Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Year ended March 31, 2021

This management's discussion and analysis ("MD&A"), dated June 17, 2021, 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, 2021, (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, realtors 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*, through an Operating Agreement with the Ministry of Forests, Lands, Natural Resource Operations and Rural Development and through a Master Services Agreement with the Ministry of Finance.

LTSA operations are funded through regulated fee revenue from land title and survey services, myLTSA services, and property information services provided to customers. Regulated fees are established in compliance with the requirements set out in the Operating Agreement. Administrative fees are set by the LTSA's Board of Directors. Fees for Land Owner Transparency Registry filings and Condo and Strata Assignment Integrity Register fees are set by the Board of Directors in consultation with the Ministry of Finance. Product fees for Autoprop and Identity Verification are market based.

Highlights

Total revenue for the year was $47.5 million, $5.9 million or 14.2% higher than the prior year. Revenue increased primarily due to 12.3% higher statutory transaction volumes in the year, as well as our fee increase which was effective April 1, 2020. Transaction volume declined in the first half the year, however volumes rebounded and grew significantly in the third and fourth quarters, which is different from our historical seasonality pattern. Revenue from the Land Owner Transparency Registry ("LOTR") filings, which launched November 30, contributed to $0.6 million of the revenue growth in the year.

Cost of revenue was $26.6 million which was $0.5 million or 1.8% higher than the prior year driven by higher salaries and benefits costs as well as higher amortization expense as a result of the launch of LOTR. Our operating margin for the year was 44.1%, higher than the prior year margin of 37.2% driven mainly by the strong revenue growth.

Total operating expenses for the year were $14.9 million, $1.0 million or 7.4% higher than in the prior year. We incurred higher salaries and benefits costs in the year, as well as higher communication costs relating to the launch of LOTR, offset by higher capitalized wages from increased software development activity. We will continue to focus on controlling operating expenses to ensure that their growth is in line with our revenues.

Net income and comprehensive income was $8.9 million, an increase of $7.6 million or 575.5% from the same period last year. This increase was primarily due to the increase in revenue, and a $3.7 million increase in investment income.

We spent $7.4 million on capital projects in the year, with the majority of the spend focusing on completing the first phase of LOTR, which launched November 30, as well as building the LOTR search module, which launched April 30, 2021, subsequent to year end. We spent $3.2 million on LOTR in the year, $1.4 million on the ASTRA modernization project, $0.9 million on the Web Filing project which completed in November 2020 and $1.8 million on facilities modernization, including $0.2 million on our vault storage systems to further protect historical records and $0.1 million on other software development projects.

Results

The following table sets forth certain consolidated statement of operations data, as well as consolidated statement of financial position data, expressed in thousands of dollars, as at March 31, 2021 and 2020.

Year ended March 31	**2021**	2020
Revenue:		
Examination services	**$22,919**	$20,063
Information products and subscriptions	**17,069**	15,428
Service fees	**7,520**	6,098
	47,508	41,589
Cost of revenue:		
Cost of examination services	**18,799**	17,241
Cost of information products and subscriptions	**4,922**	5,504
Cost of service fees	**2,854**	3,370
	26,575	26,115
Gross income	**20,933**	15,474
Operating expenses:		
Research and development	**3,943**	3,784
Policy and regulation	**3,741**	3,465
General and administrative	**7,215**	6,623
	14,899	13,872
Operating income	**6,034**	1,602
Other income (expenses):		
Lease interest	**(496)**	(554)
Bank charges and investment fees	**(183)**	(148)
Investment income	**4,421**	759
(Loss) on disposal of property and equipment	**(13)**	(55)
	3,729	2
Income and comprehensive income before income taxes	**9,763**	1,604
Income tax expense	**852**	285
Net income and comprehensive income	**$8,911**	$1,319

	March 31, 2021	March 31, 2020
Total assets	**$121,362**	$115,533
Total liabilities	**$22,664**	$25,746
Total non-current liabilities	**$10,052**	$11,867
Total equity	**$98,698**	$89,787

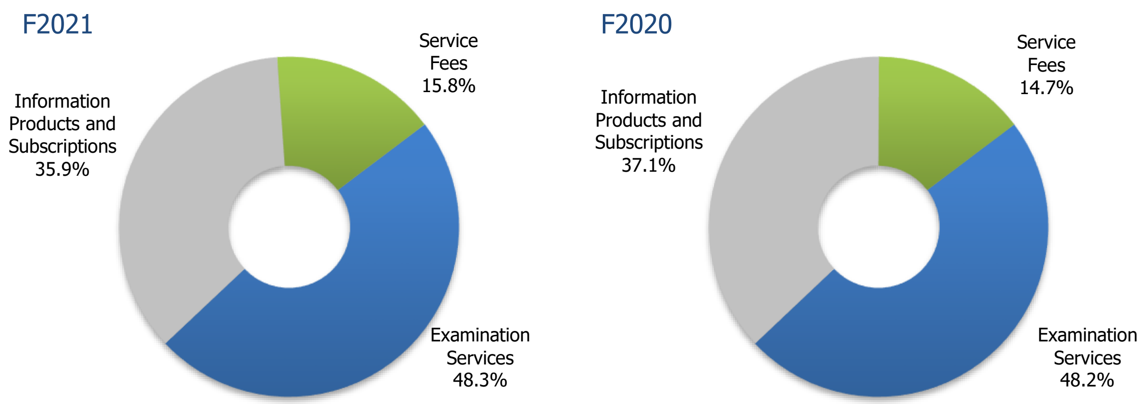
The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same fiscal periods.

Year ended March 31	**2021**	2020
Revenue:		
Examination services	**48.3%**	48.2%
Information products and subscriptions	**35.9%**	37.1%
Service fees	**15.8%**	14.7%
	100.0%	100.0%
Cost of revenue:		
Cost of examination services	**39.6%**	41.5%
Cost of information products and subscriptions	**10.3%**	13.2%
Cost of service fees	**6.0%**	8.1%
	55.9%	62.8%
Gross income	**44.1%**	37.2%
Operating expenses:		
Research and development	**8.3%**	9.1%
Policy and regulation	**7.9%**	8.3%
General and administrative	**15.2%**	15.9%
	31.4%	33.3%
Operating income	**12.7%**	3.9%
Other income (expenses):		
Lease interest	**(1.0%)**	(1.3%)
Bank charges and investment fees	**(0.4%)**	(0.4%)
Investment income	**9.3%**	1.8%
(Loss) on disposal of property and equipment	**(0.0%)**	(0.1%)
	7.9%	0.0%
Income and comprehensive income before income taxes	**20.6%**	3.9%
Income tax expense	**1.8%**	0.7%
Net income and comprehensive income	**18.8%**	3.2%

Revenue

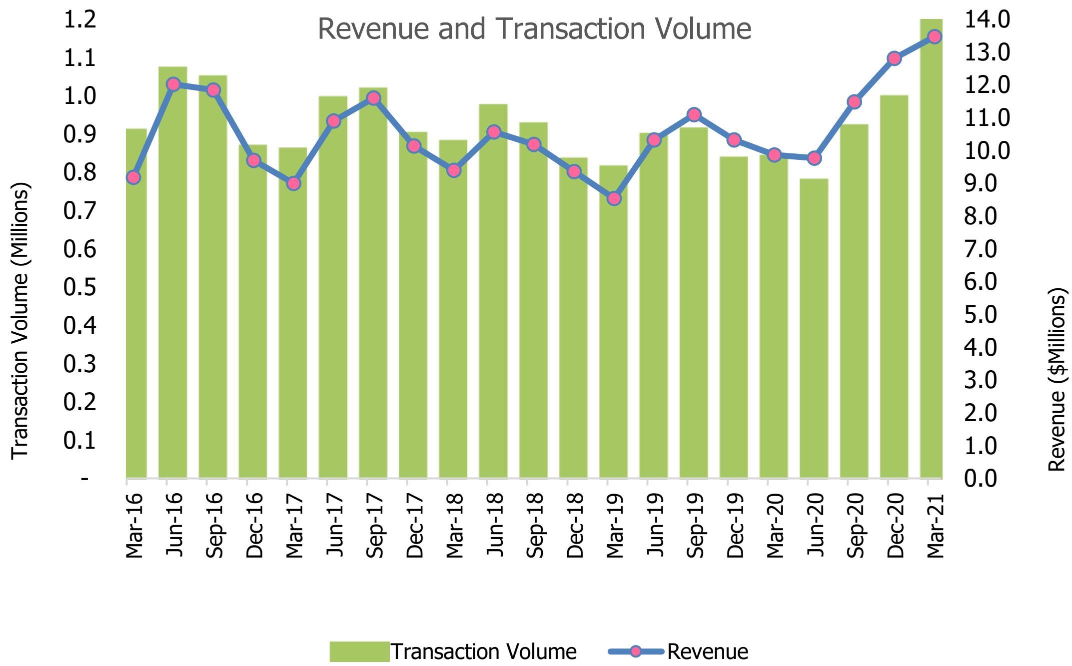
LTSA revenue sources consist of examination services, which also includes revenue from LOTR beginning in the third quarter of 2021, to ensure that applications and plans are submitted in accordance with the rules and regulations of various provincial statutes and acts; information products which include title, document and plan images, certifications, document scanning, and subscription services and service fees which are for electronic processing of land title and survey transactions through the myLTSA electronic portal.

Revenue by Source

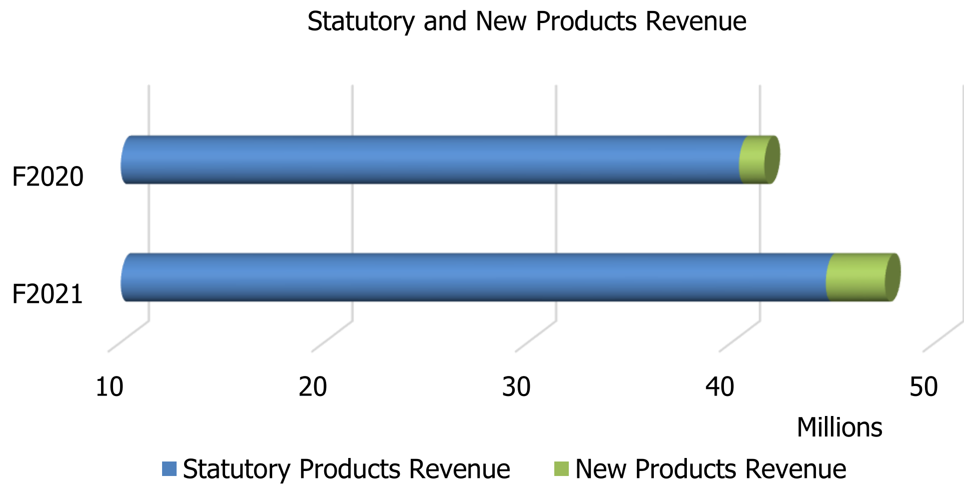


Total consolidated revenue for the year was $47.5 million, $5.9 million or 14.2% higher than the same period last year due to strong transaction volumes, the 2% fee increase effective April 1, 2020, and revenue from new products and services. Transaction volumes were 12.3% higher than last year as we saw transaction activity shifting from early in the year to the back half of 2021.

While we experienced a revenue decline in the first half of the year, revenue growth increased substantially in the third and fourth quarters, with 5 of the 6 months from October-March among the 10 largest revenue months since the LTSA's inception in 2005. The chart shows revenue and transaction volumes over the past four years. On a historical basis, the impact of seasonality can be seen with the June and September quarters normally being much busier than the fall and winter, with the exception of the current fiscal year. Prior to the 2021 fiscal year and the market impacts from COVID-19, we have experienced a continued decline in transaction volumes since 2016. While the current market conditions continue to show strong transaction volumes, we do expect volumes to return to a long-term declining pattern.

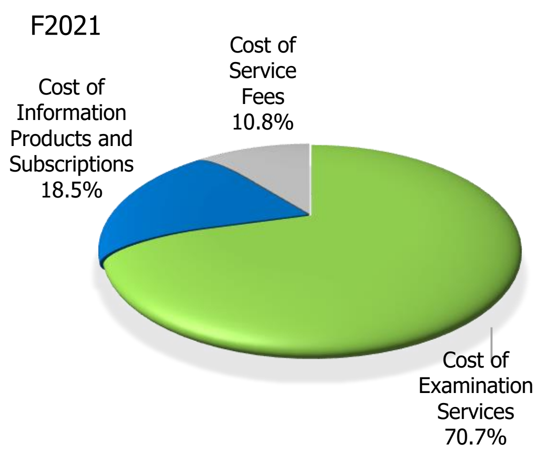


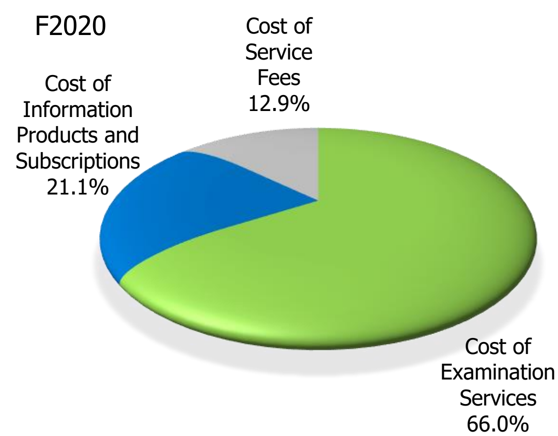
The LTSA's strategy of developing new sources of revenue to support customers with interests in land information continues to be successful with five new products launched over the last 24 months. The filing module of LOTR launched in November 2020 earned $0.8 million of revenue in the year. Autoprop, acquired in October 2018, earned $1.4 million of revenue this year. The Condo and Strata Assignment Integrity Register ("CSAIR"), released in February 2019, earned revenue of $0.7 million, the Property Tax Deferral service launched in May 2020 had revenue of $0.2 million and Identity Verification, which launched in November 2020 also generated revenue in the year. Total new product revenue for the year was $3.1 million, 62.1% higher than the prior year.



Cost of Revenue

Cost of revenue for the year was $26.6 million, $0.5 million or 1.8% higher than the prior year. The increase is driven by higher salaries and benefits costs as a result of the increased statutory transaction volume, as well as higher amortization costs from the launch of LOTR.





Gross Income

LTSA's gross income for the year was $20.9 million representing a 44.1% operating margin, higher than the prior year margin of 37.2%. The gross margin by revenue category was as follows:

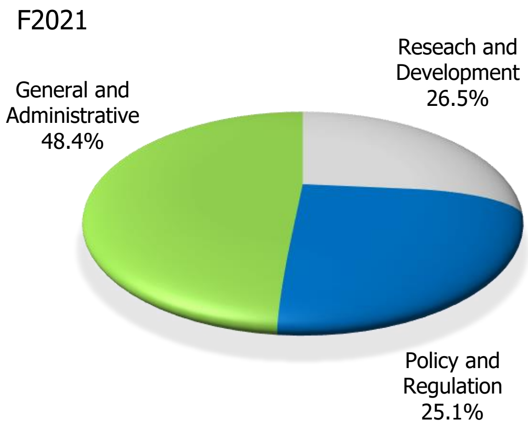
Gross Margins by Revenue Type

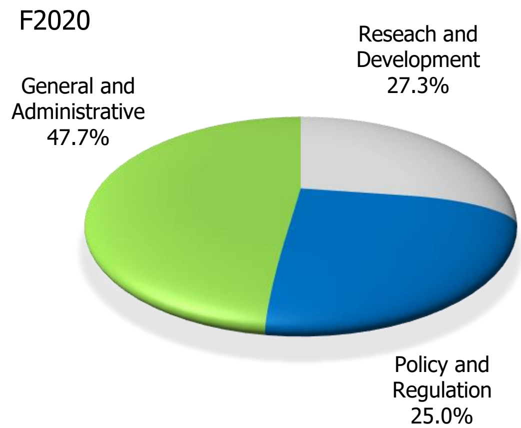
Year ended March 31	**2021**	2020
Total LTSA	**44.1%**	37.2%
Examination services	**18.0%**	14.1%
Information products and subscriptions	**71.2%**	64.3%
Service fees	**62.1%**	44.7%

Examination services margin increased due to strong transaction and revenue growth, as well as the new revenue from LOTR, offset by increased amortization expense relating to LOTR. Information products and subscriptions margin increased due to higher revenue, as well as lower cost of revenue in Autoprop. Service fees margin increased due to strong revenue growth and a reduction in amortization in the year as the myLTSA portal software was fully amortized as of April 2020. Higher revenue volumes in the year, particularly in the third and fourth quarters, and specifically higher residential volumes, led to a higher automation rate for processing transactions, which also led to increased margins. 58% of transactions were fully automated 2021 compared to 54% in 2020.

Operating Expenses

Operating expenses for the year were $14.9 million, $1.0 million or 7.4% greater than the prior year. This was due to increased salaries and benefits costs, higher amortization costs, higher information services costs, and communication costs incurred as part of the launch of LOTR, offset by lower travel and office expenses.





Research and development costs were $3.9 million, $0.2 million or 4.2% higher than the same period last year. The increase was due to higher salaries and benefits costs as well as higher communication costs, offset by increased capitalized wages.

Policy and regulation costs were $3.7 million, $0.3 million or 8.0% higher than the prior year. The increase was primarily due to higher salaries and benefits costs as well as higher information services costs.

General and administrative expenses were $7.2 million, $0.6 million or 8.9% greater than the same period last year. The increase is due to higher information technology and communication costs, as well as higher professional service costs.

Other Income (Expenses)

Investment income was $4.4 million, $3.7 million or 482.7% higher than prior year. The increase is due to continued strong market performance in the year, as well as losses realized in the prior year as a result of the deterioration in global market conditions in March 2020. Our investment portfolio is conservative with 79% of our investments held in fixed income securities and money market funds at March 31, 2021 and earned a rate of return of 7.7% in the year.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled $8.9 million or 18.8% of revenue, $7.6 million or 575.5% higher than the prior year. The increase was due to $4.4 million higher operating income and $3.7 million higher investment income, offset by $0.6 million higher income tax expense.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash, cash equivalents, and short-term investments balances were $74.0 million on March 31, 2021 (March 31, 2020: $67.4 million), of which $0.3 million (March 31, 2020: $0.2 million) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties was remitted the following business day.

The remaining $73.7 million (March 31, 2020: $67.2 million) represents cash, cash equivalents, and short-term investments readily available to the LTSA. Net LTSA current liabilities (total current liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled $7.3 million (March 31, 2020: $9.0 million), which, when combined with the $6.0 million (March 31, 2020: $6.0 million) allocated to the Assurance Fund, leaves $60.4 million (March 31, 2020: $52.2 million) of cash available for reinvestment in LTSA's business.

Cash Flow from Operating Activities

The LTSA's primary source of cash derives from operating activities. Cash from operations for the year totalled $18.0 million, $7.7 million higher than the prior year driven by 14.2% revenue growth.

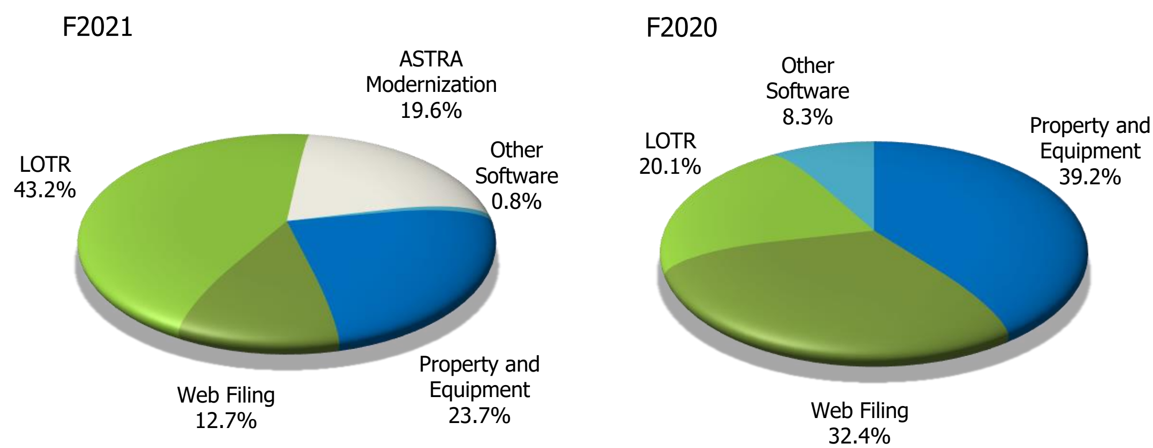
Cash Flow from Financing Activities

LTSA repaid $2.0 million for lease obligations and incurred $0.5 million of related lease interest in the year. The repayment of lease obligations and lease interest are consistent with the prior year.

Cash Flow from Investing Activities

LTSA transfers excess cash into an investment portfolio that is governed by our investment policy. We invested net $10.7 million of cash in marketable securities during the year. Cash was also used to purchase property and equipment and invest in software systems that will either enhance operations or provide additional service offerings to our customers. $9.0 million of cash was invested in capital projects during the year, which includes $1.5 million of funds held back that were released to MacDonald Dettwiler and Associates Ltd. as part of the completion of the Web Filing project.

Capital Investments



Year ended March 31 (in millions)	**2021**	2020
LOTR	**$3.2**	$2.0
Property and equipment	**1.8**	3.8
ASTRA Modernization	**1.4**	-
Web Filing	**0.9**	3.2
Other software	**0.1**	0.8
	$7.4	$9.8

The first phase of LOTR, which provides filing services to the registry went live on November 30, 2020, and the second phase of LOTR, which provides for a search function to the registry went live April 30, 2021. To date we have spent over $6.7 million dollars and over 12,000 hours developing LOTR. Total cost to build the LOTR system is estimated to be approximately $7.5 million.

Assurance Fund

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

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Outlook

We continue to execute on our strategy of developing new products and services for our customers with interests in land information and as a result we have launched three new products in the year: the LOTR filing service which was built for the Province of British Columbia, Property Tax Deferral, an online electronic application which eliminates paper documents throughout the property tax deferral process, and Identity Verification, which allows for on-line confirmation of identity for transactions. We also continue to improve the Autoprop service for increasing numbers of real estate professionals in British Columbia.

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

These safety guidelines negatively impacted revenue in the first quarter as we experienced a 13.7% decline in the transaction volumes of our statutory products and services. However, we experienced essentially flat transaction volumes in the second quarter, and transaction volumes increased substantially in the third and fourth quarters, increasing 19.9% and 45.0%, respectively. We expect continued strong transaction volumes in the first quarter of 2022, with activity tapering down in the remaining 3 quarters of the year, however it is difficult to accurately assess the continuing impact of COVID-19 on the housing market.

The LTSA currently has a return to the office plan for the fall of 2021, which will allow for a combination of in-office work and remote work, should provincial safety guidelines allow. This hybrid workplace approach was also agreed to with the LTSA bargaining unit employees through our recent Collective Bargaining and ratification process, who will be allowed to work from home up to three days a week, if their role allows.

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, 2020, indicated a funding surplus of $2.7 billion in the Basic Account.

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 thousands of Canadian dollars)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Year ended March 31, 2021

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

INDEX **Page**

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated 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, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

Other Information

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

- the information included in Management's Discussion and Analysis
- the information included in 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 and Annual Report 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.

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.

- 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 17, 2021

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Expressed in thousands of Canadian dollars)

Year ended March 31, 2021, with comparative information for 2020

		2021		2020
Revenue:				
Examination services	$	**22,919**	$	20,063
Information products and subscriptions		**17,069**		15,428
Service fees		**7,520**		6,098
		47,508		41,589
Cost of revenue (note 6):				
Cost of examination services		**18,799**		17,241
Cost of information products and subscriptions		**4,922**		5,504
Cost of services fees		**2,854**		3,370
		26,575		26,115
Gross income		**20,933**		15,474
Operating expenses (note 6):				
Research and development		**3,943**		3,784
Policy and regulation		**3,741**		3,465
General and administrative		**7,215**		6,623
		14,899		13,872
Operating income		**6,034**		1,602
Other income (expenses):				
Lease interest		**(496)**		(554)
Bank charges and investment fees		**(183)**		(148)
Investment income (note 7)		**4,421**		759
Loss on disposal of property and equipment		**(13)**		(55)
		3,729		2
Income and comprehensive income before income taxes		**9,763**		1,604
Income tax expense (recovery) (note 12):				
Current		**651**		437
Deferred		**201**		(152)
		852		285
Net income and comprehensive income	$	**8,911**	$	1,319

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position
(Expressed in thousands of Canadian dollars)

Year ended March 31, 2021, with comparative information for 2020

		2021		2020
Assets				
Current assets:				
Cash and cash equivalents (note 8)	**$**	**16,546**	$	20,709
Investments (note 4)		**57,462**		46,737
Funds held for customers		**4,042**		3,841
Trade and other receivables		**191**		232
Prepaid expenses		**1,063**		814
		79,304		72,333
Property and equipment (note 9)		**17,798**		19,452
Intangible assets (note 10)		**24,260**		23,673
Deferred tax assets (note 12)		**-**		75
		42,058		43,200
	$	**121,362**	$	115,533
Liabilities and Equity				
Current liabilities:				
Trade and other payables	**$**	**1,921**	$	2,738
Customer deposits held		**4,042**		3,841
Provisions (note 14)		**125**		527
Employee benefits (note 15)		**2,862**		3,101
Contract liabilities (note 11)		**1,194**		878
Income tax payable		**354**		-
Current lease liabilities (note 16)		**2,114**		1,805
Other current liabilities (note 17)		**-**		989
		12,612		13,879
Deferred tax liabilities (note 12)		**350**		224
Lease liabilities (note 16)		**9,702**		11,643
		10,052		11,867
		22,664		25,746
Equity:				
Retained earnings		**98,698**		89,787
	$	**121,362**	$	115,533

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 thousands of Canadian dollars)

Year ended March 31, 2021, with comparative information for 2020

	Unappropriated retained earnings	Assurance Fund reserve (Note 18)	Total retained earnings
Balance, March 31, 2019	$ 82,468	$ 6,000	$ 88,468
Net income and comprehensive income	1,319	-	1,319
Balance, March 31, 2020	83,787	6,000	89,787
Net income and comprehensive income	8,911	-	8,911
Balance, March 31, 2021	**$ 92,698**	**$ 6,000**	**$ 98,698**

See accompanying notes to the consolidated financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows
(Expressed in thousands of Canadian dollars)

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flow from operating activities:		
Cash received for:		
Fees	**$ 47,926**	$ 41,509
Fees collected on behalf of the Province of BC	**39,967**	36,669
Fees collected on behalf of other parties	**9,909**	8,676
Interest	**1,363**	1,932
	99,165	88,786
Cash paid for:		
Salaries and benefits	**(20,569)**	(18,371)
Goods and services	**(9,859)**	(13,700)
Sales and income taxes	**(1,016)**	(1,034)
Fees submitted to the Province of BC	**(39,834)**	(36,684)
Fees submitted to other parties	**(9,889)**	(8,675)
	(81,167)	(78,464)
Total cash flow from operating activities	**17,998**	10,322
Cash flow from financing activities:		
Repayment of lease liability	**(1,984)**	(1,812)
Lease interest	**(496)**	(553)
	(2,480)	(2,365)
Cash flow from investing activities:		
Purchase of investments	**(58,195)**	(48,315)
Proceeds from sale or maturity of investments	**47,470**	18,238
Purchase of property and equipment, net	**(1,753)**	(3,764)
Purchase of intangible assets	**(7,203)**	(6,735)
	(19,681)	(40,576)
Net decrease in cash and cash equivalents	**(4,163)**	(32,619)
Cash and cash equivalents, beginning of year	**20,709**	53,328
Cash and cash equivalents, end of year	**$ 16,546**	$ 20,709

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.

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

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.

Impact of COVID-19:

Since March 2020 the LTSA has been following the provincial guidelines with respect to remote working and social distancing in response to the outbreak the novel coronavirus ("COVID-19"). Land registry has been designated as an essential service by the Province of British Columbia and the LTSA is continuing to operate with full capacity.

Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with future operating assumptions and expectations as compared to prior periods.

The LTSA places a high value in the safety of its employees, and have implemented a flexible remote work policy and invested in personal protection equipment, safety barriers, and office reconfiguration to ensure adequate social distancing.

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 17, 2021 by the LTSA's Board of Directors.

2. Summary of significant accounting policies (continued):

(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 at inception of three months or less to be cash equivalents.

(d) Property and equipment:

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

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

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

2. Summary of significant accounting policies (continued):

(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.

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 prior to establishing technological feasibility or at the beginning of the application development stage are expensed in the period incurred. Direct costs attributable to the software and cadastral fabric under development are capitalized after technological feasibility is established and up until the software and cadastral fabric are available for use. 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 from continuing use which are defined as cash-generating units. At each reporting date, LTSA reviews the carrying amounts of property and equipment and intangible assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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.

2. Summary of significant accounting policies (continued):

(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.

(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, 2020 indicated a funding surplus of $2.7 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023, with results available in early 2024.

Due to insufficient information relating to the LTSA’s share of the plan’s assets and liabilities, the LTSA accounts for the plan as if it were a defined contribution plan. The LTSA’s annual cost is represented by contributions required for the respective year, and obligations for contributions to the plan are expensed as the related service is provided.

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) Lease liability:

At inception of a contract, LTSA assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts that contain a lease, LTSA recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and intangible assets. In addition, the right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required. Lease terms range up to 15 years for office premises and equipment and right of use assets have been recognized within Property and Equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the LTSA's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in LTSA's estimate of the amount expected to be payable under a residual value guarantee or if the LTSA changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. In determining the lease term, LTSA considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by an event or a significant change in circumstances.

Certain leases contain non-lease components, excluded from the right-of-use asset and lease liability, related to operating charges. LTSA has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. LTSA recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) 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, as payment has been received. Examination services revenue is recognized using the “point in time” method.

The LTSA is responsible for developing and operating the Land Owner Transparency Registry (“LOTR”), which is governed by various provincial statutes and acts. Revenue from LOTR filings are recognized at a point in time when the performance obligation is satisfied, which is when individuals have submitted and electronically their report or declaration. This occurs concurrently with receipt of payment.

2. Summary of significant accounting policies (continued):

(k) Revenue recognition (continued):

<u>Information products and subscriptions</u>:

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.

<u>Service fees</u>:

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.

(l) Taxes:

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

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

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

2. Summary of significant accounting policies (continued):

(m) Investment tax credits

LandSure receives payments from the Government of Canada as investment tax credits for scientific research and experimental development expenditures. The benefits of investment tax credits are recognized in the year the qualifying expenditure is made providing there is reasonable assurance of recoverability. The LTSA records the investment tax credits based on its estimates of amounts expected to be recovered as reductions to research and development expenditures.

(n) Financial instruments:

Financial assets:

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.

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.

2. Summary of significant accounting policies (continued):

(n) Financial instruments (continued):

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

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

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.

(o) Funds held for customers:

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

(p) 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.

2. Summary of significant accounting policies (continued):

(p) Estimates and judgments (continued):

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:

New standards and interpretations adopted:

Effective March 1, 2020, the LTSA has adopted Amendments to References to the Conceptual Framework in IFRS Standards, Definition of a Business (Amendments to IFRS 3) and Definition of Material (Amendments to IAS 1 and IAS 8). The effect of initially applying Amendments to References to the Conceptual Framework in IFRS Standards, Definition of a Business (Amendments to IFRS 3) and Definition of Material (Amendments to IAS 1 and IAS 8) did not have a material impact on the LTSA’s financial statements. A number of other new standards and interpretations were also effective from January 1, 2020 but they also did not have a material impact on the LTSA’s consolidated financial statements.

Recent accounting pronouncements not yet adopted:

The LTSA has reviewed other recent accounting pronouncements and concluded that they are either not applicable to the business, or that no material impact is expected on the consolidated financial statements as a result of future adoption.

(Tabular amounts expressed in thousands of 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, 2021**
Investments:				
Pooled equity funds	$ 11,869	$ -	$ -	**$ 11,869**
Bonds	-	45,593	-	**45,593**
	$ 11,869	$ 45,593	$ -	**$ 57,462**

Financial assets	Level 1	Level 2	Level 3	March 31, 2020
Investments:				
Pooled equity fund	$ 5,993	$ -	$ -	$ 5,993
Bonds	-	40,744	-	40,744
	$ 5,993	$ 40,744	$ -	$ 46,737

During the year, no transfers occurred between levels.

Pooled equity funds are valued at period end using quoted market prices or dealer price quotations. Where an observable market price is not available, they are valued using a valuation technique that arrives at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Pooled equity funds denominated in foreign currencies are valued in Canadian dollars 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.

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

4. Financial risk management (continued):

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, 2021	**Total**	Less than one year	One to three years	Thereafter
Customer deposits held	**$ 4,042**	$ 4,042	$ -	$ -
Trade and other payables	**1,921**	1,921	-	-
Provisions	**125**	125	-	-
Other current liabilities	**-**	-	-	-
	$ 6,088	$ 6,088	$ -	$ -

March 31, 2020	Total	Less than one year	One to three years	Thereafter
Customer deposits held	$ 3,841	$ 3,841	$ -	$ -
Trade and other payables	2,738	2,738	-	-
Provisions	527	527	-	-
Other current liabilities	989	989	-	-
	$ 8,095	$ 8,095	$ -	$ -

Market risk

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

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

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

4. Financial risk management (continued):

Credit risk:

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

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

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

	2021	2020
R1 (high)	**1.9%**	-%
R1 (mid)	**10.0%**	-%
R1 (low)	**-%**	12.8%
AAA	**11.1%**	10.3%
AA	**36.2%**	35.8%
A	**20.0%**	26.4%
BBB	**20.8%**	14.7%
	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, 2021, the LTSA's maximum exposure to credit risk was the carrying value of cash and cash equivalents, investments, funds held for customers, trade and other receivables.

Interest rate risk:

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

A 1% increase in interest rates would result in a 1.01% decrease in the fair value of the outstanding bonds.

Investments:

The outstanding bonds have a weighted average interest rate of 2.2% (2020 – 2.5%) and a weighted average term to maturity of 367 days (2020 - 277 days).

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

5. Capital management:

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

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

6. Expenses:

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

	2021	2020
Expenses by nature:		
Salaries and benefits	**$ 20,184**	$ 18,757
Information services	**4,972**	4,804
Office and business expenses	**2,241**	2,785
Building occupancy	**1,429**	1,493
Professional fees	**3,837**	4,002
Amortization of assets	**8,811**	8,146
	$ 41,474	$ 39,987
Expenses per Statement of Comprehensive Income:		
Cost of revenue	**$ 26,575**	$ 26,115
Operating expenses	**14,899**	13,872
	$ 41,474	$ 39,987

7. Investment income:

The LTSA's investment income is comprised as follows:

	2021	2020
Interest and dividend income	**$ 1,352**	$ 1,875
Change in fair value of investments	**3,330**	(818)
Loss on disposal of investments	**(261)**	(298)
	$ 4,421	$ 759

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

8. Cash and cash equivalents:

		2021		2020
Cash in bank and on hand	**$**	**15,146**	$	15,230
Cash equivalents		**1,400**		5,479
	$	**16,546**	$	20,709

Included in cash in bank and on hand are fees payable to the Province of British Columbia of $311 (2020 - $177) and other fees payable of $47 (2020 - $27).

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 thousands of Canadian dollars, unless otherwise indicated)

9. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of Use Asset	Total
Cost:						
Balance, March 31, 2019	$ 743	$ 2,602	$ 2,426	$ 6,599	$ -	$ 12,370
Adoption of IFRS 16	-	(134)	-	107	12,776	12,749
Additions	305	509	785	2,237	740	4,576
Disposals	(35)	(325)	(55)	(59)	-	(474)
Balance, March 31, 2020	1,013	2,652	3,156	8,884	13,516	29,221
Additions	214	460	221	860	352	2,107
Disposals	(9)	(207)	(44)	-	(176)	(436)
Balance, March 31, 2021	**$ 1,218**	**$ 2,905**	**$ 3,333**	**$ 9,744**	**$ 13,692**	**$ 30,892**
Amortization:						
Balance, March 31, 2019	$ (389)	$ (2,062)	$ (1,552)	$ (2,822)	$ -	$ (6,825)
Adoption of IFRS 16	-	21	-	-	(21)	-
Amortization	(87)	(237)	(273)	(796)	(1,959)	(3,352)
Disposals	35	320	47	6	-	408
Balance, March 31, 2020	(441)	(1,958)	(1,778)	(3,612)	$ (1,980)	$ (9,769)
Amortization	(100)	(340)	(317)	(993)	(1,995)	(3,745)
Disposals	9	203	32	-	176	420
Balance, March 31, 2021	**$ (532)**	**$ (2,095)**	**$ (2,063)**	**$ (4,605)**	**$ (3,799)**	**$ (13,094)**
Net book value:						
March 31, 2020	$ 572	$ 694	$ 1,378	$ 5,272	$ 11,536	$ 19,452
March 31, 2021	**$ 686**	**$ 810**	**$ 1,270**	**$ 5,139**	**$ 9,893**	**$ 17,798**

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

10. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, March 31, 2019	$ 45,623	$ 3,780	$ 10,215	$ 84	$ 59,702
Additions	137	5,550	-	255	5,942
Transfers	6,520	(6,520)	339	(339)	-
Disposals	(196)	-	-	-	(196)
Balance, March 31, 2020	52,084	2,810	10,554	-	65,448
Additions	63	5,780	-	-	5,843
Transfers	6,216	(6,216)	-	-	-
Disposals	-	(189)	-	-	(189)
Balance, March 31, 2021	**$ 58,363**	**$ 2,185**	**$ 10,554**	**$ -**	**$ 71,102**
Amortization:					
Balance, March 31, 2019	$ (35,415)	$ -	$ (1,761)	$ -	$ (37,176)
Amortization	(4,105)	-	(690)	-	(4,795)
Disposals	196	-	-	-	196
Balance, March 31, 2020	(39,324)	-	(2,451)	-	(41,775)
Amortization	(4,362)	-	(705)	-	(5,067)
Disposals	-	-	-	-	-
Balance, March 31, 2021	**$ (43,686)**	**$ -**	**$ (3,156)**	**$ -**	**$ (46,842)**
Net book value:					
March 31, 2020	$ 12,760	$ 2,810	$ 8,103	$ -	$ 23,673
March 31, 2021	**$ 14,677**	**$ 2,185**	**$ 7,398**	**$ -**	**$ 24,260**

Software systems under development are primarily costs to enhance the LTSA's underlying ASTRA ("Automated Survey and Title Registration Application") technology and design, build and implement the Land Ownership Transparency Registry. Cadastral fabric under development are costs to improve the cadastral fabric.

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

11. Contract liabilities:

Contract liabilities represents cash received from customers in excess of revenue recognized on uncompleted contracts, more specifically relating to subscription contracts incurred by Autoprop, software as a service fees for property tax deferral, as well as unprocessed examination services at period end. Examination services processing times are outlined in the LTSA's Operating Agreement performance targets.

		2021		2020
Beginning balance	$	**878**	$	775
Additions to contract liabilities		**1,177**		865
Revenue recognized during the year		**(861)**		(762)
Ending balance	$	**1,194**	$	878

12. Income taxes:

		2021		2020
The income tax expense (recovery) is as follows:				
Current	$	**651**	$	437
Deferred		**201**		(152)
	$	**852**	$	285
Non-current deferred tax assets:				
Net right of use obligation	$	**-**	$	75
	$	**-**	$	75
Non-current deferred tax liabilities:				
Property and equipment	$	**81**	$	94
Intangible assets		**237**		130
Investment tax credits		**32**		-
	$	**350**	$	224

(Tabular amounts expressed in thousands of 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:

		2021		2020
Net earnings before income taxes	$	**9,763**	$	1,604
Net tax exempt earnings		**(6,793)**		(431)
Net earnings subject to income taxes	$	**2,970**	$	1,173
Expected income tax expense at the combined tax rate of 27% (2020 – 27%)	$	**802**	$	317
Decrease (increase) in income tax expense resulting from:				
Prior year tax provision adjustment		**49**		(25)
Other		**1**		(7)
		50		(32)
Income tax expense	$	**852**	$	285

13. Bank line of credit:

The LTSA has access to a $1.0 million (2020 - $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, 2021 (2020 - 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, 2019	$	433	$	93	$	526
Additions		1		-		1
Balance, March 31, 2020		434		93		527
Additions		20		2		22
Reversals		(399)		(25)		(424)
Balance, March 31, 2021	**$**	**55**	**$**	**70**	**$**	**125**

(Tabular amounts expressed in thousands of 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:

		2021		2020
Salaries payable	**$**	**1,800**	$	2,266
Employee leave liability		**894**		667
Superannuation and group RRSP benefits		**168**		168
	$	**2,862**	$	3,101

Public service pension plan:

The LTSA paid $933 (2020 - $852) for employer contributions to the plan during the year which represents 0.1% of the total plan contributions.

Retirement benefit:

LandSure and Autoprop contributed up to 6.0% of employees' base salaries to group registered retirement savings plans. The amount recognized as an expense for the year ended March 31, 2021 was $333 (2020 - $281).

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, 2021 was $133 (2020 - $126).

Expenses for other benefit programs funded by the LTSA totaled $1,408 (2020 - $1,467).

16. Lease liabilities:

The LTSA incurs lease payments for certain assets under lease agreements consisting primarily of office buildings and office equipment.

The leases have interest rates ranging from 3.95% to 4.45% per annum and expire between March 2022 and September 2033.

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

16. Lease liabilities (continued):

	2021	2020
Balance, April 1	**$ 13,448**	$ 15,152
Additions	**352**	107
Payments	**(2,480)**	(2,365)
Interest	**496**	554
Balance, March 31	**$ 11,816**	$ 13,448
Amount due for settlements within 12 months	**$ 2,114**	$ 1,805
Amount due for settlements after 12 months	**9,702**	11,643
Total	**$ 11,816**	$ 13,448

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

Maturity analysis	March 31, 2021
Less than one year	**$ 4,104**
Between one and five years	**12,845**
More than five years	**6,086**
	$ 23,035

17. Other current liabilities:

The LTSA has contracts with MacDonald Dettwiler and Associates Ltd. 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. During the year ended March 31 2021, the final hold back was released for the Web Filing project as part of project completion.

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.

18. Assurance Fund reserve (continued):

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, 2021 (2020 - $6.0 million). During the year, $0 was paid (2020 - $0) for settlements.

19. Related party transactions:

Province of British Columbia:

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the year ended March 31, 2021, 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 $14,105 (2020 - $7,122).

Products and services acquired from the province for the year ended March 31, 2021 totaled $509 (2020 - $666).

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, 2021, 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 $590 (2020 - $653).

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

19. Related party transactions (continued):

Compensation of key management personnel:

Position	Name	Base Salary	Performance Incentive	Other (1)	Total 2021	Total 2020
Vice President, Business Innovation & CPO	Cutler, Rob	211	55	37	**303**	266
President & CEO (Retired, Dec 31, 2020)	Fair, Connie	233	85	38	**356**	418
President & CEO (Appointed, Dec 7, 2020)	Kara, Al-Karim	254	75	44	**373**	310
Vice President & CFO	Pedersen, Gregory	235	58	43	**336**	311
Vice President, Operations	Reid, Camille	196	48	36	**280**	225

(1) Other compensation includes Public Service 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, 2021, the LTSA recorded total compensation for non-management directors of $387 (2020 - $353).

The LTSA's Executive Officers have specific, individual employment contracts. These contracts make provision for payments by the LTSA for termination without just cause and payments in these circumstances range from approximately 10 to 18 months of base salary, performance incentives and benefits. The value of these contingent commitments at March 31, 2021 totalled $2.0 million (2020 - $1.9 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, 2021 totalled $2.6 million (2020 - $2.2 million). These benefits would be in place of, and not in addition to, the benefits described in the immediately preceding paragraph.