

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, 2022 and 2021
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Financial Position (unaudited)

(Expressed in thousands of Canadian dollars)

	September 30, 2022	March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 19,938	\$ 26,467
Investments (note 7)	66,085	62,150
Funds held for customers	4,658	4,631
Trade and other receivables	459	123
Prepaid expenses	1,314	1,177
	92,454	94,548
Property and equipment (note 8)	13,872	15,452
Intangible assets (note 9)	21,756	21,824
Goodwill	1,910	1,910
Long-term investment (note 7)	3,000	-
	40,538	39,186
	\$ 132,992	\$ 133,734
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 2,359	\$ 2,041
Customer deposits held	4,658	4,631
Provisions	203	203
Employee benefits (note 10)	2,771	3,618
Contract liabilities (note 11)	1,214	1,271
Income tax payable	-	543
Current lease liabilities (note 12)	2,090	2,056
	13,295	14,363
Deferred tax liabilities	280	318
Lease liabilities (note 12)	7,101	8,153
	7,381	8,471
	20,676	22,834
Equity:		
Retained earnings	112,316	110,900
	\$ 132,992	\$ 133,734

See accompanying notes to the consolidated interim financial statements.

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, 2022, with comparative information for 2021

	Three Months		Six Months	
	2022	2021	2022	2021
Revenue:				
Examination services	\$ 7,207	\$ 8,105	\$ 14,832	\$ 16,398
Information products and subscriptions	4,568	4,916	9,715	10,330
Service fees	2,359	2,426	4,970	5,089
	14,134	15,447	29,517	31,817
Cost of revenue (note 4):				
Cost of examination services	5,830	5,542	11,651	10,805
Cost of information products and subscriptions	1,437	1,373	2,872	2,677
Cost of service fees	944	896	1,887	1,726
	8,211	7,811	16,410	15,208
Gross income	5,923	7,636	13,107	16,609
Operating expenses (note 4):				
Research and development	967	1,196	1,878	2,278
Policy and regulation	1,024	1,086	2,064	2,049
General and administrative	2,180	1,963	4,605	3,840
	4,171	4,245	8,547	8,167
Operating income	1,752	3,391	4,560	8,442
Other income (expenses)				
Lease interest	(90)	(106)	(184)	(219)
Bank charges and investment fees	(66)	(63)	(140)	(116)
Investment income (loss) (note 5)	162	320	(2,193)	1,235
Gain (loss) on disposal of property and equipment	3	-	3	(1)
	9	151	(2,514)	899
Income and comprehensive income before income taxes	1,761	3,542	2,046	9,341
Income tax expense (recovery):				
Current	308	268	669	688
Deferred	(31)	21	(39)	(15)
	277	289	630	673
Net income and comprehensive income	\$ 1,484	\$ 3,253	\$ 1,416	\$ 8,668

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, 2022, with comparative information for 2021

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
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
Balance, April 1, 2022	\$ 104,900	\$ 6,000	\$ 110,900
Net income and comprehensive income	1,416	-	1,416
Balance, September 30, 2022	\$ 106,316	\$ 6,000	\$ 112,316

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, 2022, with comparative information for 2021

	Three Months		Six Months	
	2022	2021	2022	2021
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 14,019	\$ 14,858	\$ 29,117	\$ 31,842
Fees collected on behalf of the Province of BC	10,058	12,028	21,671	25,541
Fees collected on behalf of other parties	3,615	5,461	8,526	9,646
Interest	535	402	909	698
	28,227	32,749	60,223	67,727
Cash paid for:				
Salaries and benefits	(6,326)	(5,761)	(13,599)	(12,094)
Goods and services	(4,303)	(3,554)	(10,288)	(6,051)
Sales and income taxes	(655)	(567)	(1,937)	(1,087)
Fees submitted to the Province of BC	(10,085)	(12,385)	(21,712)	(25,824)
Fees submitted to other parties	(3,619)	(5,469)	(8,529)	(9,643)
	(24,988)	(27,736)	(56,065)	(54,699)
Total cash flow from operating activities	3,239	5,013	4,158	13,028
Cash flow from financing activities:				
Repayment of finance lease obligations	(512)	(526)	(1,018)	(1,046)
Lease interest	(90)	(106)	(184)	(219)
	(602)	(632)	(1,202)	(1,265)
Cash flow from investing activities:				
Purchase of investments	(4,539)	(7,878)	(16,333)	(21,671)
Proceeds from sale or maturity of investments	4,231	6,529	12,398	16,817
Purchase of long-term investment	(3,000)	-	(3,000)	-
Purchase of property and equipment, net	(142)	(311)	(299)	(406)
Business combination and purchase of intangible assets	(1,161)	(2,570)	(2,251)	(3,629)
	(4,611)	(4,230)	(9,485)	(8,889)
Net increase (decrease) in cash and cash equivalents	(1,974)	151	(6,529)	2,874
Cash and cash equivalents, beginning of period	21,912	19,269	26,467	16,546
Cash and cash equivalents, end of period	\$ 19,938	\$ 19,420	\$ 19,938	\$ 19,420

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, 2022, with comparative information for 2021

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 do not include all the information required for full annual financial statements and should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2022 which are included in the LTSA's 2022 financial report. The consolidated interim financial statements were authorized for issue on December 6, 2022 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, 2022. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements and are prepared in accordance with IFRS.

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Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2022, with comparative information for 2021

4. Expenses:

	Three Months		Six Months	
	2022	2021	2022	2021
Expenses by nature:				
Salaries and benefits	\$ 6,285	\$ 5,958	\$ 12,742	\$ 11,720
Information services	1,793	1,618	3,581	3,036
Office and business expenses	795	728	1,522	1,324
Building occupancy	394	395	781	713
Professional fees	1,017	1,059	2,131	1,990
Amortization of assets	2,098	2,298	4,200	4,592
	\$ 12,382	\$ 12,056	\$ 24,957	\$ 23,375
Expenses per Statement of Comprehensive Income:				
Cost of revenue	\$ 8,211	\$ 7,811	\$ 16,410	\$ 15,208
Operating expenses	4,171	4,245	8,547	8,167
	\$ 12,382	\$ 12,056	\$ 24,957	\$ 23,375

5. Investment income (loss):

	Three Months		Six Months	
	2022	2021	2022	2021
Interest income	\$ 556	\$ 402	\$ 955	\$ 702
Change in fair value of investments	(337)	(268)	(3,041)	350
Gain (loss) on disposal of investments	(57)	186	(107)	183
	\$ 162	\$ 320	\$ (2,193)	\$ 1,235

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Three and six months ended September 30, 2022, with comparative information for 2021

6. Cash and cash equivalents:

	September 30, 2022	March 31, 2022
Cash in bank and on hand	\$ 19,238	\$ 19,777
Cash equivalents	700	6,690
	\$ 19,938	\$ 26,467

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$273 (March 31, 2022: \$314) and other fees payable of \$65 (March 31, 2022: \$68).

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.

7. 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.

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Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 30, 2022, with comparative information for 2021

7. Financial Risk Management (continued):

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	September 30, 2022
Investments:				
Pooled equity funds	\$ 20,058	\$ -	\$ -	\$ 20,058
Bonds	-	46,027	-	46,027
Long-Term Investment		3,000		3,000
	\$ 20,058	\$ 49,027	\$ -	\$ 69,085

Financial assets	Level 1	Level 2	Level 3	March 31, 2022
Investments:				
Pooled equity funds	\$ 21,919	\$ -	\$ -	\$ 21,919
Bonds	-	40,231	-	40,231
	\$ 21,919	\$ 40,231	\$ -	\$ 62,150

During the quarter, no transfers occurred between levels.

Pooled equity funds are traded on an over-the-counter market and are valued at their closing bid price on the valuation date. Where a bid price is not available, they are valued at the closing sale price on the valuation date. Short-term notes and bonds which have quoted prices available but are not traded in an active market have been classified as Level 2 in the fair value hierarchy. The long-term Investment is an equity investment in a non-listed entity that is not traded in an active market, but has regular observable inputs and is therefore classified as Level 2 in the fair value hierarchy.

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

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Notes to Consolidated Interim Financial Statements

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Three and six months ended September 30, 2022, with comparative information for 2021

8. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of use assets	Total
Cost:						
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)
Balance, Sep 30, 2021	\$ 1,231	\$ 3,101	\$ 3,336	\$ 9,949	\$ 13,692	\$ 31,309
Balance, April 1, 2022	\$ 1,239	\$ 3,170	\$ 3,336	\$ 9,291	\$ 13,859	\$ 30,895
Additions	8	242	32	20	-	302
Disposals	-	(117)	(11)	-	-	(128)
Balance, Sep 30, 2022	\$ 1,247	\$ 3,295	\$ 3,357	\$ 9,311	\$ 13,859	\$ 31,069
Amortization:						
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
Balance, Sep 30, 2021	\$ (590)	\$ (2,265)	\$ (2,208)	\$ (5,136)	\$ (4,796)	\$ (14,995)
Balance, April 1, 2022	\$ (639)	\$ (2,387)	\$ (2,237)	\$ (4,725)	\$ (5,455)	\$ (15,443)
Amortization	(58)	(199)	(147)	(544)	(934)	(1,882)
Disposals	-	117	11	-	-	128
Balance, Sep 30, 2022	\$ (697)	\$ (2,469)	\$ (2,373)	\$ (5,269)	\$ (6,389)	\$ (17,197)
Net book value:						
September 30, 2021	\$ 641	\$ 836	\$ 1,128	\$ 4,813	\$ 8,896	\$ 16,314
September 30, 2022	\$ 550	\$ 826	\$ 984	\$ 4,042	\$ 7,470	\$ 13,872

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9. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Total
Cost:				
Balance, April 1, 2021	\$ 58,363	\$ 2,185	\$ 10,554	\$ 71,102
Additions	-	1,738	-	1,738
Transfers	3,042	(3,042)	-	-
Balance, Sep 30, 2021	\$ 61,405	\$ 881	\$ 10,554	\$ 72,840
Balance, April 1, 2022	\$ 62,635	\$ 642	\$ 10,554	\$ 73,831
Additions	-	2,251	-	2,251
Transfers	758	(758)	-	-
Balance, Sep 30, 2022	\$ 63,393	\$ 2,135	\$ 10,554	\$ 76,082
Amortization:				
Balance, April 1, 2021	\$ (43,686)	\$ -	\$ (3,156)	\$ (46,842)
Amortization	(2,335)	-	(352)	(2,687)
Balance, Sep 30, 2021	\$ (46,021)	\$ -	\$ (3,508)	\$ (49,529)
Balance, April 1, 2022	\$ (48,147)	\$ -	\$ (3,860)	\$ (52,007)
Amortization	(1,969)	-	(350)	(2,319)
Balance, Sep 30, 2022	\$ (50,116)	\$ -	\$ (4,210)	\$ (54,326)
Net book value:				
September 30, 2021	\$ 15,384	\$ 881	\$ 7,046	\$ 23,311
September 30, 2022	\$ 13,277	\$ 2,135	\$ 6,344	\$ 21,756

Intangible asset additions are internally generated and include payments to third party software developers. Software systems under development are primarily costs to enhance the LTSA's underlying ASTRA ("Automated Survey and Title Registration Application") technology, align survey plan submission, and build back office solutions to increase automation and reduce processing defects.

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Three and six months ended September 30, 2022, with comparative information for 2021

10. 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, 2022	March 31, 2022
Salaries payable	\$ 1,696	\$ 2,259
Employee leave liability	966	1,180
Superannuation and group RRSP benefits	109	179
	\$ 2,771	\$ 3,618

Public service pension plan:

The LTSA paid \$263 and \$515 for employer contributions to the plan during the three and six months ended September 30, 2022 which represents 0.1% of the total plan contributions (2021: \$246 and \$485).

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, 2022 was \$129 and \$249 (2021: \$108 and \$201).

11. Contract Liabilities:

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

	2022	2021
Balance, April 1	\$ 1,271	\$ 1,194
Additions	1,153	1,239
Revenue recognized during the periods	(1,210)	(1,115)
Balance, September 30	\$ 1,214	\$ 1,318

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

Three and six months ended September 30, 2022, with comparative information for 2021

12. 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 December 2033.

	2022	2021
Balance, April 1	\$ 10,209	\$ 11,816
Payments	(1,202)	(1,265)
Interest	184	219
Balance, September 30	\$ 9,191	\$ 10,770
Amount due for settlements within 12 months	\$ 2,090	\$ 2,064
Amount due for settlements after 12 months	7,101	8,706
Total	\$ 9,191	\$ 10,770

The LTSA made payments of \$602 (2021: \$632), and interest was \$90 (2021: \$106) during the three months.

13. 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, 2022, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$4,992 and \$10,184 respectively (2021: \$5,518 and \$9,840).

Products and services acquired from the province for the three and six months ended September 30, 2022 totaled \$55 and \$122 (2021: \$125 and \$266).

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, 2022, 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 \$230 and \$370 respectively (2021: \$153 and \$324).