

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

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Three and nine months ended December 31, 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)

	December 31, 2022	March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 20,699	\$ 26,467
Investments (note 7)	68,806	62,150
Funds held for customers	4,778	4,631
Trade and other receivables	191	123
Prepaid expenses	1,332	1,177
	95,806	94,548
Property and equipment (note 8)	13,075	15,452
Intangible assets (note 9)	21,194	21,824
Long-term investment (note 7)	3,000	-
Goodwill	1,910	1,910
	39,179	39,186
	\$ 134,985	\$ 133,734
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 1,698	\$ 2,041
Customer deposits held	4,778	4,631
Provisions	203	203
Employee benefits (note 10)	3,790	3,618
Contract liabilities (note 11)	1,132	1,271
Income tax payable	-	543
Current lease liabilities (note 12)	2,104	2,056
	13,705	14,363
Deferred tax liabilities	279	318
Lease liabilities (note 12)	6,572	8,153
	6,851	8,471
	20,556	22,834
Equity:		
Retained earnings	114,429	110,900
	\$ 134,985	\$ 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 nine months ended December 31, 2022, with comparative information for 2021

	Three Months		Nine Months	
	2022	2021	2022	2021
Revenue:				
Examination services	\$ 7,470	\$ 7,313	\$ 22,302	\$ 23,710
Information products and subscriptions	4,041	4,629	13,756	14,960
Service fees	2,098	2,221	7,068	7,310
	13,609	14,163	43,126	45,980
Cost of revenue (note 4):				
Cost of examination services	5,948	5,580	17,598	16,385
Cost of information products and subscriptions	1,466	1,360	4,338	4,037
Cost of service fees	963	916	2,850	2,642
	8,377	7,856	24,786	23,064
Gross income	5,232	6,307	18,340	22,916
Operating expenses (note 4):				
Research and development	1,788	1,372	3,666	3,651
Policy and regulation	1,099	1,114	3,163	3,162
General and administrative	2,285	2,085	6,890	5,925
	5,172	4,571	13,719	12,738
Operating income	60	1,736	4,621	10,178
Other income (expenses)				
Lease interest	(85)	(101)	(269)	(319)
Bank charges and investment fees	(67)	(59)	(206)	(176)
Investment income (note 5)	2,474	827	281	2,062
Loss on disposal of property and equipment	(26)	(1)	(23)	(2)
	2,296	666	(217)	1,565
Income before income taxes	2,356	2,402	4,404	11,743
Income tax expense (recovery):				
Current	245	236	914	924
Deferred	(1)	(21)	(39)	(36)
	244	215	875	888
Net income and comprehensive income	\$ 2,112	\$ 2,187	\$ 3,529	\$ 10,855

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)

Nine months ended December 31, 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	10,855	-	10,855
Balance, December 31, 2021	\$ 103,553	\$ 6,000	\$ 109,553
Balance, April 1, 2022	\$ 104,900	\$ 6,000	\$ 110,900
Net income and comprehensive income	3,529	-	3,529
Balance, December 31, 2022	\$ 108,429	\$ 6,000	\$ 114,429

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 nine months ended December 31, 2022, with comparative information for 2021

	Three Months		Nine Months	
	2022	2021	2022	2021
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 13,816	\$ 14,404	\$ 42,933	\$ 46,246
Fees collected on behalf of the Province of BC	8,247	10,966	29,917	36,507
Fees collected on behalf of other parties	2,715	4,324	11,242	13,970
Interest	1,251	557	2,160	1,255
	26,029	30,251	86,252	97,978
Cash paid for:				
Salaries and benefits	(5,377)	(5,095)	(18,995)	(17,189)
Goods and services	(4,023)	(4,042)	(14,293)	(10,093)
Sales and income taxes	(600)	(543)	(2,537)	(1,630)
Fees submitted to the Province of BC	(8,462)	(10,943)	(30,174)	(36,768)
Fees submitted to other parties	(2,763)	(4,360)	(11,291)	(14,003)
	(21,225)	(24,983)	(77,290)	(79,683)
Total cash flow from operating activities	4,804	5,268	8,962	18,295
Cash flow from financing activities:				
Repayment of finance lease obligations	(515)	(532)	(1,534)	(1,577)
Lease interest	(85)	(101)	(269)	(320)
	(600)	(633)	(1,803)	(1,897)
Cash flow from investing activities:				
Purchase of investments	(3,969)	(9,771)	(20,302)	(31,442)
Proceeds from sale or maturity of investments	1,248	4,513	13,646	21,330
Purchase of long-term investment	-	-	(3,000)	-
Purchase of property and equipment, net	(133)	(228)	(432)	(634)
Business combination and purchase of intangible assets	(589)	(466)	(2,839)	(4,095)
	(3,443)	(5,952)	(12,927)	(14,841)
Net increase (decrease) in cash and cash equivalents	761	(1,317)	(5,768)	1,557
Cash and cash equivalents, beginning of period	19,938	19,420	26,467	16,546
Cash and cash equivalents, end of period	\$ 20,699	\$ 18,103	\$ 20,699	\$ 18,103

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 nine months ended December 31, 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. The last operating review was performed in 2015.

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 February 22, 2023 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 nine months ended December 31, 2022, with comparative information for 2021

4. Expenses:

	Three Months		Nine Months	
	2022	2021	2022	2021
Expenses by nature:				
Salaries and benefits	\$ 6,410	\$ 6,064	\$ 19,152	\$ 17,785
Information services	2,148	1,725	5,728	4,760
Office and business expenses	902	864	2,424	2,188
Building occupancy	372	482	1,153	1,195
Professional fees	1,662	1,028	3,793	3,018
Amortization of assets	2,055	2,264	6,255	6,856
	\$ 13,549	\$ 12,427	\$ 38,505	\$ 35,802
Expenses per Statement of Comprehensive Income:				
Cost of revenue	\$ 8,377	\$ 7,856	\$ 24,786	\$ 23,064
Operating expenses	5,172	4,571	13,719	12,738
	\$ 13,549	\$ 12,427	\$ 38,505	\$ 35,802

5. Investment income (loss):

	Three Months		Nine Months	
	2022	2021	2022	2021
Interest income	\$ 1,276	\$ 550	\$ 2,231	\$ 1,252
Change in fair value of investments	1,198	299	(1,843)	649
Gain (loss) on disposal of investments	-	(22)	(107)	161
	\$ 2,474	\$ 827	\$ 281	\$ 2,062

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Notes to Consolidated Interim Financial Statements

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

Three and nine months ended December 31, 2022, with comparative information for 2021

6. Cash and cash equivalents:

	December 31, 2022	March 31, 2022
Cash in bank and on hand	\$ 20,699	\$ 1,777
Cash equivalents	-	6,690
	\$ 20,699	\$ 26,467

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$57 (March 31, 2022: \$314) and other fees payable of \$18 (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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Three and nine months ended December 31, 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	December 31, 2022
Investments:				
Pooled equity funds	\$ 21,927	\$ -	\$ -	\$ 21,927
Bonds	-	46,879	-	46,879
Long-Term Investment		3,000		3,000
	\$ 21,927	\$ 49,879	\$ -	\$ 71,806

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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Three and nine months ended December 31, 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	347	3	471	-	834
Disposals	(10)	(98)	(119)	(1,034)	-	(1,261)
Balance, Dec 31, 2021	\$ 1,221	\$ 3,154	\$ 3,217	\$ 9,181	\$ 13,692	\$ 30,465
Balance, April 1, 2022	\$ 1,239	\$ 3,170	\$ 3,336	\$ 9,291	\$ 13,859	\$ 30,895
Additions	9	308	32	95	-	444
Disposals	(25)	(288)	(543)	-	-	(856)
Balance, Dec 31, 2022	\$ 1,223	\$ 3,190	\$ 2,825	\$ 9,386	\$ 13,859	\$ 30,483
Amortization:						
Balance, April 1, 2021	\$ (532)	\$ (2,095)	\$ (2,063)	\$ (4,605)	\$ (3,799)	\$ (13,094)
Amortization	(87)	(273)	(217)	(791)	(1,498)	(2,866)
Disposals	10	79	119	944	-	1,152
Balance, Dec 31, 2021	\$ (609)	\$ (2,289)	\$ (2,161)	\$ (4,452)	\$ (5,297)	\$ (14,808)
Balance, April 1, 2022	\$ (639)	\$ (2,387)	\$ (2,237)	\$ (4,725)	\$ (5,455)	\$ (15,443)
Amortization	(86)	(299)	(211)	(818)	(1,401)	(2,815)
Disposals	25	282	543	-	-	850
Balance, Dec 31, 2022	\$ (700)	\$ (2,404)	\$ (1,905)	\$ (5,543)	\$ (6,856)	\$ (17,408)
Net book value:						
December 31, 2021	\$ 612	\$ 865	\$ 1,056	\$ 4,729	\$ 8,395	\$ 15,657
December 31, 2022	\$ 523	\$ 786	\$ 920	\$ 3,843	\$ 7,003	\$ 13,075

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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	24	2,206	-	2,230
Transfers	4,033	(4,033)	-	-
Disposals	(185)	-	-	(185)
Balance, Dec 31, 2021	\$ 62,235	\$ 358	\$ 10,554	\$ 73,147
Balance, April 1, 2022	\$ 62,635	\$ 642	\$ 10,554	\$ 73,831
Additions	-	3,603	-	3,603
Transfers	758	(758)	-	-
Disposals	(240)	(764)	-	(1,004)
Balance, Dec 31, 2022	\$ 63,153	\$ 2,723	\$ 10,554	\$ 76,430
Amortization:				
Balance, April 1, 2021	\$ (43,686)	\$ -	\$ (3,156)	\$ (46,842)
Amortization	(3,468)	-	(528)	(3,996)
Disposals	120	-	-	120
Balance, Dec 31, 2021	\$ (47,034)	\$ -	\$ (3,684)	\$ (50,718)
Balance, April 1, 2022	\$ (48,147)	\$ -	\$ (3,860)	\$ (52,007)
Amortization	(2,916)	-	(525)	(3,441)
Disposals	212	-	-	212
Balance, Dec 31, 2022	\$ (50,851)	\$ -	\$ (4,385)	\$ (55,236)
Net book value:				
December 31, 2021	\$ 15,201	\$ 358	\$ 6,870	\$ 22,429
December 31, 2022	\$ 12,302	\$ 2,723	\$ 6,169	\$ 21,194

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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Notes to Consolidated Interim Financial Statements

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Three and nine months ended December 31, 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:

	December 31, 2022	March 31, 2022
Salaries payable	\$ 2,683	\$ 2,259
Employee leave liability	957	1,180
Superannuation and group RRSP benefits	150	179
	\$ 3,790	\$ 3,618

Public service pension plan:

The LTSA paid \$262 and \$777 for employer contributions to the plan during the three and nine months ended December 31, 2022 which represents 0.1% of the total plan contributions (2021: \$249 and \$733).

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 nine months ended December 31, 2022 was \$129 and \$378 (2021: \$118 and \$319).

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	1,066	1,164
Revenue recognized during the periods	(1,205)	(1,149)
Balance, December 31	\$ 1,132	\$ 1,209

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

Three and nine months ended December 31, 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	\$ 10,210	\$ 11,816
Payments	(1,803)	(1,897)
Interest	269	320
Balance, December 31	\$ 8,676	\$ 10,239
Amount due for settlements within 12 months	\$ 2,104	\$ 2,038
Amount due for settlements after 12 months	6,572	8,201
Total	\$ 8,676	\$ 10,239

The LTSA made payments of \$600 (2021: \$632), and interest was \$85 (2021: \$101) 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 nine months ended December 31, 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 \$2,414 and \$12,598 respectively (2021: \$3,000 and \$12,840).

Products and services acquired from the province for the three and nine months ended December 31, 2022 totaled \$55 and \$177 (2021: \$129 and \$395).

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 nine months ended December 31, 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 \$195 and \$565 respectively (2021: \$132 and \$456).