

Consolidated Interim Financial Statements  
(Expressed in thousands of Canadian dollars)

**LAND TITLE AND SURVEY AUTHORITY  
OF BRITISH COLUMBIA**

Three and six months ended September 30, 2021 and 2020  
(Unaudited)

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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

Three and six months ended September 30, 2021, with comparative information for 2020

	Three Months		Six Months	
	2021	2020	2021	2020
Revenue:				
Examination services	\$ 8,105	\$ 5,400	\$ 16,398	\$ 10,052
Information products and subscriptions	4,916	4,261	10,330	7,856
Service fees	2,426	1,819	5,089	3,334
	<b>15,447</b>	11,480	<b>31,817</b>	21,242
Cost of revenue (note 4):				
Cost of examination services	5,542	4,585	10,805	8,984
Cost of information products and subscriptions	1,373	1,303	2,677	2,570
Cost of service fees	896	700	1,726	1,456
	<b>7,811</b>	6,588	<b>15,208</b>	13,010
Gross income	<b>7,636</b>	4,892	<b>16,609</b>	8,232
Operating expenses (note 4):				
Research and development	1,196	811	2,278	1,705
Policy and regulation	1,086	881	2,049	1,692
General and administrative	1,963	1,642	3,840	3,120
	<b>4,245</b>	3,334	<b>8,167</b>	6,517
Operating income	<b>3,391</b>	1,558	<b>8,442</b>	1,715
Other income (expenses)				
Lease interest	(106)	(127)	(219)	(257)
Bank charges and investment fees	(63)	(40)	(116)	(81)
Investment income (note 5)	320	782	1,235	2,180
Loss on disposal of property and equipment	-	-	(1)	(12)
	<b>151</b>	615	<b>899</b>	1,830
Income and comprehensive income before income taxes	<b>3,542</b>	2,173	<b>9,341</b>	3,545
Income tax expense (recovery):				
Current	268	(29)	688	74
Deferred	21	23	(15)	129
	<b>289</b>	(6)	<b>673</b>	203
Net income and comprehensive income	<b>\$ 3,253</b>	\$ 2,179	<b>\$ 8,668</b>	\$ 3,342

See accompanying notes to the consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Financial Position (unaudited)

(Expressed in thousand of Canadian dollars)

	September 30, 2021	March 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 6)	\$ 19,420	\$ 16,546
Investments	62,316	57,462
Funds held for customers	4,356	4,042
Trade and other receivables	226	191
Prepaid expenses	1,197	1,063
	<b>87,515</b>	<b>79,304</b>
Property and equipment (note 7)	16,314	17,798
Intangible assets (note 8)	23,311	24,260
Goodwill (note 13)	1,910	-
	<b>41,535</b>	<b>42,058</b>
	<b>\$ 129,050</b>	<b>\$ 121,362</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Trade and other payables	\$ 1,580	\$ 1,921
Customer deposits held	4,356	4,042
Provisions	124	125
Employee benefits (note 9)	2,527	2,862
Contract liabilities (note 10)	1,318	1,194
Income tax payable	674	354
Current lease liabilities (note 11)	2,064	2,114
	<b>12,643</b>	<b>12,612</b>
Deferred tax liabilities	335	350
Lease liabilities (note 11)	8,706	9,702
	<b>9,041</b>	<b>10,052</b>
	<b>21,684</b>	<b>22,664</b>
<b>Equity:</b>		
Retained earnings	107,366	98,698
	<b>\$ 129,050</b>	<b>\$ 121,362</b>

See accompanying notes to the consolidated interim financial statements.

## LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Changes in Equity (unaudited)  
(Expressed in thousands of Canadian dollars)

Six months ended September 30, 2021, with comparative information for 2020

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
Balance, April 1, 2020	\$ 83,787	\$ 6,000	\$ 89,787
Net income and comprehensive income	3,342	-	3,342
Balance, September 30, 2020	\$ 87,129	\$ 6,000	\$ 93,129
Balance, April 1, 2021	\$ 92,698	\$ 6,000	\$ 98,698
Net income and comprehensive income	8,668	-	8,668
Balance, September 30, 2021	\$ 101,366	\$ 6,000	\$ 107,366

See accompanying notes to the consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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

Three and six months ended September 30, 2021, with comparative information for 2020

	Three Months		Six Months	
	2021	2020	2021	2020
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 14,858	\$ 11,364	\$ 31,842	\$ 21,515
Fees collected on behalf of the Province of BC	12,028	9,906	25,541	18,148
Fees collected on behalf of other parties	5,461	2,530	9,646	4,428
Interest	402	125	698	466
	<b>32,749</b>	23,925	<b>67,727</b>	44,557
Cash paid for:				
Salaries and benefits	(5,761)	(4,729)	(12,094)	(10,743)
Goods and services	(3,554)	(2,485)	(6,051)	(4,261)
Sales and income taxes	(567)	(203)	(1,087)	(477)
Fees submitted to the Province of BC	(12,385)	(9,826)	(25,824)	(18,040)
Fees submitted to other parties	(5,469)	(2,519)	(9,643)	(4,416)
	<b>(27,736)</b>	(19,762)	<b>(54,699)</b>	(37,937)
Total cash flow from operating activities	<b>5,013</b>	4,163	<b>13,028</b>	6,620
Cash flow from financing activities:				
Repayment of finance lease obligations	(526)	(478)	(1,046)	(952)
Lease interest	(106)	(127)	(219)	(257)
	<b>(632)</b>	(605)	<b>(1,265)</b>	(1,209)
Cash flow from investing activities:				
Purchase of investments	(7,878)	(14,102)	(21,671)	(34,398)
Proceeds from sale or maturity of investments	6,529	13,218	16,817	31,801
Purchase of property and equipment, net	(311)	(790)	(406)	(1,424)
Business combination and purchase of intangible assets	(2,570)	(2,633)	(3,629)	(4,029)
	<b>(4,230)</b>	(4,307)	<b>(8,889)</b>	(8,050)
Net increase (decrease) in cash and cash equivalents	<b>151</b>	(749)	<b>2,874</b>	(2,639)
Cash and cash equivalents, beginning of period	<b>19,269</b>	18,819	<b>16,546</b>	20,709
Cash and cash equivalents, end of period	<b>\$ 19,420</b>	\$ 18,070	<b>\$ 19,420</b>	\$ 18,070

See accompanying notes to the consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2021, with comparative information for 2020

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## 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. Basis of presentation and statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They include 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 intercompany balances and transactions have been eliminated.

These interim consolidated financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2021 which are included in the LTSA's 2021 financial report. The consolidated interim financial statements were authorized for issue on December 2, 2021 by the LTSA's Board of Directors.

## 3. Summary of significant accounting policies:

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these interim consolidated financial statements are included in the LTSA's audited consolidated financial statements for the year ended March 31, 2021. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements, except as noted below, and are prepared in accordance with IFRS.

### Business Combinations

Business combinations are accounted for using the acquisition method. The purchase price is determined based on the fair value of the consideration transferred measured at the acquisition date. The LTSA allocates the aggregate of the fair value of the purchase consideration transferred to the tangible and intangible assets acquired and the liabilities assumed on the basis of their fair values at the date of acquisition, with any excess recorded as goodwill. The fair value determinations require judgement and may involve the use of significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. The purchase price allocation may be provisional during a measurement period of up to one year to provide

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Three and six months ended September 30, 2021, with comparative information for 2020

reasonable time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed. Any such measurement period adjustments are recognized to the assets and liabilities assumed, with the corresponding offset to goodwill, in the period in which the adjustment amounts are determined. Acquisition-related costs associated with the acquisition are expensed as incurred.

## Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed in a business combination. Goodwill is measured at cost less any accumulated impairment losses, and is reviewed for impairment annually or more frequently if impairment indicators arise.

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of LTSA's cash generating unit ("CGU") and the net asset carrying values, including goodwill, of the LTSA's CGU. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount.

## 4. Expenses:

	Three Months		Six Months	
	2021	2020	2021	2020
<b>Expenses by nature:</b>				
Salaries and benefits	\$ 5,958	\$ 4,824	\$ 11,720	\$ 9,940
Information services	1,618	987	3,036	1,933
Office and business expenses	728	525	1,324	842
Building occupancy	395	370	713	750
Professional fees	1,059	1,098	1,990	1,819
Amortization of assets	2,298	2,118	4,592	4,243
	<b>\$ 12,056</b>	<b>\$ 9,922</b>	<b>\$ 23,375</b>	<b>\$ 19,527</b>
<b>Expenses per Statement of Comprehensive Income:</b>				
Cost of revenue	\$ 7,811	\$ 6,588	\$ 15,208	\$ 13,010
Operating expenses	4,245	3,334	8,167	6,517
	<b>\$ 12,056</b>	<b>\$ 9,922</b>	<b>\$ 23,375</b>	<b>\$ 19,527</b>

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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## 5. Investment income:

	Three Months		Six Months	
	2021	2020	2021	2020
Interest income	\$ 402	\$ 292	\$ 702	\$ 688
Change in fair value of investments	(268)	489	350	1,554
Gain (loss) on disposal of investments	186	1	183	(62)
	\$ 320	\$ 782	\$ 1,235	\$ 2,180

## 6. Cash and cash equivalents:

	September 30, 2021	March 31, 2021
Cash in bank and on hand	\$ 19,070	\$ 15,146
Cash equivalents	350	1,400
	\$ 19,420	\$ 16,546

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$51 (March 31, 2021: \$311) and other fees payable of \$27 (March 31, 2021: \$47).

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.



# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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Three and six months ended September 30, 2021, with comparative information for 2020

## 7. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of use assets	Total
Cost:						
Balance, April 1, 2020	\$ 1,013	\$ 2,652	\$ 3,156	\$ 8,884	\$ 13,516	\$ 29,221
Additions	2	397	213	834	352	1,798
Disposals	(9)	(142)	(44)	-	(176)	(371)
<b>Balance, Sept 30, 2020</b>	<b>\$ 1,006</b>	<b>\$ 2,907</b>	<b>\$ 3,325</b>	<b>\$ 9,718</b>	<b>\$ 13,692</b>	<b>\$ 30,648</b>
Balance, April 1, 2021	\$ 1,218	\$ 2,905	\$ 3,333	\$ 9,744	\$ 13,692	\$ 30,892
Additions	13	202	3	205	-	423
Disposals	-	(6)	-	-	-	(6)
<b>Balance, Sept 30, 2021</b>	<b>\$ 1,231</b>	<b>\$ 3,101</b>	<b>\$ 3,336</b>	<b>\$ 9,949</b>	<b>\$ 13,692</b>	<b>\$ 31,309</b>
Amortization:						
Balance, April 1, 2020	\$ (441)	\$ (1,958)	\$ (1,778)	\$ (3,612)	\$ (1,980)	\$ (9,769)
Amortization	(50)	(163)	(160)	(467)	(997)	(1,837)
Disposals	9	142	32	-	176	359
<b>Balance, Sept 30, 2020</b>	<b>\$ (482)</b>	<b>\$ (1,979)</b>	<b>\$ (1,906)</b>	<b>\$ (4,079)</b>	<b>\$ (2,801)</b>	<b>\$ (11,247)</b>
Balance, April 1, 2021	\$ (532)	\$ (2,095)	\$ (2,063)	\$ (4,605)	\$ (3,799)	\$ (13,094)
Amortization	(58)	(175)	(145)	(531)	(997)	(1,906)
Disposals	-	5	-	-	-	5
<b>Balance, Sept 30, 2021</b>	<b>\$ (590)</b>	<b>\$ (2,265)</b>	<b>\$ (2,208)</b>	<b>\$ (5,136)</b>	<b>\$ (4,796)</b>	<b>\$ (14,995)</b>
Net book value:						
September 30, 2020	\$ 524	\$ 928	\$ 1,419	\$ 5,639	\$ 10,891	\$ 19,401
<b>September 30, 2021</b>	<b>\$ 641</b>	<b>\$ 836</b>	<b>\$ 1,128</b>	<b>\$ 4,813</b>	<b>\$ 8,896</b>	<b>\$ 16,314</b>

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Three and six months ended September 30, 2021, with comparative information for 2020

## 8. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Total
<b>Cost:</b>				
Balance, April 1, 2020	\$ 52,085	\$ 2,810	\$ 10,554	\$ 65,449
Additions	7	3,773	-	3,780
Transfers	1,645	(1,645)	-	-
<b>Balance, Sept 30, 2020</b>	<b>\$ 53,737</b>	<b>\$ 4,938</b>	<b>\$ 10,554</b>	<b>\$ 69,229</b>
Balance, April 1, 2021	\$ 58,363	\$ 2,185	\$ 10,554	\$ 71,102
Additions	-	1,738	-	1,738
Transfers	3,042	(3,042)	-	-
<b>Balance, Sept 30, 2021</b>	<b>\$ 61,405</b>	<b>\$ 881</b>	<b>\$ 10,554</b>	<b>\$ 72,840</b>
<b>Amortization:</b>				
Balance, April 1, 2020	\$ (39,324)	\$ -	\$ (2,451)	\$ (41,775)
Amortization	(2,053)	-	(352)	(2,405)
<b>Balance, Sept 30, 2020</b>	<b>\$ (41,377)</b>	<b>\$ -</b>	<b>\$ (2,803)</b>	<b>\$ (44,180)</b>
Balance, April 1, 2021	\$ (43,686)	\$ -	\$ (3,156)	\$ (46,842)
Amortization	(2,335)	-	(352)	(2,687)
<b>Balance, Sept 30, 2021</b>	<b>\$ (46,021)</b>	<b>\$ -</b>	<b>\$ (3,508)</b>	<b>\$ (49,529)</b>
<b>Net book value:</b>				
September 30, 2020	\$ 12,360	\$ 4,938	\$ 7,751	\$ 25,049
<b>September 30, 2021</b>	<b>\$ 15,384</b>	<b>\$ 881</b>	<b>\$ 7,046</b>	<b>\$ 23,311</b>

Software systems under development are primarily costs to enhance the LTSA's underlying ASTRA ("Automated Survey and Title Registration Application") technology, design, build and implement the Land Ownership Transparency Registry, as well as building back office solutions to increase automation and reduce processing defects.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2021, with comparative information for 2020

## 9. 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:

	September 30, 2021	March 31, 2021
Salaries payable	\$ 1,256	\$ 1,800
Employee leave liability	1,093	894
Superannuation and group RRSP benefits	178	168
	<b>\$ 2,527</b>	<b>\$ 2,862</b>

### Public service pension plan:

The LTSA paid \$246 and \$485 for employer contributions to the plan during the three and six months ended September 30, 2021 which represents 0.1% of the total plan contributions (2020: \$233 and \$460).

### 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 three and six months ended September 30, 2021 was \$108 and \$201 (2020: \$82 and \$161).

## 10. Contract liabilities:

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

	2021	2020
Balance, April 1	\$ 1,194	\$ 878
Additions	1,239	1,131
Revenue recognized during the periods	(1,115)	(818)
Balance, September 30	<b>\$ 1,318</b>	<b>\$ 1,191</b>

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2021, with comparative information for 2020

## 11. 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.

	2021	2020
Balance, April 1	\$ 11,816	\$ 13,448
Additions	-	352
Payments	(1,265)	(1,209)
Interest	219	257
Balance, September 30	\$ 10,770	\$ 12,848
Amount due for settlements within 12 months	\$ 2,064	\$ 2,072
Amount due for settlements after 12 months	8,706	10,776
Total	\$ 10,770	\$ 12,848

The LTSA made payments of \$632 (2020: \$605), and interest was \$106 (2020: \$127) during the three months.

## 12. 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 three and six months ended September 30, 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 \$5,518 and \$9,840 respectively (2020: \$3,319 and \$8,121).

Products and services acquired from the province for the three and six months ended September 30, 2021 totaled \$125 and \$266 (2020: \$123 and \$240).

### 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 three and six months ended September 30, 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 \$153 and \$324 respectively (2020: \$152 and \$320).

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2021, with comparative information for 2020

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## **13. Business Combination:**

On July 30, 2021 LandSure Systems Ltd. acquired certain assets that constitute the land administration business of MDA Systems Ltd. ("MDA") for \$1.91 million cash pursuant to an agreement dated July 21, 2021. The transaction has been accounted for using the acquisition method, with the results of operations included in these consolidated financial statements from the date of acquisition. MDA was a supplier to LTSA prior to the acquisition, and this pre-existing relationship has been terminated as part of the acquisition. This acquisition enhances LandSure's expertise in software systems development.

The purchase price of \$1.91 million has been allocated to goodwill, which is attributed to the assembled workforce. No other tangible or intangible assets or liabilities have been identified. Acquisition related costs were expensed as incurred.