

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

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

Three months ended June 30, 2023 and 2022
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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

	June 30, 2023	March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 16,530	\$ 18,095
Investments (note 7)	70,834	70,342
Funds held for customers	4,724	4,764
Trade and other receivables	524	445
Prepaid expenses	881	1,237
	93,493	94,883
Property and equipment (note 8)	11,461	12,379
Intangible assets (note 9)	23,524	21,602
Long-term investment (note 7)	3,000	3,000
Goodwill	1,910	1,910
	39,895	38,891
	\$ 133,388	\$ 133,774
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 1,981	\$ 1,933
Customer deposits held	4,724	4,764
Provisions	473	473
Employee benefits (note 10)	2,867	4,120
Contract liabilities (note 11)	1,405	1,048
Current lease liabilities (note 12)	2,139	2,115
	13,589	14,453
Deferred tax liabilities	379	277
Lease liabilities (note 12)	5,494	6,038
	5,873	6,315
	19,462	20,768
Equity:		
Retained earnings	113,926	113,006
	\$ 133,388	\$ 133,774

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 months ended June 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Examination services	\$ 5,761	\$ 7,626
Information products and subscriptions	4,779	5,147
Service fees	2,345	2,610
	12,885	15,383
Cost of revenue (note 4):		
Cost of examination services	5,581	5,813
Cost of information products and subscriptions	1,376	1,433
Cost of service fees	904	941
	7,861	8,187
Gross income	5,024	7,196
Operating expenses (note 4):		
Research and development	1,212	910
Policy and regulation	1,181	1,035
General and administrative	2,177	2,443
	4,570	4,388
Operating income	454	2,808
Other income (expenses):		
Lease interest	(74)	(94)
Bank charges and investment fees	(68)	(74)
Investment income (loss) (note 5)	986	(2,355)
	844	(2,523)
Income before income taxes	1,298	285
Income tax expense (recovery):		
Current	276	360
Deferred	102	(8)
	378	352
Net income (loss) and comprehensive income (loss)	\$ 920	\$ (67)

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)

Three months ended June 30, 2023, with comparative information for 2022

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
Balance, April 1, 2022	\$ 104,900	\$ 6,000	\$ 110,900
Net loss and comprehensive loss	(67)	-	(67)
Balance, June 30, 2022	\$ 104,833	\$ 6,000	\$ 110,833
Balance, April 1, 2023	\$ 107,006	6,000	113,006
Net income and comprehensive income	920	-	920
Balance, June 30, 2023	\$ 107,926	\$ 6,000	\$ 113,926

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 months ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash flow from operating activities:		
Cash received for:		
Fees	\$ 13,147	\$ 15,479
Fees collected on behalf of the Province of BC	9,199	11,613
Fees collected on behalf of other parties	3,768	4,911
Interest	232	37
	26,346	32,040
Cash paid for:		
Salaries and benefits	(7,888)	(7,269)
Goods and services	(3,711)	(6,483)
Sales and income taxes	(681)	(1,282)
Fees submitted to the Province of BC	(9,164)	(11,628)
Fees submitted to other parties	(3,759)	(4,910)
	(25,203)	(31,572)
Total cash flow from operating activities	1,143	468
Cash flow from financing activities:		
Repayment of finance lease obligations	(520)	(506)
Lease interest	(74)	(94)
	(594)	(600)
Cash flow from investing activities:		
Purchase of investments	(17,908)	(11,794)
Proceeds from sale or maturity of investments	17,744	8,167
Interest and dividends received	475	337
Purchase of property and equipment, net	(26)	(157)
Purchase of intangible assets	(2,399)	(976)
	(2,114)	(4,423)
Net decrease in cash and cash equivalents	(1,565)	(4,555)
Cash and cash equivalents, beginning of period	18,095	26,467
Cash and cash equivalents, end of period	\$ 16,530	\$ 21,912

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 months ended June 30, 2023, with comparative information for 2022

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 on consolidation.

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, 2023 which are included in the LTSA's 2023 financial report. The consolidated interim financial statements were authorized for issue on September 21, 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, 2023, except as noted below. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements and are prepared in accordance with IFRS.

Reclassification

Interest and dividends received in the prior period Consolidated Interim Statement of Cash Flows have been reclassified from cash flow from operating activity to cash flow from investing activity to conform with the presentation of the current period financial statements.

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Notes to Consolidated Interim Financial Statements

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

Three months ended June 30, 2023, with comparative information for 2022

4. Expenses:

	2023	2022
Expenses by nature:		
Salaries and benefits	\$ 6,633	\$ 6,457
Information services	1,693	1,788
Office and business expenses	755	727
Building occupancy	394	386
Professional fees	791	1,115
Amortization of assets	2,165	2,102
	\$ 12,431	\$ 12,575
Expenses, per Statement of Comprehensive Income:		
Cost of revenue	\$ 7,861	\$ 8,187
Operating expenses	4,570	4,388
	\$ 12,431	\$ 12,575

5. Investment income (loss):

	2023	2022
Interest and dividend income	\$ 655	\$ 398
Change in fair value of investments	331	(2,704)
Gain (loss) on disposal of investments	-	(49)
	\$ 986	\$ (2,355)

6. Cash and cash equivalents:

	June 30, 2023	March 31, 2023
Cash in bank and on hand	\$ 16,216	\$ 18,095
Cash equivalents	314	-
	\$ 16,530	\$ 18,095

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$194 (March 31, 2023: \$159) and other fees payable of \$51 (March 31, 2023: \$43).

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.

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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.

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		June 30, 2023
Investments:								
Pooled equity funds	\$	22,806	\$	-	\$	-	\$	22,806
Bonds		-		48,028		-		48,028
Long-term investment		-		3,000		-		3,000
	\$	22,806	\$	51,028	\$	-	\$	73,834

Financial assets		Level 1		Level 2		Level 3		March 31, 2023
Investments:								
Pooled equity funds	\$	22,283	\$	-	\$	-	\$	22,283
Bonds		-		48,059		-		48,059
Long-term investment		-		3,000		-		3,000
	\$	22,283	\$	51,059	\$	-	\$	73,342

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 comprised of an equity investment in a real estate venture builder partnership by LandSure. The investment has been classified as a Level 2 investment in the fair value hierarchy using recent observable market transactions for the same securities. LandSure intends to hold this investment for an indeterminate period.

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 interim financial statements.

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Notes to Consolidated Interim Financial Statements

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Three months ended June 30, 2023, with comparative information for 2022

8. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of use assets	Total
Cost:						
Balance, April 1, 2022	\$ 1,239	\$ 3,170	\$ 3,336	\$ 9,291	\$ 13,859	\$ 30,895
Additions	-	142	15	-	-	157
Disposals	-	-	-	-	-	-
Balance, June 30, 2022	\$ 1,239	\$ 3,312	\$ 3,351	\$ 9,291	\$ 13,859	\$ 31,052
Balance, April 1, 2023	\$ 1,223	\$ 3,359	\$ 2,825	\$ 9,451	\$ 13,859	\$ 30,717
Additions	-	31	-	-	-	31
Disposals	-	-	-	(5)	-	(5)
Balance, June 30, 2023	\$ 1,223	\$ 3,390	\$ 2,825	\$ 9,446	\$ 13,859	\$ 30,743
Amortization:						
Balance, April 1, 2022	\$ (639)	\$ (2,387)	\$ (2,237)	\$ (4,725)	\$ (5,455)	\$ (15,443)
Amortization	(29)	(98)	(75)	(272)	(467)	(941)
Disposals	-	-	-	-	-	-
Balance, June 30, 2022	\$ (668)	\$ (2,485)	\$ (2,312)	\$ (4,997)	\$ (5,922)	\$ (16,384)
Balance, April 1, 2023	\$ (728)	\$ (2,502)	\$ (1,968)	\$ (5,817)	\$ (7,323)	\$ (18,338)
Amortization	(28)	(109)	(63)	(277)	(467)	(944)
Disposals	-	-	-	-	-	-
Balance, June 30, 2023	\$ (756)	\$ (2,611)	\$ (2,031)	\$ (6,094)	\$ (7,790)	\$ (19,282)
Net book value:						
June 30, 2022	\$ 571	\$ 827	\$ 1,039	\$ 4,294	\$ 7,937	\$ 14,668
June 30, 2023	\$ 467	\$ 779	\$ 794	\$ 3,352	\$ 6,069	\$ 11,461

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Three months ended June 30, 2023, with comparative information for 2022

9. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Total
Cost:				
Balance, April 1, 2022	\$ 62,635	\$ 642	\$ 10,554	\$ 73,831
Additions	-	1,089	-	1,089
Transfers	534	(534)	-	-
Balance, June 30, 2022	\$ 63,169	\$ 1,197	\$ 10,554	\$ 74,920
Balance, April 1, 2023	\$ 65,741	\$ 1,657	\$ 10,554	\$ 77,952
Additions	8	3,136	-	3,144
Transfers	1,089	(1,089)	-	-
Balance, June 30, 2023	\$ 66,838	\$ 3,704	\$ 10,554	\$ 81,096
Amortization:				
Balance, April 1, 2022	\$ (48,147)	\$ -	\$ (3,860)	\$ (52,007)
Amortization	(986)	-	(175)	(1,161)
Balance, June 30, 2022	\$ (49,133)	\$ -	\$ (4,035)	\$ (53,168)
Balance, April 1, 2023	\$ (51,790)	\$ -	\$ (4,560)	\$ (56,350)
Amortization	(1,047)	-	(175)	(1,222)
Balance, June 30, 2023	\$ (52,837)	\$ -	\$ (4,735)	\$ (57,572)
Net book value:				
June 30, 2022	\$ 14,036	\$ 1,197	\$ 6,519	\$ 21,752
June 30, 2023	\$ 14,001	\$ 3,704	\$ 5,819	\$ 23,524

Intangible asset additions are internally generated and include payments to third party software developers. Software systems under development are primarily costs to align survey plan submission, develop the LTSA's underlying platform services technology, and build back office solutions to increase automation and reduce processing defects.

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

Three months ended June 30, 2023, with comparative information for 2022

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:

	June 30, 2023	March 31, 2023
Salaries payable	\$ 1,658	\$ 3,113
Employee leave liability	1,043	893
Superannuation and group RRSP benefits	166	114
	\$ 2,867	\$ 4,120

Public service pension plan:

The LTSA paid \$271 (2022: \$252) for employer contributions to the plan during the quarter 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 quarter ended June 30, 2023 was \$136 (2022: \$121).

11. Contract Liabilities:

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

	2023	2022
Balance, April 1	\$ 1,048	\$ 1,271
Additions to contract liabilities	1,140	1,066
Revenue recognized during the period	(783)	(1,205)
Balance, June 30	\$ 1,405	\$ 1,132

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Three months ended June 30, 2023, with comparative information for 2022

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 3.10% to 4.45% per annum and expire between March 2023 and September 2033.

	2023	2022
Balance, April 1	\$ 8,154	\$ 10,209
Payments	(595)	(600)
Interest	74	95
Balance, June 30	\$ 7,633	\$ 9,704
Amount due for settlements within 12 months	\$ 2,139	\$ 2,076
Amount due for settlements after 12 months	5,494	7,628
Total	\$ 7,633	\$ 9,704

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 quarter ended June 30, 2023, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$6,550 (2022: \$5,192).

Products and services acquired from the province for the quarter ended June 30, 2023 totaled \$51 (2022: \$73).

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 quarter ended June 30, 2023, 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 (2022: \$140).