Land Title and Survey Authority of British Columbia

Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Quarter and Year ended March 31, 2018

This management's discussion and analysis ("MD&A"), dated June 8, 2018, 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, 2018 (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 subsidiary, LandSure Systems Ltd. ("LandSure").

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 and myLTSA services provided to customers. Fees are established in compliance with requirements set out in the Operating Agreement.

Highlights

The multi-year Web Filing project continues the LTSA's commitment to improve customer experience through new and enhanced services on myLTSA, including electronic search and filing improvements. In fiscal 2018, the LTSA commenced the development phase, capitalizing $3.5 million in intangible technology assets. In fiscal 2019, development will continue with a plan to capitalize an additional $5.0 million. The project is expected to complete in early 2020 at a total cost of $10.3 million.

Total revenues were $43.0 million for the year ended March 31, 2018, an increase of $0.4 million or 1.1% compared to $42.6 million in the prior year. The revenues reflect strong transactional activity in the provincial real estate market.

Net income for the year ended March 31, 2018 was $8.6 million, a decrease of $2.3 million or 20.8% compared to the prior year. The key drivers that affected operating expenses were increases in salary and benefit costs for unionized and exempt employees, professional fees for human capital planning and organizational development work, and increased amortization costs related to ParcelMap BC ("PMBC") assets, as the remaining software and cadastral fabric components were released into production during the year.

Results

The 2018 net income decrease of $2.3 million from 2017 arose from $1.6 million lower earnings in the PMBC segment and $0.7 million lower earnings in the Core Business.

Cash flows from operating activities decreased from $18.6 million in 2017 to $14.9 million in 2018. Investments in property, equipment and intangible assets decreased from $6.9 million to $5.0 million in the same period, all financed from operations. Cash, cash equivalents and short–term investments, excluding fees owed to the Province of BC and other parties, increased by $9.9 million to $67.7 million as a net result.

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, 2018 and 2017.

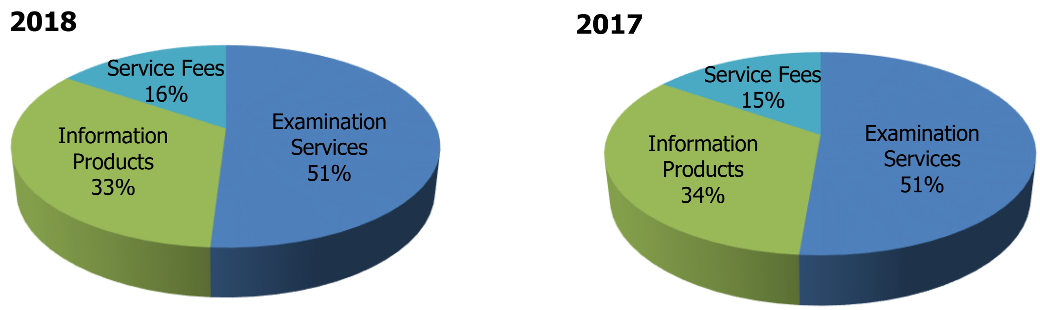
Years ended March 31	**2018**	2017
Revenue	**$43,014,011**	$42,551,566
Expenses:		
Salaries and benefits	**15,221,735**	13,519,007
Information services	**3,971,802**	3,765,614
Office and business expenses	**2,030,405**	2,042,753
Building occupancy	**3,202,404**	3,177,304
Professional fees	**2,845,220**	2,459,405
Amortization	**7,324,063**	6,718,502
	34,595,629	31,682,585
Operating income	**8,418,382**	10,868,981
Other income (expenses):		
Bank charges, interest and investment fees	**(111,902)**	(111,449)
Interest income	**757,583**	563,114
Gain on disposal of equipment	**1,535**	2,880
	647,216	454,545
Income and comprehensive income before taxes	**9,065,598**	11,323,526
Income taxes	**481,395**	480,764
Net income and comprehensive income	**$8,584,203**	$10,842,762
Total assets	**$98,616,747**	$91,622,737
Total liabilities	**$13,222,682**	$14,812,875
Total long-term liabilities	**$859,395**	$658,482
Total equity	**$85,394,065**	$76,809,862

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

Years ended March 31 (in millions)	**2018**	2017
Revenue	**100.0%**	100.0%
Expenses:		
Salaries and benefits	**35.4%**	31.8%
Information services	**9.2%**	8.8%
Office and business expenses	**4.7%**	4.8%
Building occupancy	**7.4%**	7.5%
Professional fees	**6.6%**	5.8%
Amortization	**17.0%**	15.8%
	80.3%	74.5%
Operating margin	**19.7%**	25.5%
Other income (expenses):		
Bank charges, interest and investment fees	**(0.3%)**	(0.3%)
Interest income	**1.8%**	1.3%
Gain on disposal of equipment	**0.0%**	0.0%
	1.5%	1.0%
Income and comprehensive income before taxes	**21.2%**	26.5%
Income taxes	**1.1%**	1.1%
Net income and comprehensive income	**20.1%**	25.4%

Revenue

Revenue by Source



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

Years ended March 31	**2018**	2017
Examination services	**$21,925,567**	$21,836,551
Information Products	**14,414,453**	14,192,088
Services Fees	**6,673,991**	6,522,927
	$43,014,011	$42,551,566

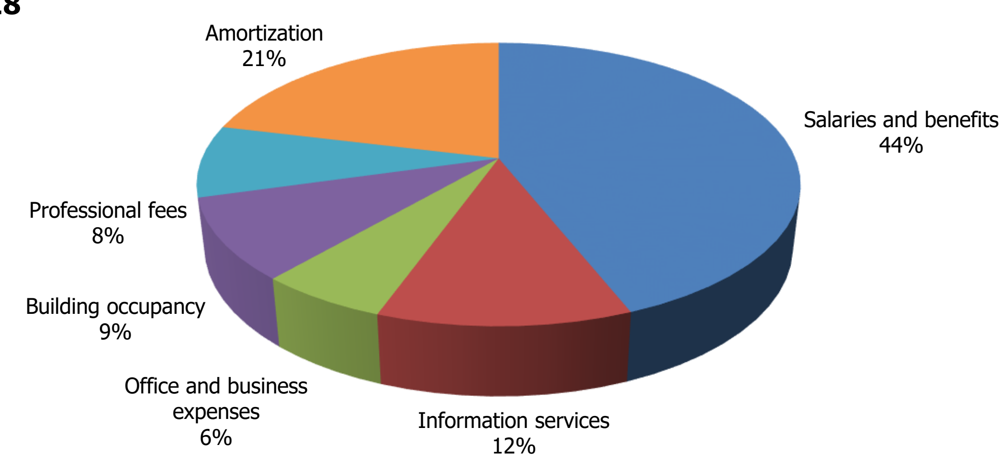
In fiscal 2018, transaction volumes decreased by 1.1% due to decreased activity in the provincial real estate market. Next year, it is expected that LTSA revenues will decrease by 8% in line with industry forecasts of provincial real estate activity.

The LTSA is investigating new business initiatives that provide new sources of revenue to improve customer service with a positive return on investment.

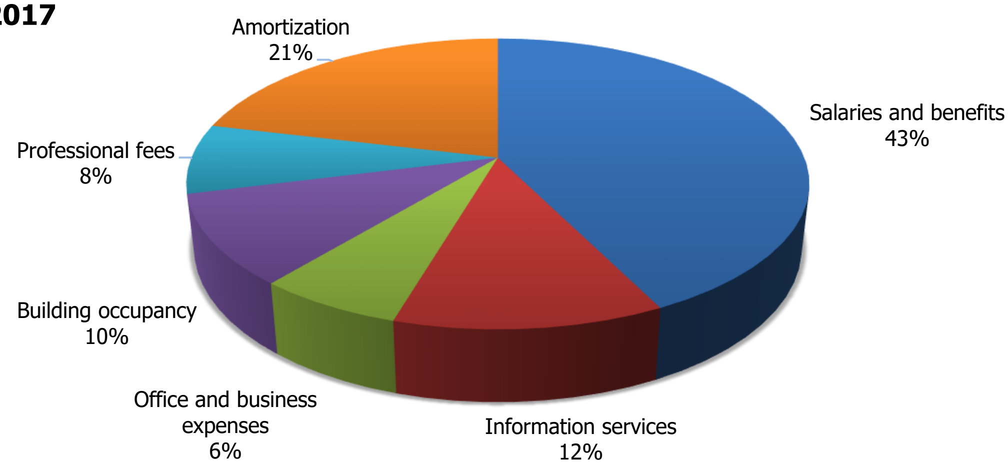
Expenses

Operating Expenses

2018



2017



Expenses before other income and expenses totalled $34.6 million (2017 - $31.7 million) for the year or 80.3% of revenue, an increase from the 74.5% achieved in 2017.

Salaries and benefits for fiscal 2018 were $15.2 million compared to $13.5 million in fiscal 2017, or 35.4% of total revenues compared to 31.8% last year. Salaries and benefits costs increased in 2018 reflecting increases for excluded staff, reclassification of bargaining unit positions effective April 1, 2017, a 2.0% increase for bargaining unit staff under the terms of the collective agreement on October 30, 2016, and a lump sum payment under the terms of the new collective agreement effective November 1, 2017. Salaries and benefits expenses for professional and technology workers increased at a rate higher than core inflation and this is expected to continue next fiscal year.

Information services costs of $4.0 million increased to 9.2% of revenue from 8.8% in 2017. These costs are expected to increase again in 2019 as we continue to maintain our large capital systems.

Office and business expenses at $2.0 million or 4.7% of revenue (2017 - $2.0 million, 4.8%) remaining consistent with the prior fiscal year. These expenses are expected to increase in 2019 with additional technical and business development staff and higher costs for travel and training associated with staff development.

Building occupancy costs at $3.2 million or 7.4% of revenue (2017 - $3.2 million, 7.5%) also remained consistent with the prior year. In fiscal 2019, building occupancy costs will increase in accordance with lease commitments for increased office space at LandSure.

Professional fees were $2.8 million or 6.6% of revenues (2017 - $2.5 million, 5.8%), up from the prior year due to this year's investment in human capital planning and organizational development work.

Amortization expense totalled $7.3 million or 17.0% of revenue (2017 – $6.7 million, 15.8%) due to the PMBC assets being fully in service by July 2017. Amortization expense will decrease next year by $0.6 million as many of the large components of the ASTRA registry system will be fully amortized by the end of the second quarter in fiscal 2019.

Operating Margin

LTSA operating margin of 19.7% in 2018 reflects three segments: Core Business, myLTSA and PMBC. Core Business comprises the operations of the land title and surveyor general divisions; myLTSA, the electronic portal to LTSA information and services; and PMBC is a single electronic map of all titled parcels and surveyed provincial Crown land parcels.

Operating Margins by Segment

Years ended March 31	**2018**	2017
Total LTSA	**19.7%**	25.5%
Core Business	**23.8%**	26.7%
myLTSA	**25.5%**	26.6%
PMBC	**(25.4)%**	14.3%

The reduced Core Business operating margin reflects lower transaction volumes and increased salaries and benefits costs. The decline in operating margin for PMBC reflects the full transition from build phase to operating phase as costs for the PMBC team are completely operational in nature. The fiscal 2019 forecast for a break-even total operating margin reflects further decreased transaction volumes and increased salaries and benefits costs for Business Development, information services, and office and business expenses.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled $8.6 million or 20.1% of revenue, down from the $10.8 million or 25.4% of revenue recorded in 2017. The decrease of $2.3 million was due to the 9.2% higher operating costs, offset by 1.1% higher revenues and 34.5% higher interest income.

The LTSA anticipates reporting a small positive net income in 2019. The most significant impacts on the LTSA's forecast net income are the forecast reduction in revenue and increases in salaries and benefits, information services and office and business expenses.

Liquidity and Capital Resources

Sources and Uses of Cash

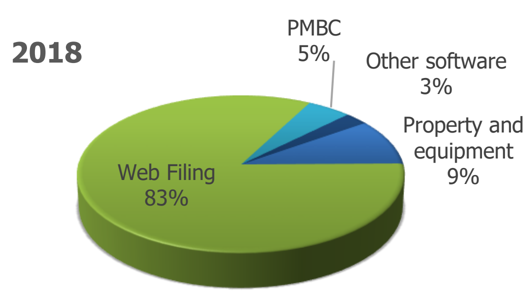
Cash, cash equivalents and short-term investments balance was $68.0 million on March 31, 2018 (2017 - $58.1 million), of which $294,000 (2017 - $253,000) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties is remitted on the following business day each year.

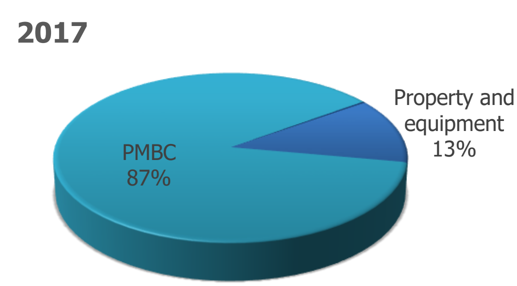
The remaining $67.7 million (2017 - $57.8 million) represents cash, cash equivalents and short-term investments actually available to the LTSA at year end. Net LTSA liabilities (total liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled $9.0 million (2017 - $10.8 million) at March 31, 2018 which, when combined with the $6.0 million (2017 - $6.0 million) allocated to the Assurance Fund, left $52.7 million (2017 - $41.0 million) 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 totalled $14.9 million (2017 - $18.6 million). As the LTSA business model continues to realize the capabilities and expected benefits from past capital investments and becomes less labour intensive, we anticipate the LTSA will generate $7.5 million in cash from operations in fiscal 2019.

Capital Investments





Years ended March 31 (in millions)	**2018**	2017
Web Filing	**$3.5**	-
PMBC and other software	**$0.3**	$4.3
Property and equipment	**$0.4**	$0.6
	$4.2	$4.9

Overall, the LTSA invested $4.2 million in capital projects in 2018 with 83% of the expenditures for the construction of the Web Filing project.

In fiscal 2019, the LTSA forecasts investment in capital assets to be $8.3 million. Developing technology for Web Filing and leasehold improvements for new offices are the key capital investments in fiscal 2019.

Assurance Fund

The Assurance Fund has remained at $6.0 million since March 31, 2013 by resolution of the Board of Directors. The results of an independent actuarial analysis of the program 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.

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Fourth Quarter Results

The following provides an overview of the LTSA's financial performance, comparing the three months ended March 31, 2018 to the same period in the prior year.

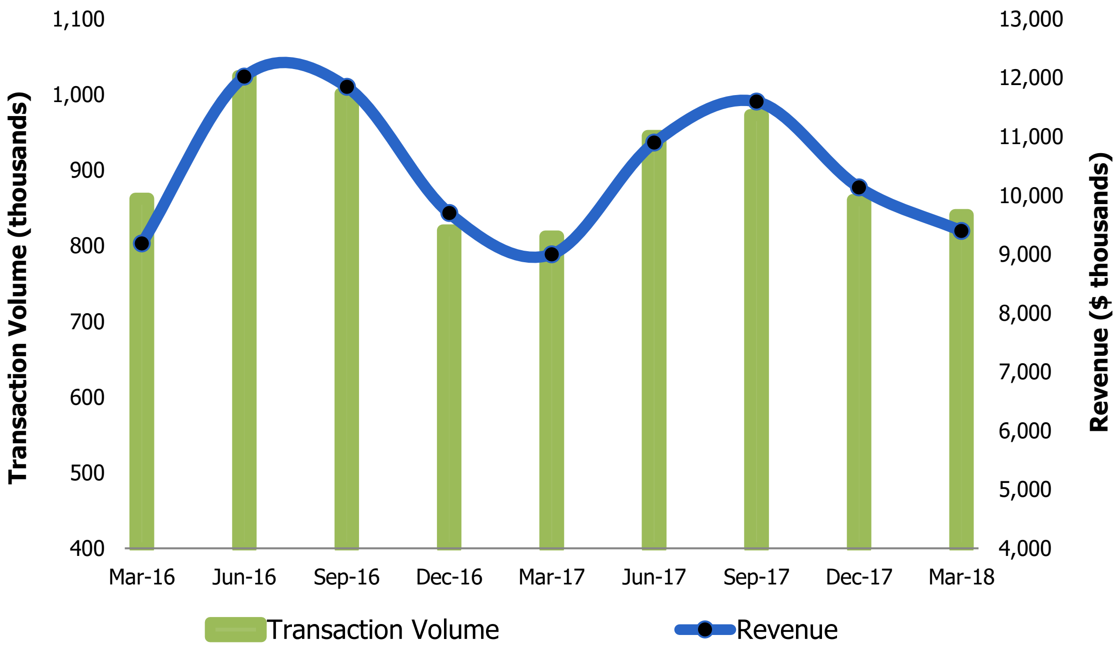
The fourth quarter reflects the normal seasonal slowdown that begins in the Fall of each year. The following is summary financial information for the fourth quarter.

Three months ended March 31	**2018**	2017
Revenue	**$9,394,540**	$8,997,288
Expenses:		
Salaries and benefits	**4,114,975**	3,388,364
Information services	**1,269,276**	1,113,871
Office and business expenses	**509,101**	595,021
Building occupancy	**758,945**	779,685
Professional fees	**1,394,443**	970,859
Amortization	**1,858,619**	1,750,665
	9,905,359	8,598,465
Operating income (loss)	**(510,819)**	398,823
Other income	**245,661**	139,782
Income (loss) and comprehensive income (loss) before taxes	**(265,158)**	538,605
Income taxes	**72,485**	46,358
Net income (loss) and comprehensive income (loss)	**$(339,643)**	$492,247

Net Income and Comprehensive Income

The LTSA's net loss and comprehensive loss for the three months ended March 31, 2018 was $0.8 million lower than the same period in the prior year. The decrease results from an increase in revenues of $0.4 million offset by a $1.2 million increase in operating expenses net of other income. The increase in operating costs is due to increased salaries and benefit costs for excluded staff in the Career Framework, and reclassification of bargaining unit positions and salary increases for the included group arising from the collective agreement. Professional services for human capital planning and organizational development work, information services costs related to PMBC that are now being treated as operating costs, and amortization of PMBC assets as they have been placed into service, have also contributed to the operating cost increase.

The following graph illustrates the seasonality of the LTSA's revenue and shows the relationship of transaction volumes and revenue over the most recent eight quarters. In peak volume periods, the automated systems process approximately 55% of all transactions allowing effective management of LTSA resources.



Capital Investments

Three months ended March 31 (in millions)	**2018**	2017
Web Filing	**$0.5**	-
PMBC	**-**	$0.7
Property and equipment	**$0.1**	$0.1
	$0.6	$0.8

The Web Filing project was the focus this year with $0.5 million spent on capital expenditures, replacing the prior year's effort to complete development of PMBC. Total capital expenditures decreased by $0.2 million compared to the same period in the prior year.

Outlook

The March 2018 BC Real Estate Association's forecast is for a 8.6% decrease in 2018 unit sales volumes from 2017 due to more stringent mortgage qualification rules, rising interest rates and already elevated home prices. In March 2018, the Business Council of BC forecasted 2018 real GDP in BC will expand at a moderate pace of 2.3%.

For fiscal 2019, the LTSA's forecast revenue of $38.7 million represents a decrease of 9.9% from actual results for fiscal 2018. The fiscal 2019 forecast is for operating margin to break even compared to positive 19.6% in 2018 reflecting increased salaries and benefits costs for new technical and business development staff and increased information services costs for system sustainment and PMBC operating costs. Cash from operating activities is expected to be down from the current year level at approximately $7.5 million in 2019, which reflects the reduction in forecast revenues and increase in operating expenses. Fiscal 2019 forecast investments in property, equipment and intangible assets are $9.1 million, primarily for Web Filing, office leasehold improvements, and technology equipment replacements.

All of the LTSA's revenue is transaction based on actual activity in the provincial real estate market. Both revenue and net income would be negatively impacted if transaction volumes are significantly lower than the fiscal 2019 forecast.

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 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.

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, 2018

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Land Title and Survey Authority of British Columbia, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Land Title and Survey Authority of British Columbia as at March 31, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 8, 2018

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Expressed in Canadian dollars)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue (note 7)	**$ 43,014,011**	$ 42,551,566
Expenses:		
Salaries and benefits	**15,221,735**	13,519,007
Information services	**3,971,802**	3,765,614
Office and business expenses	**2,030,405**	2,042,753
Building occupancy	**3,202,404**	3,177,304
Professional fees	**2,845,220**	2,459,405
Amortization	**7,324,063**	6,718,502
	34,595,629	31,682,585
Operating income	**8,418,382**	10,868,981
Other income (expenses):		
Bank charges, interest and investment fees	**(111,902)**	(111,449)
Interest income	**757,583**	563,114
Gain on disposal of property and equipment	**1,535**	2,880
	647,216	454,545
Income and comprehensive income before income taxes	**9,065,598**	11,323,526
Income tax expense (recovery) (note 13):		
Current	**622,466**	554,021
Deferred	**(141,071)**	(73,257)
	481,395	480,764
Net income and comprehensive income	**$ 8,584,203**	$ 10,842,762

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, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (note 8)	**$ 44,941,338**	$ 34,350,982
Investments (note 9)	**23,009,696**	23,721,875
Funds held for customers (note 10)	**3,467,975**	3,472,488
Trade and other receivables	**76,781**	40,577
Prepaid expenses	**662,559**	495,136
	72,158,349	62,081,058
Property and equipment (note 11)	**3,534,270**	4,393,312
Intangible assets (note 12)	**22,924,128**	25,148,367
	26,458,398	29,541,679
	$ 98,616,747	$ 91,622,737
Liabilities and Equity		
Current liabilities:		
Trade and other payables	**$ 5,506,482**	$ 4,442,401
Customer deposits held (note 10)	**3,467,975**	3,472,488
Provisions (note 15)	**224,419**	1,228,887
Employee benefits (note 16)	**2,506,879**	2,045,863
Deferred revenue	**554,729**	521,583
Income taxes payable	**68,710**	258,208
Other current liabilities (note 17)	**34,093**	2,184,963
	12,363,287	14,154,393
Deferred tax liabilities (note 13)	**471,813**	612,734
Other non-current liabilities (note 18)	**387,582**	45,748
	859,395	658,482
	13,222,682	14,812,875
Equity (note 6):		
Retained earnings	**85,394,065**	76,809,862
Commitments (note 20)		
	$ 98,616,747	$ 91,622,737

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, 2018, with comparative information for 2017

	Unappropriated retained earnings	Assurance Fund Reserve (note 19)	Total retained earnings
Balance, March 31, 2016	$ 59,967,100	$ 6,000,000	$ 65,967,100
Net income and comprehensive income	10,842,762	-	10,842,762
Balance, March 31, 2017	70,809,862	6,000,000	76,809,862
Net income and comprehensive income	8,584,203	-	8,584,203
Balance, March 31, 2018	**$ 79,394,065**	**$ 6,000,000**	**$ 85,394,065**

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, 2018, with comparative information for 2017

	2018	2017
Cash flow from operating activities:		
Cash received for:		
Fees	**$ 43,047,648**	$ 42,483,159
Fees collected on behalf of the Province of BC	**41,374,769**	42,081,136
Fees collected on behalf of other parties	**8,546,988**	3,676,067
Interest	**722,316**	558,010
	93,691,721	88,798,372
Cash paid for:		
Salaries and benefits	**(14,760,723)**	(13,213,556)
Goods and services	**(12,959,197)**	(10,259,791)
Sales and income taxes	**(1,223,617)**	(919,552)
Fees submitted to the Province of BC	**(41,342,747)**	(42,125,616)
Fees submitted to other parties	**(8,538,546)**	(3,670,735)
	(78,824,830)	(70,189,250)
Total cash flow from operating activities	**14,866,891**	18,609,122
Cash flow from financing activities:		
Repayment of finance lease obligation	**(25,450)**	(26,342)
Cash flow from investing activities:		
Purchase of investments	**(7,780,386)**	(10,927,900)
Proceeds from sale or maturity of investments	**8,492,564**	6,292,297
Purchase of property and equipment	**(398,258)**	(564,705)
Purchase of intangible assets	**(4,565,005)**	(6,350,140)
	(4,251,085)	(11,550,448)
Net increase in cash and cash equivalents	**10,590,356**	7,032,332
Cash and cash equivalents, beginning of year	**34,350,982**	27,318,650
Cash and cash equivalents, end of year	**$ 44,941,338**	$ 34,350,982

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 lawyers, notaries public and land surveyors 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 8, 2018 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 subsidiary, LandSure Systems Limited ("LandSure"). 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. Tenant inducements are recognized as a part of the net consideration agreed for the use of leased assets and the aggregate benefit of incentives are recognized as a reduction of building occupancy expense over the lease term, on a straight-line basis. Residual values and useful lives are reviewed at each reporting date.

(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, which range from four to fifteen years. Residual values and useful lives are reviewed at each reporting date.

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

Acquired software:

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

2. Summary of significant accounting policies (continued):

(e) Intangible assets (continued):

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 retirement benefit:

LandSure contributes to a group registered retirement savings plan. These contributions are recognized as an expense in the period that the contributions are paid.

2. Summary of significant accounting policies (continued):

(j) Revenue recognition:

Revenue is measured at the fair value of consideration received or receivable, net of discounts.

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. Transactions which are in progress and not yet completed at March 31, 2018 are recorded as deferred revenue.

Information products:

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. Subscription fee revenue is recognized proportionately over the subscription period with the outstanding balance recorded as deferred revenue. Unrecognized revenue is recognized immediately upon early cancellation of a subscription.

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.

(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 subsidiary LandSure are, however, subject to income tax.

For LandSure, 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 are subject to GST.

2. Summary of significant accounting policies (continued):

(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 U.S. dollars 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 U.S. dollars have been translated into Canadian dollars at the year-end exchange rate. Exchange gains and losses are included in profit or loss for the year.

(m) Financial instruments:

The LTSA's financial instruments consist of cash and cash equivalents, investments, funds held for customers, trade and other receivables, customer deposits held, trade and other payables, provisions, and other current and non-current liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending upon their classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the LTSA's designation of such instruments.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets except for those at fair value through profit or loss are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset is impaired.

	Accounting classification		
Financial instrument	Loans and receivables	Fair value through profit or loss	Financial liabilities
Measured at amortized cost:			
Cash and cash equivalents	X		
Funds held for customers	X		
Trade and other receivables	X		
Provisions			X
Other current and non-current liabilities			X
Measured at fair value:			
Investments		X	

2. Summary of significant accounting policies (continued):

(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.

3. Changes in accounting policies:

(a) New standards and interpretations not yet adopted:

IFRS 9 - *Financial Instruments*:

In July 2014, the IASB issued the completed version of IFRS 9. IFRS 9 includes a model for classification and measurement of financial assets; a single, forward-looking ‘expected loss’ impairment model and a substantially-revised approach to hedge accounting to better link the economics of risk management with its accounting treatment. The LTSA intends to adopt IFRS 9 in its financial statements for the annual period beginning April 1, 2018 and does not expect IFRS 9 (2014) to have a significant impact on its consolidated financial statements.

IFRS 15 – *Revenue from Contracts with Customers*:

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers*, which replaces IAS 18 - *Revenue* and IAS 11 - *Construction Contracts*. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 also requires additional disclosures. The LTSA intends to adopt IFRS 15 for the annual period beginning April 1, 2018 and does not expect IFRS 15 to have a significant impact on its consolidated financial statements.

IFRS 16 - *Leases*:

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. The standard introduces 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. The LTSA intends to adopt IFRS 16 in its financial statements for the annual period beginning April 1, 2019 and expects that IFRS 16 will have a significant impact on the LTSA’s Consolidated Financial Statements. The requirement to recognize the underlying “right-of-use” assets of building occupancy leases and related lease payment obligations is anticipated to account for an additional $26 million in both assets and liabilities on the Consolidated Statement of Financial Position. The Consolidated Statement of Comprehensive Income will change to reflect amortization and interest rather than building occupancy expense. The Consolidated Statement of Cash Flows will change to show repayment of the lease liability and interest within financing cash flows rather than operating cash flows.

(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, 2018**
Investments:				
Short-term notes	$ -	$ 504,829	$ -	**$ 504,829**
Bonds	22,504,867	-	-	**22,504,867**
	$ 22,504,867	$ 504,829	$ -	**$ 23,009,696**

Financial assets	Level 1	Level 2	Level 3	March 31, 2017
Investments:				
Short-term notes	$ -	$ 499,092	$ -	$ 499,092
Bonds	23,222,783	-	-	23,222,783
	$ 23,222,783	$ 499,092	$ -	$ 23,721,875

During the year, no transfers occurred between levels.

Short-term notes and bonds 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, 2018	**Total**	Less than one year	One to three years	Thereafter
Customer deposits held	**$ 3,467,975**	$ 3,467,975	$ -	$ -
Trade and other payables	**5,506,482**	5,506,482	-	-
Provisions	**224,419**	224,419	-	-
Other current liabilities	**34,093**	34,093	-	-
Other non-current liabilities	**387,582**	-	382,912	4,670
	$ 9,620,551	$ 9,232,969	$ 382,912	$ 4,670

March 31, 2017	Total	Less than one year	One to three years	Thereafter
Customer deposits held	$ 3,472,488	$ 3,472,488	$ -	$ -
Trade and other payables	4,442,401	4,442,401	-	-
Provisions	1,228,887	1,228,887	-	-
Other current liabilities	2,184,963	2,184,963	-	-
Other non-current liabilities	45,748	-	32,010	13,738
	$ 11,374,487	$ 11,328,739	$ 32,010	$ 13,738

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.

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

4. Financial risk management (continued):

Credit risk (continued):

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

	2018	2017
R1 (high)	**3.0%**	3.1%
R1 (mid)	**2.2%**	7.4%
R1 (low)	**16.3%**	6.1%
AAA	**11.7%**	10.0%
AA	**28.5%**	41.2%
A	**32.9%**	28.1%
BBB	**5.4%**	4.1%
	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, 2018, the LTSA's maximum exposure to credit risk was the carrying value of cash and cash equivalents, funds held for customers, trade and other receivables and investments.

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 1.16% 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.

5. Segment information:

The LTSA has three reportable segments:

- Core Business, comprising the operations of the land title and surveyor general divisions;
- myLTSA, an electronic and communications portal to LTSA information and services; and
- ParcelMap BC ("PMBC"), a single, complete, trusted and sustainable electronic map of all titled parcels and surveyed provincial Crown land parcels.

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

5. Segment information (continued):

The following tables summarize the operating performance of the reportable segments:

March 31, 2018	Core Business	myLTSA	PMBC	**Total**
Revenue	$ 32,439,678	$ 6,673,991	$ 3,900,342	**$ 43,014,011**
Expenses:				
Salaries and benefits	11,779,546	2,537,242	904,947	**15,221,735**
Information services	1,929,969	676,632	1,365,201	**3,971,802**
Office and business	1,760,956	216,795	52,654	**2,030,405**
Building occupancy	2,787,278	258,143	156,983	**3,202,404**
Professional fees	2,410,464	216,139	218,617	**2,845,220**
Amortization	4,065,082	1,068,125	2,190,856	**7,324,063**
Total expenses	24,733,295	4,973,076	4,889,258	**34,595,629**
	7,706,383	1,700,915	(988,916)	**8,418,382**
Other income net of expenses	624,617	22,599	-	**647,216**
Income (loss) and comprehensive income (loss) before income taxes	8,331,000	1,723,514	(988,916)	**9,065,598**
Income tax expense (recovery):				
Current	33,048	570,848	18,570	**622,466**
Deferred	(6,709)	(134,956)	594	**(141,071)**
	26,339	435,892	19,164	**481,395**
Net income (loss) and comprehensive income (loss)	$ 8,304,661	$ 1,287,622	$ (1,008,080)	**$ 8,584,203**
Assets	$ 77,847,383	$ 5,710,700	$ 15,058,664	**$ 98,616,747**
Liabilities	$ 7,394,322	$ 4,402,462	$ 1,425,898	**$ 13,222,682**

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

5. Segment information (continued):

March 31, 2017	Core business	myLTSA	PMBC	Total
Revenue	$ 32,055,682	$ 6,513,677	$ 3,982,207	$ 42,551,566
Expenses:				
Salaries and benefits	10,761,601	2,246,858	510,548	13,519,007
Information services	1,940,722	802,181	1,022,711	3,765,614
Office and business	1,834,843	190,418	17,492	2,042,753
Building occupancy	2,798,025	291,123	88,156	3,177,304
Professional fees	2,244,546	178,487	36,372	2,459,405
Amortization	3,908,815	1,073,563	1,736,124	6,718,502
Total expenses	23,488,552	4,782,630	3,411,403	31,682,585
	8,567,130	1,731,047	570,804	10,868,981
Other income net of expenses	448,041	6,504	-	454,545
Income and comprehensive income before income taxes	9,015,171	1,737,551	570,804	11,323,526
Income tax expense (recovery):				
Current	44,073	493,235	16,713	554,021
Deferred	(9,242)	(64,015)	-	(73,257)
	34,831	429,220	16,713	480,764
Net income and comprehensive income	$ 8,980,340	$ 1,308,331	$ 554,091	$ 10,842,762
Assets	$ 68,044,113	$ 6,651,414	$ 16,927,210	$ 91,622,737
Liabilities	$ 5,366,764	$ 4,766,520	$ 4,679,591	$ 14,812,875

6. 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.

The capital of the LTSA is comprised of:

	2018	2017
Equity	**$ 85,394,065**	$ 76,809,862

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

7. Revenue

The LTSA's sources of revenue from operations are as follows:

	2018	2017
Examination services	**$ 21,925,567**	$ 21,836,551
Information products	**14,414,453**	14,192,088
Service fees	**6,673,991**	6,522,927
	$ 43,014,011	$ 42,551,566

8. Cash and cash equivalents:

	2018	2017
Cash in bank and on hand	**$ 39,450,939**	$ 29,768,787
Cash equivalents	**5,490,399**	4,582,195
	$ 44,941,338	$ 34,350,982

Included in cash in bank and on hand are fees payable to the Province of British Columbia of $266,627 (2017 - $234,605) and other fees payable of $27,159 (2017 - $18,717).

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.

9. Investments:

	2018	2017
Short-term notes	**$ 504,829**	$ 499,092
Bonds	**22,504,867**	23,222,783
	$ 23,009,696	$ 23,721,875

Short-term notes consist of term deposits and commercial paper with maturities extending to one year with a weighted average interest rate of 1.2% (2017 - 0.9%) and a weighted average term to maturity of 8 days (2017 - 79 days). The outstanding bonds have a weighted average interest rate of 1.9% (2017 - 1.0%) and a weighted average term to maturity of 425 days (2017 - 455 days).

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

10. Funds held for customers:

At March 31, 2018, LTSA held funds due to customers in the amount of $3,467,975 (2017 - $3,472,488). The funds held for customers are comprised of cash transferred by customers to the LTSA and held in trust.

11. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost:					
Balance, March 31, 2016	$ 424,538	$ 2,619,526	$ 2,084,140	$ 4,951,232	$ 10,079,436
Additions	19,451	253,387	209,416	161,425	643,679
Disposals	-	(56,957)	(87,393)	-	(144,350)
Balance, March 31, 2017	443,989	2,815,956	2,206,163	5,112,657	10,578,765
Additions	17,533	147,093	58,929	214,166	437,721
Disposals	(816)	(377,023)	(35,303)	(5,538)	(418,680)
Balance, March 31, 2018	**$ 460,706**	**$ 2,586,026**	**$ 2,229,789**	**$ 5,321,285**	**$ 10,597,806**
Amortization:					
Balance, March 31, 2016	$ (245,548)	$ (2,073,150)	$ (900,308)	$ (1,952,794)	$ (5,171,800)
Amortization	(42,829)	(281,009)	(260,397)	(572,769)	(1,157,004)
Disposals	-	55,957	87,394	-	143,351
Balance, March 31, 2017	(288,377)	(2,298,202)	(1,073,311)	(2,525,563)	(6,185,453)
Amortization	(49,966)	(256,388)	(273,649)	(716,485)	(1,296,488)
Disposals	816	376,748	35,303	5,538	418,405
Balance, March 31, 2018	**$ (337,527)**	**$ (2,177,842)**	**$ (1,311,657)**	**$ (3,236,510)**	**$ (7,063,536)**
Net book value:					
March 31, 2017	$ 155,612	$ 517,754	$ 1,132,852	$ 2,587,094	$ 4,393,312
March 31, 2018	**$ 123,179**	**$ 408,184**	**$ 918,132**	**$ 2,084,775**	**$ 3,534,270**

Included in technical equipment at March 31, 2018 is $133,140 (2017 - $133,140) of equipment held under a finance lease and related accumulated amortization of $87,234 (2017 - $62,276).

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

12. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, March 31, 2016	$ 36,372,646	$ 3,419,866	$ 1,742,349	$ 5,436,561	$ 46,971,422
Additions	29,685	1,466,514	-	2,824,913	4,321,112
Transfers	4,335,155	(4,335,155)	6,634,698	(6,634,698)	-
Disposals	-	(61,319)	-	-	(61,319)
Balance, March 31, 2017	40,737,486	489,906	8,377,047	1,626,776	51,231,215
Additions	99,987	3,621,419	-	211,277	3,932,683
Transfers	794,594	(794,594)	1,838,053	(1,838,053)	-
Disposals	(39,222)	(129,349)	-	-	(168,571)
Balance, March 31, 2018	**$ 41,592,845**	**$ 3,187,382**	**$10,215,100**	**$ -**	**$ 54,995,327**
Amortization:					
Balance, March 31, 2016	$ (20,468,401)	$ -	$ (51,625)	$ -	$ (20,520,026)
Amortization	(5,199,247)	-	(362,251)	-	(5,561,498)
Disposals	(1,324)	-	-	-	(1,324)
Balance, March 31, 2017	(25,668,972)	-	(413,876)	-	(26,082,848)
Amortization	(5,361,156)	-	(666,417)	-	(6,027,573)
Disposals	39,222	-	-	-	39,222
Balance, March 31, 2018	**$ (30,990,906)**	**$ -**	**$ (1,080,293)**	**$ -**	**$ (32,071,199)**
Net book value:					
March 31, 2017	$ 15,068,514	$ 489,906	$ 7,963,171	$ 1,626,776	$ 25,148,367
March 31, 2018	**$ 10,601,939**	**$ 3,187,382**	**$ 9,134,807**	**$ -**	**$ 22,924,128**

Software systems under development are costs to design, build and implement LTSA's Web Filing system. Cadastral fabric under development is for costs to design, build and implement ParcelMap BC ("PMBC").

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

13. Income taxes:

	2018	2017
The income tax expense (recovery) is as follows:		
Current	**$ 622,466**	$ 554,021
Deferred	**(141,071)**	(73,257)
	$ 481,395	$ 480,764
Deferred tax liabilities (assets):		
Technical equipment	**$ 4,238**	$ 8,342
Office furniture and equipment	**6,403**	8,839
Leasehold improvements	**(1,689)**	(4,122)
Software systems	**462,861**	599,675
	$ 471,813	$ 612,734

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:

	2018	2017
Net earnings before income taxes	**$ 9,065,598**	$ 11,323,526
Net tax exempt earnings	**(7,293,145)**	(9,483,979)
Net earnings subject to income taxes	**$ 1,772,453**	$ 1,839,547
Expected income tax expense at the combined tax rate of 26.25% (2017 - 26%)	**$ 465,269**	$ 478,282
Increase (decrease) in income tax expense resulting from:		
Effect of increased tax rate from 26% to 27%	**21,906**	-
Prior years' net tax refunds	**(5,303)**	-
Other	**(477)**	2,482
	16,126	2,482
Income tax expense	**$ 481,395**	$ 480,764

14. Bank line of credit:

The LTSA has access to a $1.0 million (2017 - $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, 2018 (2017 - nil).

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

15. 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, 2016	$ 1,002,596	$ 89,896	$ 1,092,492
Additions	135,000	1,395	136,395
Balance, March 31, 2017	1,137,596	91,291	1,228,887
Utilized	(1,002,596)	(1,872)	(1,004,468)
Balance, March 31, 2018	**$ 135,000**	**$ 89,419**	**$ 224,419**

16. 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:

	2018	2017
Current:		
Salaries payable	**$ 1,650,959**	$ 1,282,774
Employee leave liability	**692,765**	659,202
Superannuation and group RRSP benefits	**163,155**	103,887
	$ 2,506,879	$ 2,045,863

Public service pension plan:

The LTSA paid $808,586 (2017 - $761,030) for employer contributions to the plan during the year which represents 0.1% of the total plan contributions.

LandSure retirement benefit:

LandSure contributed up to 6.0% of employees' base salaries to a group registered retirement savings plan. The amount recognized as an expense for the year ended March 31, 2018 was $182,921 (2017 - $147,686).

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, 2018 was $88,942 (2017 - $69,627).

Expenses for other benefit programs funded by the LTSA totalled $1,012,967 (2017 - $984,068).

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

17. Other current liabilities:

The LTSA has contracts with MacDonald Dettweiler 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.

As at March 31, 2018, the current portion of holdbacks payable to MDA was for the PMBC project (March 31, 2017 - $2,184,963).

	2018	2017
Holdbacks payable	**$ 34,093**	$ 2,184,963

18. Other non-current liabilities:

As at March 31, 2018, the non-current portion of holdbacks payable to MDA for Web Filing was $362,088 (2017 - nil).

	2018	2017
Holdbacks payable	**$ 362,088**	$ -
Capital lease obligation	**25,494**	45,748
	$ 387,582	$ 45,748

19. 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, 2018 (2017 - $6.0 million). During the year, no settlements (2017 - nil) were paid.

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

20. Commitments:

Building occupancy and service commitment:

The LTSA leases five offices under operating leases expiring between 2018 and 2033. The LTSA also has a committed contract covering a technology service. Future minimum payments under the leases are as follows:

2019	$ **3,654,777**
2020	**3,774,323**
2021	**3,512,805**
2022	**3,425,913**
2023	**3,453,969**
2024 and thereafter	**13,405,966**
	$ **31,227,753**

Rent expense under all operating leases was $3,202,404 during the year ended March 31, 2018 (2017 - $3,177,304).

On March 28, 2018, the LTSA signed a contract with VPAC Construction Group Ltd. to pay $1,437,047 for tenant improvements at Anvil Centre, the new location for the New Westminster land title office. LTSA intends to occupy this space in August 2018.

21. 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, 2018, 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 $4,337,106 (2017 - $3,464,458).

Products and services acquired from the province for the year ended March 31, 2018 totalled $580,085 (2017 - $617,503).

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, 2018, 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 $660,653 (2017 - $648,958).

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

21. Related party transactions (continued):

Compensation of key management personnel:

Position	Name	Base Salary	Performance Incentive	Other [1]	**Total 2018**	Total 2017
President & Chief Executive Officer	Connie Fair	222,511	56,750	43,666	**322,927**	262,333
Vice President & Chief Financial Officer	Gregory Pedersen	193,894	36,000	40,471	**270,365**	260,333
Vice President & Chief Information Officer	Al-Karim Kara	191,430	37,000	41,299	**269,729**	258,827
Director of Land Titles	Craig Johnston	185,318	33,000	41,226	**259,544**	229,544
Vice President, Regulatory and Corporate Affairs	Leslie Hildebrandt	177,357	33,000	41,062	**251,419**	245,618

(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, 2018, the LTSA recorded total compensation for non-management directors of $275,866 (2017 - $273,216).

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 12 to 18 months of base salary, performance incentives and benefits. The value of these contingent commitments at March 31, 2018 totalled $2.7 million (2017 - $2.4 million).

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, 2018 totalled $3.0 million (2017 - $3.0 million). These benefits would be in place of, and not in addition to, the benefits described in the immediately preceding paragraph.