Land Title and Survey Authority of British Columbia

Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Year ended March 31, 2019

This management's discussion and analysis ("MD&A"), dated June 7, 2019, 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, 2019 (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. Fees are established in compliance with the requirements set out in the Operating Agreement.

Highlights

Total revenue for the year was $38.8 million, less than prior year by $4.2 million or 9.7%. The lower revenue is due solely to reduced transactional activity in the provincial real estate market. Total operating expense for the year was $36.9 million, more than prior year by $2.3 million or 6.6%. The key factors affecting increased operating expense were: 10.7% higher salaries and benefits costs reflecting salary increases and severance; 44.3% higher office and business expense due to office moving costs, settlement of Assurance Fund claims and insurance premiums; and higher professional fees to support the acquisition of Autoprop, operational restructuring and ongoing litigation. These increases were offset by a 13.6% reduction in amortization expense as the ASTRA land title registry system is now fully amortized.

We acquired Autoprop, a technology company that provides data automation solutions for real estate professionals, for $1.5 million in October 2018. We plan to integrate Autoprop's technology into our own platforms to allow better decision making by our customers.

We invested $4.7 million in software development during the year. This included $1.5 million for building the Condo and Strata Assignment Integrity Register ("CSAIR") which was released in February 2019. $1.1 million was invested in the Web Filing project which continues our commitment to improve customer experience through new and enhanced services on myLTSA, including electronic search and filing improvements. The Web Filing project is expected to complete in 2020 at a total cost of $10.3 million. $0.4 million was spent to improve the Parcel Map BC ("PMBC") cadastral fabric and $1.7 million was invested in the Autoprop system.

We also spent $3.3 million to improve our office facilities. In August 2018 the New Westminster office was relocated to a newly built space in the Anvil Centre Office Tower. This facility includes a purpose built climate and fire controlled vault for the storage of historic records which will help ensure their long-term integrity and our long-standing commitment to the City of New Westminster.

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, 2019 and 2018.

Year ended March 31	**2019**	2018
Revenue	**$38,826,139**	$43,014,011
Expenses:		
Salaries and benefits	**16,846,836**	15,221,735
Information services	**3,939,692**	3,971,802
Office and business expenses	**2,930,493**	2,030,405
Building occupancy	**3,325,789**	3,202,404
Professional fees	**3,502,855**	2,845,220
Amortization	**6,331,562**	7,324,063
	36,877,227	34,595,629
Operating income	**1,948,912**	8,418,382
Other income (expenses):		
Bank charges, interest and investment fees	**(144,163)**	(111,902)
Investment income	**1,492,606**	757,583
(Loss)/Gain on disposal of property and equipment	**(24,978)**	1,535
	1,323,465	647,216
Income and comprehensive income before taxes	**3,272,377**	9,065,598
Income taxes	**198,468**	481,395
Net income and comprehensive income	**$3,073,909**	$8,584,203
Total assets	**$102,800,177**	$98,618,436
Total liabilities	**$14,332,203**	$13,224,371
Total non-current liabilities	**$1,961,030**	$861,084
Total equity	**$88,467,974**	$85,394,065

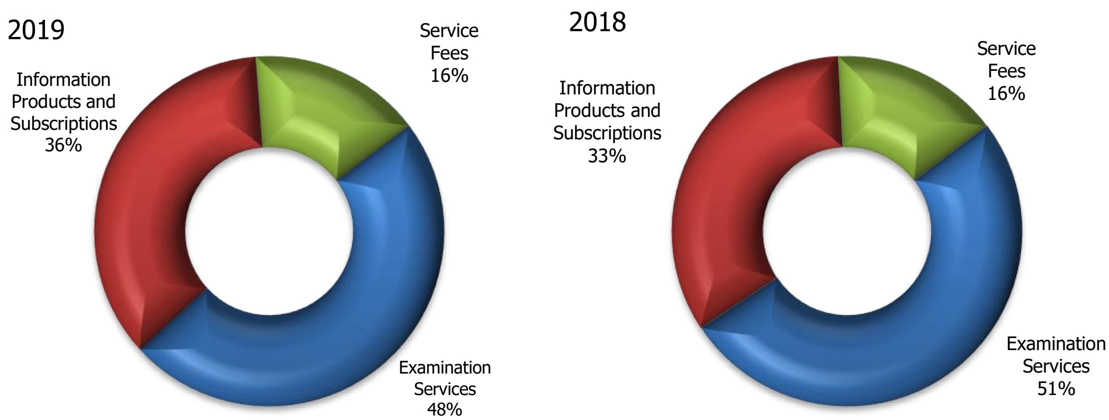
The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same fiscal periods.

Year ended March 31	**2019**	2018
Revenue	**100.0%**	100.0%
Expenses:		
Salaries and benefits	**43.4%**	35.4%
Information services	**10.1%**	9.2%
Office and business expenses	**7.5%**	4.7%
Building occupancy	**8.6%**	7.4%
Professional fees	**9.0%**	6.6%
Amortization	**16.3%**	17.0%
	94.9%	80.3%
Operating margin	**5.1%**	19.7%
Other income (expenses):		
Bank charges, interest and investment fees	**(0.4%)**	(0.3%)
Investment income	**3.8%**	1.8%
(Loss)/Gain on disposal of property and equipment	**(0.1%)**	(0.0%)
	3.3%	1.5%
Income and comprehensive income before taxes	**8.4%**	21.2%
Income taxes	**0.5%**	1.1%
Net income and comprehensive income	**7.9%**	20.1%

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; and service fees for electronic processing of land title and survey transactions through the myLTSA electronic portal.

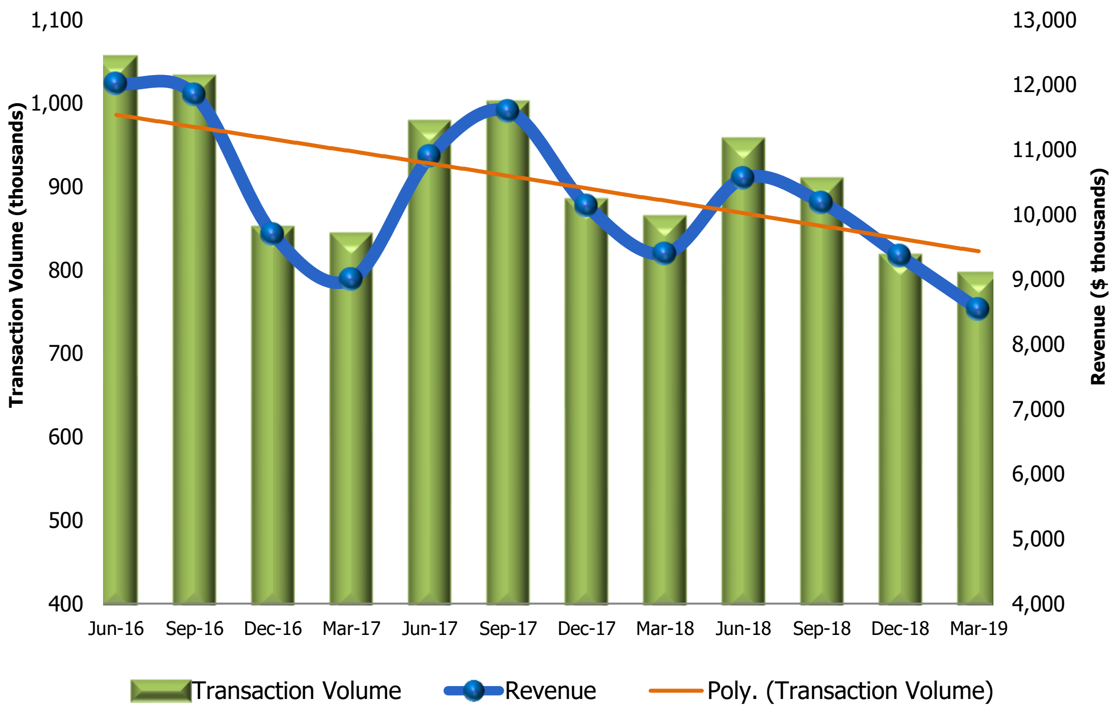
Revenue by Source



Year ended March 31	**2019**	2018
Examination services	**$18,832,443**	$21,925,567
Information products and subscriptions	**13,807,905**	14,414,453
Service fees	**6,185,791**	6,673,991
	$38,826,139	$43,014,011

Total consolidated revenue for the year was $38.8 million, less than prior year by $4.2 million or 9.7%. Revenues were lower than the same period last year, reflecting lower transaction volumes due to a cooling in the real estate market.

Revenues for the year continue the downward trend of lower transaction volumes we have seen since 2016. This year's revenue also reflects seasonality where we typically experience a busy period from April to September and then begin a slowdown in the third and fourth quarters. The graph below plots the transaction volumes and outlines the 2016 to 2019 downward trend and the impact of seasonality.

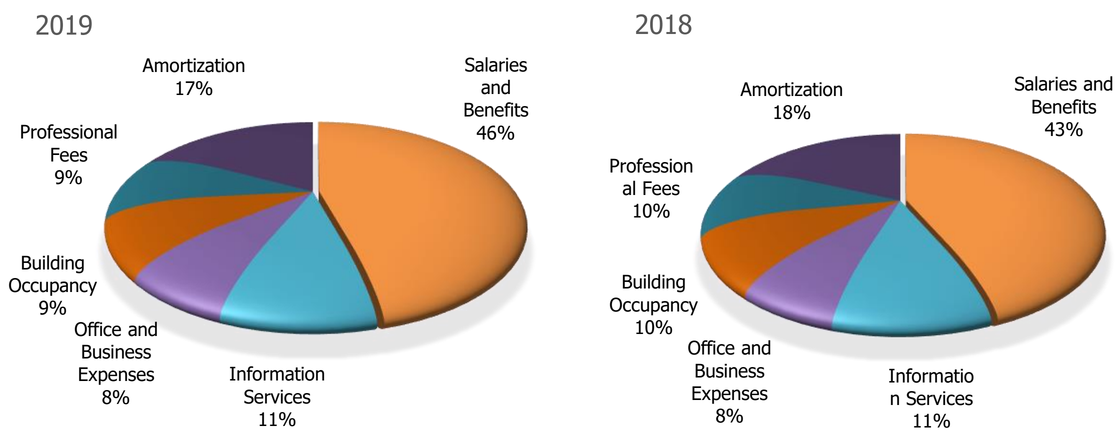


The LTSA's strategy is to develop new sources of revenue to support customers with interests in land information. The first initiative, Autoprop, brought in $0.3 million of revenue since its acquisition this year and we expect about $1.0 million of revenue in the next fiscal year. CSAIR was released in February 2019 and we expect to generate around $0.3 million of revenue in the next fiscal year from this service.

Expenses

In this year, operating expense was $36.9 million, $2.3 million or 6.6% more than prior year's $34.6 million.

Operating Expenses



Salaries and benefits cost were $16.8 million, $1.6 million or 10.7% greater than prior year, reflecting new hires as we continue to strengthen our team with more experienced specialists, and severance costs. We expect salaries and benefits expenses for professional and technology workers will continue to increase at a rate higher than core inflation.

Information services cost was $3.9 million, about the same as last year. We expect an increase next year as we continue to introduce and support new systems.

Office and business expenses were $2.9 million, $0.9 million or 44.3% more than last year. The increase was primarily due to costs for office moves, travel expense for new technical and business development staff, communications expense, higher insurance premiums and settlements of Assurance Fund claims.

Professional fees were $3.5 million, $0.7 million or 23.1% more than last year. The increase was due to higher legal costs for the acquisition of Autoprop, support for changes to the Land Statutes and Amendment Act 2018 and for litigation surrounding intellectual property rights. Professional fees were also incurred to support organizational restructuring. Professional fees will remain high next year due to our commitment to continue to invest in business development initiatives.

Amortization was $6.3 million, $1.0 million or 13.6% less than last year. The decrease was primarily due to large components of the ASTRA registry system being fully amortized in the year. This decline will be partially offset next year with release of Web Filing components in the first quarter and we expect amortization for the next fiscal year to be close to this year's amount.

Operating Margin

LTSA operating margin of 5.1% in this year reflects three segments: Core Business, myLTSA and PMBC. Core Business comprises the operations of the land title and surveyor general divisions. Commercial Products comprises myLTSA, the electronic portal to LTSA information and services, and Autoprop. PMBC is a single electronic map of all titled parcels and surveyed provincial Crown land parcels.

Operating Margins by Segment

Years ended March 31	**2019**	2018
Total LTSA	**5.1%**	19.7%
Core Business	**6.2%**	23.8%
Commercial Products	**12.3%**	25.5%
PMBC	**(17.6%)**	(25.4%)

The reduced Core Business and Commercial Products operating margins reflects lower transaction volumes and increased operating costs. The increase in PMBC margins are due to reduced information services expense this fiscal period. We invested in the segment last fiscal period with increased map data and operational enhancements. The next fiscal period, we anticipate margins to be lower than in this fiscal year.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled $3.1 million or 7.9% of revenue, down from $8.6 million or 20.1% of revenue recorded in 2018. The decrease of $5.5 million was primarily due to 9.7% lower revenue and 6.6% higher operating costs. We expect to be in a consolidated loss position in the next fiscal period as we continue with our increased staffing levels to support our strategic initiatives and as we move to a more customer-centric organization.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash, cash equivalents and short-term investments balance was $70.0 million on March 31, 2019 (March 31, 2018 - $68.0 million), of which $0.2 million (March 31, 2018 - $0.3 million) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties is remitted the following business day.

The remaining $69.8 million (March 31, 2018 - $67.7 million) represents cash, cash equivalents and short-term investments actually available to the LTSA. Net LTSA liabilities (total liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled $9.4 million (March 31, 2018 - $9.0 million) at March 31, 2019 which, when combined with the $6.0 million (March 31, 2018 - $6.0 million) allocated to the Assurance Fund, left $54.4 million (March 31, 2018 - $52.7 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 for this year totalled $9.0 million compared to $14.9 million in 2018. The decrease in cash from operations is primarily due to the decline in revenues.

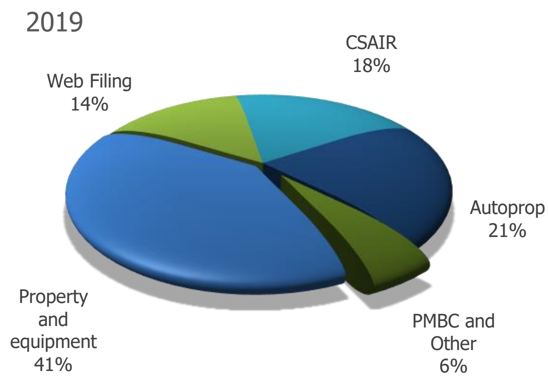
Cash from Financing Activities

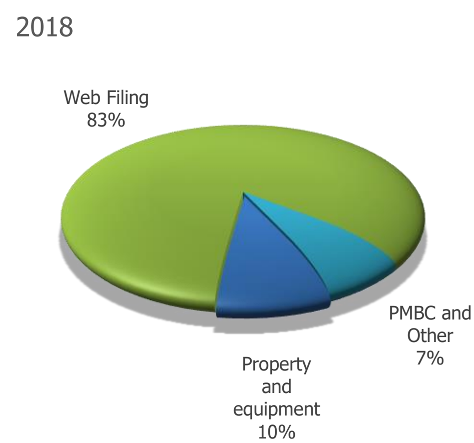
LTSA entered into two building leases in which we received $0.9 million of leasehold inducements for our New Westminster Office and Vancouver office expansion.

Cash from Investing Activities

LTSA transfers excess cash into an investment portfolio that is governed by LTSA's investment strategy. Cash is also used to purchase property and equipment and invest into capital projects that will either be used to enhance current operations or to provide additional service offerings to our customers.

Capital Investments





Years ended March 31 (in millions)	**2019**	2018
Property and equipment	**$3.3**	$ 0.4
Autoprop software	**1.7**	-
Condo and Strata Assignment Integrity Register	**1.5**	-
Web Filing	**1.1**	3.5
PMBC and other software	**0.4**	0.3
	$8.0	$4.2

LTSA acquired Autoprop on October 23, 2018 for $ 1.5 million. Autoprop's main asset is an internally developed software that is used to prepare customized reports for their clients. The value of this software is $ 1.7 million. Details around the acquisition can be found in the notes to the consolidated financial statements. If the acquisition had occurred on April 1, 2018, management estimates that consolidated revenue for the twelve months ended March 31, 2019 would have been $0.8 million and consolidated profit for the twelve months ended March 31, 2019 would have been break-even. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on April 1, 2018.

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 intends to adopt IFRS 16 in the next fiscal period. 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. 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 adoption of IFRS will increase our lease liability and right-to-use asset by $15 million and the lease payments will be reflected in the financing section of the Statement of Cash Flow.

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Outlook

The February 2019 BC Real Estate Association's forecast is for a 2.1% increase in 2019 unit sales volumes from 2018 due to a modest increase in consumer demand. In April 2019, the Business Council of BC forecasted 2019 real GDP in BC will expand at a moderate pace of 2.2%.

For fiscal 2020, the LTSA's forecast revenue of $40.8 million represents an increase of 5.0% from actual results for fiscal 2019. The increase is due primarily to an 8.0% fee increase effective April 1st and the addition of a full year of Autoprop revenues. The fiscal 2020 forecast is for a loss of $2.5 million compared to a profit of $3.1 million in 2019 reflecting increased salaries and benefits costs for new technical and business development staff and increased information services costs for system sustainment. Cash from operating activities is expected to be down from the current year level at approximately $7.9 million in 2020, which reflects the increase in operating expenses. Fiscal 2020 forecast investments in property, equipment and intangible assets are $9.9 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 performance.

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, 2019

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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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, 2019 and March 31, 2018
- the consolidated statement of comprehensive income for the years then ended
- the consolidated statement of changes in equity for the years then ended
- the consolidated statement of cash flows for the years 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, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years 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 7, 2019

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Expressed in Canadian dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue (note 7)	**$ 38,826,139**	$ 43,014,011
Expenses:		
Salaries and benefits	**16,846,836**	15,221,735
Information services	**3,939,692**	3,971,802
Office and business expenses	**2,930,493**	2,030,405
Building occupancy	**3,325,789**	3,202,404
Professional fees	**3,502,855**	2,845,220
Amortization	**6,331,562**	7,324,063
	36,877,227	34,595,629
Operating income	**1,948,912**	8,418,382
Other income (expenses):		
Bank charges, interest and investment fees	**(144,163)**	(111,902)
Investment income (note 8)	**1,492,606**	757,583
Gain (loss) on disposal of property and equipment	**(24,978)**	1,535
	1,323,465	647,216
Income and comprehensive income before income taxes	**3,272,377**	9,065,598
Income tax expense (recovery) (note 12):		
Current	**482,349**	622,466
Deferred	**(283,881)**	(141,071)
	198,468	481,395
Net income and comprehensive income	**$ 3,073,909**	$ 8,584,203

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, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 9)	**$ 53,328,397**	$ 44,941,338
Investments	**16,659,897**	23,009,696
Funds held for customers	**3,609,922**	3,467,975
Trade and other receivables	**234,405**	76,781
Prepaid expenses	**812,851**	662,559
	74,645,472	72,158,349
Property and equipment (note 10)	**5,545,289**	3,534,270
Intangible assets (note 11)	**22,525,684**	22,924,128
Deferred tax assets (note 12)	**83,732**	1,689
	28,154,705	26,460,087
	$ 102,800,177	$ 98,618,436
Liabilities and Equity		
Current liabilities:		
Trade and other payables	**$ 3,654,888**	$ 5,506,482
Customer deposits held	**3,609,922**	3,467,975
Provisions (note 14)	**526,594**	224,419
Employee benefits (note 15)	**2,715,457**	2,506,879
Contract liabilities	**774,679**	554,729
Income taxes payable	**35,580**	68,710
Other current liabilities (note 16)	**1,054,053**	34,093
	12,371,173	12,363,287
Deferred tax liabilities (note 12)	**373,932**	473,502
Other non-current liabilities (note 17)	**1,587,098**	387,582
	1,961,030	861,084
	14,332,203	13,224,371
Equity:		
Retained earnings	**88,467,974**	85,394,065
Commitments (note 19)		
	$ 102,800,177	$ 98,618,436

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, 2019, with comparative information for 2018

	Unappropriated retained earnings	Assurance Fund reserve (note 18)	Total retained earnings
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
Net income and comprehensive income	3,073,909	-	3,073,909
Balance, March 31, 2019	**$ 82,467,974**	**$ 6,000,000**	**$ 88,467,974**

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, 2019, with comparative information for 2018

	2019	2018
Cash flow from operating activities:		
Cash received for:		
Fees	**$ 38,735,631**	$ 43,047,648
Fees collected on behalf of the Province of BC	**37,395,476**	41,374,769
Fees collected on behalf of other parties	**7,743,918**	8,546,988
Interest	**1,474,714**	722,316
	85,349,739	93,691,721
Cash paid for:		
Salaries and benefits	**(16,657,650)**	(14,760,723)
Goods and services	**(13,362,122)**	(12,959,197)
Sales and income taxes	**(1,103,764)**	(1,223,617)
Fees submitted to the Province of BC	**(37,469,215)**	(41,342,747)
Fees submitted to other parties	**(7,744,467)**	(8,538,546)
	(76,337,218)	(78,824,830)
Total cash flow from operating activities	**9,012,521**	14,866,891
Cash flow from financing activities:		
Repayment of finance lease obligations	**(30,612)**	(25,450)
Tenant improvement inducements	**904,973**	-
	874,361	(25,450)
Cash flow from investing activities:		
Purchase of investments	**(2,298,055)**	(7,780,386)
Proceeds from sale or maturity of investments	**8,647,856**	8,492,564
Purchase of property and equipment	**(3,128,966)**	(398,258)
Purchase of intangible assets	**(4,720,658)**	(4,565,005)
	(1,499,823)	(4,251,085)
Net increase in cash and cash equivalents	**8,387,059**	10,590,356
Cash and cash equivalents, beginning of year	**44,941,338**	34,350,982
Cash and cash equivalents, end of year	**$ 53,328,397**	$ 44,941,338

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 7, 2019 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. 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. 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 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.

2. Summary of significant accounting policies (continued):

(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.

(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.

2. Summary of significant accounting policies (continued):

(k) Taxes (continued):

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 LTSA completed an assessment of its financial instruments as at April 1, 2018 under IFRS 9 *Financial Instruments* (“IFRS 9”). The following table shows the original classification under IAS 39, the former standard, and the new classification under IFRS 9:

	Accounting classification	
Financial instrument	Original classification under IAS 39	New classification under IFRS 9
Financial assets:		
Cash and cash equivalents	Loans and receivables – amortized cost	Amortized cost
Funds held for customers	Loans and receivables – amortized cost	Amortized cost
Trade and other receivables	Loans and receivables – amortized cost	Amortized cost
Investments	FVTPL	FVTPL
Financial liabilities:		
Provisions	Financial liabilities – amortized cost	Amortized cost
Other current and non-current liabilities	Financial liabilities – amortized cost	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. Given the nature and balances of the LTSA's receivables, the LTSA had no material loss allowance on adoption of IFRS 9 as at April 1, 2018 or as at March 31, 2019.

(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.

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:

(a) New standards and interpretations adopted:

IFRS 9 - *Financial Instruments*:

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39. The standard became effective for annual periods beginning on or after January 1, 2018; accordingly, the LTSA adopted it on April 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

The adoption of this standard did not have a material impact on the measurement of the LTSA's financial instruments, however additional disclosures have been provided.

IFRS 15 – *Revenue from Contracts with Customers*:

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") replaces IAS 18, Revenue, IAS 11 Construction Contract and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much, and when revenue is recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other standards. The standard became effective for annual periods beginning on or after January 1, 2018; accordingly, the LTSA adopted it on April 1, 2018.

3. Changes in accounting policies (continued):

(a) New standards and interpretations adopted (continued):

The LTSA has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard at the date of initial application. Accordingly, the information presented for 2018 has not been restated. It is presented, as previously reported, under IAS 18. The adoption of the new standard does not have a material impact on the LTSA's financial statements, however disclosures have been updated to reflect the requirements of the standard.

(b) New standards and interpretations not yet adopted:

IFRS 16 - *Leases*:

On January 13, 2016, the IASB issued IFRS 16 *Leases,* which will replace 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. 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 will adopt this standard in the annual period beginning on April 1, 2019.

IFRS 16 can be applied using one of the following methods:

- Retrospectively to each prior reporting period presented applying IAS 8, Accounting Policies, Changes in accounting estimates and errors; or
- Retrospectively with the cumulative effect of initially applying IFRS 16 recognized in retained earnings at the date of initial application (the "Modified Retrospective Approach").

The LTSA has elected to apply IFRS 16 using the Modified Retrospective Approach. Under this approach, the comparative information will not be restated and the cumulative effect of initially applying IFRS 16 will be recognized in the retained earnings at the date of initial application.

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.

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

3. Changes in accounting policies (continued):

(b) New standards and interpretations not yet adopted (continued):

The adoption of IFRS 16 will result in:

- An increase in assets and liabilities with the recognition of right of use assets and additional lease liabilities,
- A decrease in lease expense and an increase in amortization and interest expenses, and
- An increase in cash flow generated by operating activities as these lease payments will be recorded as financing outflows in the statement of cash flows.

Management has analyzed the potential effects of adopting IFRS 16 and the net impact will be an increase in right-of-use assets with corresponding lease liabilities of approximately $15 million.

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, 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**

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

4. Financial risk management (continued):

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

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.

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, 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

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

4. Financial risk management (continued):

Liquidity risk (continued):

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

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:

	2019	2018
R1 (high)	**11.2%**	3.0%
R1 (mid)	**6.2%**	2.2%
R1 (low)	**29.9%**	16.3%
AAA	**9.9%**	11.7%
AA	**17.0%**	28.5%
A	**22.3%**	32.9%
BBB	**3.5%**	5.4%
	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, 2019, 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.

4. Financial risk management (continued):

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:

Short-term notes consist of term deposits and commercial paper with maturities extending to one year with a weighted average interest rate of 1.8% (2018 – 1.2%) and a weighted average term to maturity of 51 days (2018 - 8 days). The outstanding bonds have a weighted average interest rate of 2.0% (2018 - 1.9%) and a weighted average term to maturity of 381 days (2018 - 425 days).

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

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.

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

March 31, 2019	Core Business	Commercial Products	PMBC	**Total**
Revenue	$ 28,734,715	$ 6,528,515	$ 3,562,909	**$ 38,826,139**
Expenses:				
Salaries and benefits	13,050,711	2,641,202	1,154,923	**16,846,836**
Information services	2,300,437	1,101,950	537,305	**3,939,692**
Office and business	2,642,589	252,210	35,694	**2,930,493**
Building occupancy	2,933,811	270,035	121,943	**3,325,789**
Professional fees	3,154,146	277,018	71,691	**3,502,855**
Amortization	2,879,238	1,183,933	2,268,391	**6,331,562**
Total expenses	26,960,932	5,726,348	4,189,947	**36,877,227**
	1,773,783	802,167	(627,038)	**1,948,912**
Other income net of expenses	1,301,569	21,896	-	**1,323,465**
Income (loss) and comprehensive income (loss) before income taxes	3,075,352	824,063	(627,038)	**3,272,377**
Income tax expense (recovery):				
Current	6,557	454,331	21,461	**482,349**
Deferred	(16,004)	(267,500)	(377)	**(283,881)**
	(9,447)	186,831	21,084	**198,468**
Net income (loss) and comprehensive income (loss)	$ 3,084,799	$ 637,232	$ (648,122)	**$ 3,073,909**
Assets	$ 78,383,766	$ 11,016,857	$ 13,399,554	**$102,800,177**
Liabilities	$ 8,448,003	$ 5,355,453	$ 528,747	**$ 14,332,203**

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

5. Segment information (continued):

March 31, 2018	Core Business	Commercial Products	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	$ 77,849,072	$ 5,710,700	$ 15,058,664	**$ 98,618,436**
Liabilities	$ 7,396,011	$ 4,402,462	$ 1,425,898	**$ 13,224,371**

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.

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

7. Revenue:

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

	2019	2018
Examination services	**$ 18,832,443**	$ 21,925,567
Information products and subscriptions	**13,807,905**	14,414,453
Service fees	**6,185,791**	6,673,991
	$ 38,826,139	$ 43,014,011

The LTSA recognized $546,396 (2018 - $517,489) of revenue from opening contract liabilities.

8. Investment income:

The LTSA's investment income is comprised as follows:

	2019	2018
Interest income	**$ 1,631,549**	$ 1,183,917
Change in fair value of investments	**59,984**	(298,615)
Loss on disposal of investments	**(198,927)**	(127,719)
	$ 1,492,606	$ 757,583

9. Cash and cash equivalents:

	2019	2018
Cash in bank and on hand	**$ 40,851,829**	$ 39,450,939
Cash equivalents	**12,476,568**	5,490,399
	$ 53,328,397	$ 44,941,338

Included in cash in bank and on hand are fees payable to the Province of British Columbia of $192,887 (2018 - $266,627) and other fees payable of $26,611 (2018 - $27,159).

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)

10. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost:					
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
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, March 31, 2019	**$ 743,269**	**$ 2,601,688**	**$ 2,426,152**	**$ 6,599,164**	**$ 12,370,273**
Amortization:					
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)
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, March 31, 2019	**$ (389,303)**	**$ (2,061,737)**	**$ (1,551,588)**	**$ (2,822,356)**	**$ (6,824,984)**
Net book value:					
March 31, 2018	$ 123,179	$ 408,184	$ 918,132	$ 2,084,775	$ 3,534,270
March 31, 2019	**$ 353,966**	**$ 539,951**	**$ 874,564**	**$ 3,776,808**	**$ 5,545,289**

Included in technical equipment at March 31, 2019 is $133,670 (2018 - $133,140) of equipment held under a finance lease and related accumulated amortization of $20,588 (2018 - $87,234).

11. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
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
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**

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

11. Intangible assets (continued):

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Amortization:					
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)
Amortization	(4,424,151)	-	(681,007)	-	(5,105,158)
Disposals	-	-	-	-	-
Balance, March 31, 2019	**$ (35,415,057)**	**$ -**	**$ (1,761,300)**	**$ -**	**$ (37,176,357)**
Net book value:					
March 31, 2018	$ 10,601,939	$ 3,187,382	$ 9,134,807	$ -	$ 22,924,128
March 31, 2019	**$ 10,208,278**	**$ 3,780,064**	**$ 8,453,800**	**$ 83,542**	**$ 22,525,684**

Software systems under development are costs to design, build and implement LTSA's Web Filing system. Cadastral fabric under development are costs to improve the cadastral fabric.

12. Income taxes:

	2019	2018
The income tax expense (recovery) is as follows:		
Current	**$ 482,349**	$ 622,466
Deferred	**(283,881)**	(141,071)
	$ 198,468	$ 481,395
Non-current deferred tax assets:		
Non-capital losses carryforward	**$ 73,394**	$ -
Leasehold improvements	**10,338**	1,689
	$ 83,732	$ 1,689
Non-current deferred tax liabilities:		
Technical equipment	**$ 7,711**	$ 4,238
Office furniture and equipment	**2,078**	6,403
Software systems	**364,143**	462,861
	$ 373,932	$ 473,502

(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:

	2019	2018
Net earnings before income taxes	**$ 3,272,377**	$ 9,065,598
Net tax exempt earnings	**(2,511,691)**	(7,293,145)
Net earnings subject to income taxes	**$ 760,686**	$ 1,772,453
Expected income tax expense at the combined tax rate of 27% (2018 – 26.25%)	**$ 205,385**	$ 465,269
Increase (decrease) in income tax expense resulting from:		
Effect of increased tax rate	**-**	21,906
Prior years' net tax refunds	**-**	(5,303)
Other	**(6,917)**	(477)
	(6,917)	16,126
Income tax expense	**$ 198,468**	$ 481,395

13. Bank line of credit:

The LTSA has access to a $1.0 million (2018 - $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, 2019 (2018 - 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, 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
Additions	304,500	3,675	308,175
Utilized	(6,000)	-	(6,000)
Balance, March 31, 2019	**$ 433,500**	**$ 93,094**	**$ 526,594**

(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:

	2019	2018
Current:		
Salaries payable	**$ 1,923,152**	$ 1,650,959
Employee leave liability	**633,394**	692,765
Superannuation and group RRSP benefits	**158,911**	163,155
	$ 2,715,457	$ 2,506,879

Public service pension plan:

The LTSA paid $791,426 (2018 - $808,586) 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 plan. The amount recognized as an expense for the year ended March 31, 2019 was $231,800 (2018 - $182,921).

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, 2019 was $103,680 (2018 - $88,942).

Expenses for other benefit programs funded by the LTSA totalled $1,089,744 (2018 - $1,012,967).

16. 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 were outstanding at year end:

	2019	2018
PMBC fabric improvements	**$ 12,020**	$ 34,093
Web Filing	**534,066**	-
LandSure office improvements	**7,967**	-
Autoprop final payment (note 21)	**500,000**	-
	$ 1,054,053	$ 34,093

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

17. Other non-current liabilities:

	2019	2018
Holdbacks payable	**$ -**	$ 362,088
Capital lease obligation	**82,800**	25,494
Deferred leasehold inducements	**808,553**	-
Deferred rent averaging	**695,745**	-
	$ 1,587,098	$ 387,582

Deferred leasehold inducements relate to leasehold improvements in the New Westminster and LandSure offices. The LTSA also recognizes a deferred rent averaging benefit over the lease terms of the Victoria and LandSure offices.

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, 2019 (2018 - $6.0 million). During the year, $10,901 was paid (2018 - nil) for settlements.

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

19. Commitments:

The LTSA leases five offices under operating leases expiring between 2020 and 2033. The LTSA also has committed contracts covering technology service and office improvements. Future minimum payments under the leases and contracts are as follows:

2020	**$ 4,449,999**
2021	**3,540,579**
2022	**3,453,816**
2023	**3,481,892**
2024	**3,182,764**
2025 and thereafter	**10,696,434**
	$ 28,805,484

Rent expense under all operating leases was $3,325,789 during the year ended March 31, 2019 (2018 - $3,202,404).

20. 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, 2019, 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 $6,761,988 (2018 - $4,337,106).

Products and services acquired from the province for the year ended March 31, 2019 totaled $568,878 (2018 - $580,085).

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 $623,416 (2018 - $660,653).

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

20. Related party transactions (continued):

Compensation of key management personnel:

Position	Name	Base Salary	Performance Incentive	Other (1)	Total 2019	Total 2018
President & Chief Executive Officer	Connie Fair	253,922	64,700	47,068	**365,690**	322,927
Vice President & Chief Information Officer	Al-Karim Kara	201,484	37,000	41,409	**279,893**	269,729
Vice President & Chief Financial Officer	Gregory Pedersen	200,617	37,000	41,051	**278,668**	270,365
Vice President, Policy and Legal Services	Craig Johnston	182,533	33,000	41,031	**256,564**	259,544
Vice President, Human Resources	Rob Cutler	174,433	33,000	36,546	**243,979**	235,595

(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, 2019, the LTSA recorded total compensation for non-management directors of $296,446 (2018 - $275,866).

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, 2019 totalled $2.2 million (2018 - $2.7 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, 2019 totalled $2.5 million (2018 - $3.0 million). These benefits would be in place of, and not in addition to, the benefits described in the immediately preceding paragraph.

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

21. Business acquisition:

On October 23, 2018, the LTSA acquired the shares of Autoprop. The purchase price was $1,500,000 including a $500,000 holdback payable and subject to working capital adjustments. The acquisition was accounted for using the acquisition method in accordance with IFRS 3 – *Business Combinations* with the results of operations included in these consolidated financial statements from the date of acquisition and has contributed incremental revenues of $343,200 and a net loss of $118,100 since acquisition.

The impact of acquisition accounting in the period ending March 31, 2019 is as follows:

		Final Allocation
Assets acquired:		
Cash	$	287,470
Accounts receivable		21,330
Other current assets		9,569
Technology assets		1,685,186
		2,003,555
Liabilities assumed:		
Current liabilities		79,895
Contract liabilities		310,457
Deferred income taxes (net)		113,203
		503,555
Total consideration	**$**	**1,500,000**

There were no adjustments to working capital since the initial purchase price allocation was calculated and the holdback of $500,000 was paid subsequent to year end.