one year	One to three years	Thereafter
Customer deposits held	**$ 3,841,484**	$ 3,841,484	$ -	$ -
Trade and other payables	**2,737,693**	2,737,693	-	-
Provisions	**527,311**	527,311	-	-
Other current liabilities	**988,554**	988,554	-	-
	$ 8,095,042	$ 8,095,042	$ -	$ -

March 31, 2019	Total	Less than one year	One to three years	Thereafter
Customer deposits held	$ 3,609,922	$ 3,609,922	$ -	$ -
Trade and other payables	3,654,888	3,654,888	-	-
Provisions	526,594	526,594	-	-
Other current liabilities	1,054,053	1,054,053	-	-
Other non-current liabilities	82,800	-	53,970	28,830
	$ 8,928,257	$ 8,845,457	$ 53,970	$ 28,830

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices will impact LTSA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

LTSA's investments are exposed to changing market conditions. LTSA manages the market risk associated with these changing conditions by establishing and monitoring asset allocation strategies and by diversifying investments within the various asset classes.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

4. Financial risk management (continued):

Credit risk:

Credit risk relates to cash and cash equivalents, trade and other receivables and investments and arises from the possibility that a counterparty to an instrument may fail to perform.

The LTSA invests cash that is not immediately required for operations for periods of up to three years in fixed income investment grade securities with ratings of BBB or higher for bonds and R1 (low) or higher for short-term instruments. Accordingly minimal credit risk exists with respect to these investments.

The following shows the percentage of fixed income holdings in the LTSA's investment portfolio by short-term credit rating:

	2020	2019
R1 (high)	**-%**	11.2%
R1 (mid)	**-%**	6.2%
R1 (low)	**12.8%**	29.9%
AAA	**10.3%**	9.9%
AA	**35.8%**	17.0%
A	**26.4%**	22.3%
BBB	**14.7%**	3.5%
	100.0%	100.0%

The LTSA has no off-balance sheet concentrations of credit risk, such as foreign exchange contracts, option contracts or other hedging arrangements.

As at March 31, 2020, the LTSA's maximum exposure to credit risk was the carrying value of cash and cash equivalents, investments, funds held for customers, trade and other receivables.

Interest rate risk:

Interest rate risk relates to the possibility that the fair value of cash flows associated with the LTSA's investments will change due to future fluctuations in market interest rates.

A 1% increase in interest rates would result in a 1.04% decrease in the fair value of the outstanding bonds. The short-term notes have significantly shorter duration and accordingly are not subject to significant changes in fair market value as a result of interest rate fluctuations.

Investments:

The outstanding bonds have a weighted average interest rate of 2.5% (2019 – 2.0%) and a weighted average term to maturity of 277 days (2019 - 381 days).

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

5. Capital management:

The LTSA's financial strategy is designed to maintain a flexible capital structure to respond to changes in economic conditions and capital investment opportunities.

The LTSA's objectives, when managing capital, are to maintain an Assurance Fund cash reserve sufficient to cover expected claims against the fund at a greater than 95% statistical confidence level and to maintain a contingency cash reserve of at least 25% of annual cash operating costs. In the definition of capital, the LTSA includes equity and long-term debt. There has been no change in the capital management policy since the prior year.

6. Expenses:

The LTSA has determined presentation of expenses by function within the Statement of Comprehensive Income provides the most relevant information to the financial statement users. Expenses by nature, as required by IFRS are outlined below:

	2020	2019
Expenses by nature:		
Salaries and benefits	**$ 18,756,491**	$ 16,846,836
Information service	**4,804,020**	3,939,692
Office and business expense	**2,784,470**	2,930,493
Building occupancy	**1,493,468**	3,325,789
Professional fees	**4,002,156**	3,502,855
Amortization of assets	**8,146,289**	6,331,562
	$ 39,986,894	$ 36,877,227
Expenses by function:		
Cost of revenue	**$ 26,115,256**	$ 26,562,283
Operating expenses	**13,871,638**	10,314,944
	$ 39,986,894	$ 36,877,227

7. Investment income:

The LTSA's investment income is comprised as follows:

	2020	2019
Interest income	**$ 1,874,669**	$ 1,631,549
Change in fair value of investments	**(818,094)**	59,984
Loss on disposal of investments	**(297,772)**	(198,927)
	$ 758,803	$ 1,492,606

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

8. Cash and cash equivalents:

	2020	2019
Cash in bank and on hand	**$ 15,230,239**	$ 40,851,829
Cash equivalents	**5,478,531**	12,476,568
	$ 20,708,770	$ 53,328,397

Included in cash in bank and on hand are fees payable to the Province of British Columbia of $177,229 (2019 - $192,887) and other fees payable of $26,776 (2019 - $26,611).

Under the terms of the Operating Agreement with the Province of British Columbia, the province's share of fees are collected on behalf of the province and must be remitted within one business day of collection. These amounts payable to the province are included in trade and other payables.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

9. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of Use Asset	Total
Cost:						
Balance, Mar 31, 2018	$ 460,706	$ 2,586,026	$ 2,229,789	$ 5,321,285	$ -	$ 10,597,806
Additions	296,324	410,723	220,929	2,376,986	-	3,304,962
Disposals	(13,761)	(395,061)	(24,566)	(1,099,107)	-	(1,532,495)
Balance, Mar 31, 2019	743,269	2,601,688	2,426,152	6,599,164	-	12,370,273
Adoption of IFRS 16	-	(133,670)	-	106,243	12,776,278	12,748,851
Additions	305,273	508,667	785,098	2,237,307	739,793	4,576,138
Disposals	(35,200)	(325,116)	(55,341)	(58,990)	-	(474,647)
Balance, Mar 31, 2020	**$1,013,342**	**$ 2,651,569**	**$ 3,155,909**	**$ 8,883,724**	**$ 13,516,071**	**$ 29,220,615**
Amortization:						
Balance, Mar 31, 2018	$ (337,527)	$ (2,177,842)	$ (1,311,657)	$(3,236,510)	$ -	$ (7,063,536)
Amortization	(65,537)	(233,645)	(251,327)	(675,891)	-	(1,226,400)
Disposals	13,761	349,750	11,396	1,090,045	-	1,464,952
Balance, Mar 31, 2019	(389,303)	(2,061,737)	(1,551,588)	(2,822,356)	-	(6,824,984)
Adoption of IFRS 16	-	20,588	-	-	(20,588)	-
Amortization	(86,872)	(236,555)	(272,955)	(796,192)	(1,959,416)	(3,351,990)
Disposals	35,200	319,856	46,680	6,554	-	408,290
Balance, Mar 31, 2020	**$ (440,975)**	**$ (1,957,848)**	**$ (1,777,863)**	**$(3,611,994)**	**$ (1,980,004)**	**$ (9,768,684)**
Net book value:						
March 31, 2019	$ 353,966	$ 539,951	$ 874,564	$ 3,776,808	$ -	$ 5,545,289
March 31, 2020	**$ 572,367**	**$ 693,721**	**$ 1,378,046**	**$ 5,271,730**	**$ 11,536,067**	**$ 19,451,931**

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

10. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, March 31, 2018	$ 41,592,845	$ 3,187,382	$10,215,100	$ -	$ 54,995,327
Additions	2,022,937	2,600,235	-	83,542	4,706,714
Transfers	2,007,553	(2,007,553)	-	-	-
Disposals	-	-	-	-	-
Balance, March 31, 2019	45,623,335	3,780,064	10,215,100	83,542	59,702,041
Additions	136,972	5,550,168	-	255,425	5,942,565
Transfers	6,520,106	(6,520,106)	338,967	(338,967)	-
Disposals	(195,728)	-	-	-	(195,728)
Balance, March 31, 2020	**$ 52,084,685**	**$ 2,810,126**	**$10,554,067**	**$ -**	**$ 65,448,878**
Amortization:					
Balance, March 31, 2018	$ (30,990,906)	$ -	$ (1,080,293)	$ -	$ (32,071,199)
Amortization	(4,424,151)	-	(681,007)	-	(5,105,158)
Disposals	-	-	-	-	-
Balance, March 31, 2019	(35,415,057)	-	(1,761,300)	-	(37,176,357)
Amortization	(4,104,885)	-	(689,746)	-	(4,794,631)
Disposals	195,728	-	-	-	195,728
Balance, March 31, 2020	**$ (39,324,214)**	**$ -**	**$ (2,451,046)**	**$ -**	**$ (41,775,260)**
Net book value:					
March 31, 2019	$ 10,208,278	$ 3,780,064	$ 8,453,800	$ 83,542	$ 22,525,684
March 31, 2020	**$ 12,760,471**	**$ 2,810,126**	**$ 8,103,021**	**$ -**	**$ 23,673,618**

Software systems under development are primarily costs to design, build and implement the Land Ownership Transparency Registry and the Web Filing system. Cadastral fabric under development are costs to improve the cadastral fabric.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

11. Contract liabilities:

Contract liabilities represents cash received from customers in excess of revenue recognized on uncompleted contracts.

	2020	2019
Beginning balance	**$ 774,679**	$ 554,729
Additions to contract liabilities	**865,151**	1,003,806
Revenue recognized during the year	**(761,570)**	(783,856)
Ending balance	**$ 878,260**	$ 774,679

12. Income taxes:

	2020	2019
The income tax expense (recovery) is as follows:		
Current	**$ 436,906**	$ 482,349
Deferred	**(152,352)**	(283,881)
	$ 284,554	$ 198,468
Non-current deferred tax assets:		
Non-capital losses carryforward	**$ -**	$ 73,394
Leasehold improvements	**-**	10,338
Net right of use obligation	**74,817**	-
	$ 74,817	$ 83,732
Non-current deferred tax liabilities:		
Technical equipment	**$ 35,889**	$ 7,711
Office furniture and equipment	**14,263**	2,078
Leasehold improvements	**43,804**	-
Software systems	**129,644**	364,143
	$ 223,600	$ 373,932

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

12. Income taxes (continued):

The LTSA's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2020	2019
Net earnings before income taxes	**$ 1,603,693**	$ 3,272,377
Net tax exempt earnings	**(430,466)**	(2,511,691)
Net earnings subject to income taxes	**$ 1,173,227**	$ 760,686
Expected income tax expense at the combined tax rate of 27% (2019 – 27%)	**$ 316,771**	$ 205,385
Decrease (increase) in income tax expense resulting from:		
Prior year tax provision adjustment	**(24,644)**	-
Other	**(7,573)**	(6,917)
	(32,217)	(6,917)
Income tax expense	**$ 284,554**	$ 198,468

13. Bank line of credit:

The LTSA has access to a $1.0 million (2019 - $1.0 million) demand revolving unsecured line of credit agreement with HSBC Bank Canada with interest at the bank's prime rate payable monthly. There were no borrowings under the line of credit at March 31, 2020 (2019 - nil).

14. Provisions:

The carrying amounts and the movements in the provision account are as follows:

	Provision for legal claims	Other current provisions	Total current provisions
Balance, March 31, 2018	$ 135,000	$ 89,419	$ 224,419
Additions	304,500	3,675	308,175
Utilized	(6,000)	-	(6,000)
Balance, March 31, 2019	433,500	93,094	526,594
Additions	717	-	717
Balance, March 31, 2020	**$ 434,217**	**$ 93,094**	**$ 527,311**

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

15. Employee benefits:

The following amounts represent the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	2020	2019
Salaries payable	**$ 2,265,828**	$ 1,923,152
Employee leave liability	**667,584**	633,394
Superannuation and group RRSP benefits	**167,756**	158,911
	$ 3,101,168	$ 2,715,457

Public service pension plan:

The LTSA paid $851,613 (2019 - $791,426) for employer contributions to the plan during the year which represents 0.1% of the total plan contributions.

Retirement benefit:

LandSure and Autoprop contributed up to 6.0% of employees' base salaries to group registered retirement savings plans. The amount recognized as an expense for the year ended March 31, 2020 was $280,910 (2019 - $231,800).

Long-term disability plan:

A funded long-term disability multi-employer plan provides disability income benefits after employment, but before retirement. The amount recognized as an expense for the year ended March 31, 2020 was $126,423 (2019 - $103,680).

Expenses for other benefit programs funded by the LTSA totaled $1,466,993 (2019 - $1,089,744).

16. Lease liabilities:

For the year ended March 31, 2020, the LTSA adopted IFRS 16 Leases on April 1, 2019.

Finance lease obligations, deferred leasehold inducements and deferred rent averaging were reclassified as a result of the adoption of IFRS 16 Leases.

The LTSA lease certain assets under lease agreements, the lease liabilities consists primarily of lease of buildings and office equipment. The leases have interest rates ranging from 3.95% to 4.45% per annum and expire between March 2023 and September 2033.

	2020	2019
Property	**$ 1,778,486**	$ 85,825
Equipment	**26,132**	25,246
Lease liabilities, current	**$ 1,804,618**	$ 111,071

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

16. Lease liabilities (continued):

	2020	2019
Property	**$ 11,581,169**	$ 1,504,298
Equipment	**62,332**	82,800
Lease liabilities, non-current	**$ 11,643,501**	$ 1,587,098

The Corporation is committed to minimum lease payments, including certain variable costs not included in the determination of the right of use asset and lease liability as follows:

Maturity analysis	March 31, 2020
Less than one year	**$ 3,704,258**
Between one and five years	**14,149,341**
More than five years	**7,831,602**
	$ 25,685,201

The adoption of IFRS 16 Leases had the following impact for the year ended March 31, 2020.

Amount recognized in the statement of comparative income	March 31, 2020
Lease amortization	**$ 1,935,448**
Lease interest	**553,449**
	$ 2,488,897

Amount recognized in the statement of cash flows	March 31, 2020
Repayment of lease obligation	**$ 1,811,506**
Lease interest	**553,449**
	$ 2,364,955

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

17. Other current liabilities:

The LTSA has contracts with MacDonald Dettwiler and Associates Ltd. ("MDA") to build PMBC and Web Filing. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work. In addition, the LTSA has contracts with other parties to renovate offices. The LTSA is entitled to hold back 10% from each progress payment that will be released and paid upon successful completion of the work.

The following holdbacks and current lease liabilities were outstanding at year end:

		2020		2019
PMBC fabric improvements	**$**	**5,894**	$	12,020
Web Filing		**968,202**		534,066
Office improvements		**14,458**		7,967
Autoprop final payment		**-**		500,000
	$	**988,554**	$	1,054,053

18. Assurance Fund reserve:

The *Land Title Act* establishes an Assurance Fund for the Province of British Columbia for claims arising from actions prior to the establishment of the LTSA, and for the LTSA for claims since its inception in January 2005. The compensation rules for administering the funds are established in the *Land Title Act* to compensate individuals in the rare cases where they are deprived of title due to an error in the operation of the *Land Title Act* or in the administration of the Land Title system under the Registrar's direction.

The Assurance Fund reserve is an appropriation of retained earnings set by the Board of Directors to support the LTSA's Assurance Fund. The balance of the reserve is established each year based on the results of a periodic independent analysis of the program using actuarial assumptions and methods. This analysis considers the *Land Title Act* rules, the Assurance Fund's claims history going back to the early 1980's, changing market conditions, transaction volumes and other factors.

The Assurance Fund reserve was set at $6.0 million at March 31, 2020 (2019 - $6.0 million). During the year, $0 was paid (2019 - $10,901) for settlements.

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

19. Related party transactions:

Province of British Columbia:

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the year ended March 31, 2020, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of $7,121,661 (2019 - $6,761,988).

Products and services acquired from the province for the year ended March 31, 2020 totaled $665,828 (2019- $568,878).

Real property taxation authorities:

Various real property taxation authorities are entitled to use the land title system free of charge for the administration of the taxation of real property. During the year ended March 31, 2020, the LTSA provided services to these authorities which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of $653,477 (2019 - $623,416).

Compensation of key management personnel:

Position	Name	Base Salary	Performance Incentive	Other [1]	Total 2020	Total 2019
Vice President, Human Resources	Cutler, Rob	193,143	35,500	37,443	**266,086**	243,979
President & Chief Executive Officer	Fair, Connie	285,756	73,000	59,478	**418,234**	365,690
Vice President & Chief Information Officer	Kara, Al-Karim	230,245	40,000	40,078	**310,323**	279,893
Vice President & Chief Financial Officer	Pedersen, Gregory	230,396	40,000	40,873	**311,269**	278,668
Vice President, Operations (Appointed Jan 15, 2019)	Reid, Camille	183,295	7,100	34,483	**224,878**	47,639

(1) Other compensation includes defined benefit pension plan contributions, long-term disability plan premiums, Canadian Pension Plan premiums, parking, extended health and dental plan premiums, professional membership fees, Workers Compensation Plan premiums and group life insurance premiums.

For the year ended March 31, 2020, the LTSA recorded total compensation for non-management directors of $353,343 (2019 - $296,446).

The LTSA's Executive Officers have specific, individual employment contracts. These contracts make provision for payments by the LTSA for termination without just cause and payments in these circumstances range from approximately 10 to 18 months of base salary, performance incentives and benefits. The value of these contingent commitments at March 31, 2020 totalled $1.9 million (2019 - $2.2 million).

19. Related party transactions (continued):

In the event of a termination arising from a change in control of the LTSA, agreements with the Executive Officers provide for termination benefits of 24 months of base salary but no payments of performance incentives or benefits. The value of these contingent commitments at March 31, 2020 totalled $2.2 million (2019 - $2.5 million). These benefits would be in place of, and not in addition to, the benefits described in the immediately preceding paragraph.

20. Impact of COVID-19:

Since March 2020 the LTSA has been following the provincial guidelines with respect to remote working and social distancing in response to the outbreak COVID-19. Land registry has been designated as an essential service by the Province of British Columbia and we are continuing to operate with full capacity. Transaction volumes were not materially affected in the fiscal year ended March 31, 2020.

We expect to see a significant reduction in the volume of real estate transactions in the British Columbia market which will affect our revenue in the 2020 - 2021 fiscal year. We have implemented monthly forecasting and scenario modelling to manage this risk.

The LTSA has cash, cash equivalents and investments totaling $67,445,736 at March 31, 2020 and no bank debt. We are of the opinion that our cash reserves and our proactive forecasting is sufficient to manage the COVID-19 financial risk in the 2020 - 2021 fiscal year.