

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, 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)

	September 30, 2023	March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 16,759	\$ 18,095
Investments (note 7)	71,189	70,342
Funds held for customers	4,718	4,764
Trade and other receivables	365	445
Prepaid expenses	1,328	1,237
	94,359	94,883
Property and equipment (note 8)	10,583	12,379
Intangible assets (note 9)	24,871	21,602
Long-term investment (note 7)	3,000	3,000
Goodwill	1,910	1,910
	40,364	38,891
	\$ 134,723	\$ 133,774
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 2,269	\$ 1,933
Customer deposits held	4,718	4,764
Provisions	473	473
Employee benefits (note 10)	2,872	4,120
Contract liabilities (note 11)	1,172	1,048
Current lease liabilities (note 12)	2,121	2,115
	13,625	14,453
Deferred tax liabilities	267	277
Lease liabilities (note 12)	4,988	6,038
	5,255	6,315
	18,880	20,768
Equity:		
Retained earnings	115,843	113,006
	\$ 134,723	\$ 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 and six months ended September 30, 2023, with comparative information for 2022

	Three Months		Six Months	
	2023	2022	2023	2022
Revenue:				
Examination services	\$ 6,738	\$ 7,207	\$ 12,499	\$ 14,833
Information products and subscriptions	4,840	4,568	9,619	9,715
Service fees	2,494	2,359	4,839	4,969
	14,072	14,134	26,957	29,517
Cost of revenue (note 4):				
Cost of examination services	5,454	5,830	11,035	11,643
Cost of information products and subscriptions	1,344	1,437	2,720	2,870
Cost of service fees	883	944	1,787	1,885
	7,681	8,211	15,542	16,398
Gross income	6,391	5,923	11,415	13,119
Operating expenses (note 4):				
Research and development	1,262	967	2,474	1,877
Policy and regulation	1,149	1,024	2,330	2,059
General and administrative	2,153	2,180	4,330	4,623
	4,564	4,171	9,134	8,559
Operating income	1,827	1,752	2,281	4,560
Other income (expenses)				
Lease interest	(69)	(90)	(143)	(184)
Bank charges and investment fees	(70)	(66)	(138)	(140)
Investment income (loss) (note 5)	426	162	1,412	(2,193)
Gain on disposal of property and equipment	-	3	-	3
	287	9	1,131	(2,514)
Income before income taxes	2,114	1,761	3,412	2,046
Income tax expense (recovery):				
Current	309	308	585	669
Deferred	(112)	(31)	(10)	(39)
	197	277	575	630
Net income and comprehensive income	\$ 1,917	\$ 1,484	\$ 2,837	\$ 1,416

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, 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 income and comprehensive income	1,416	-	1,416
Balance, September 30, 2022	\$ 106,316	\$ 6,000	\$ 112,316
Balance, April 1, 2023	\$ 107,006	\$ 6,000	\$ 113,006
Net income and comprehensive income	2,837	-	2,837
Balance, September 30, 2023	\$ 109,843	\$ 6,000	\$ 115,843

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, 2023, with comparative information for 2022

	Three Months		Six Months	
	2023	2022	2023	2022
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 13,942	\$ 14,019	\$ 27,089	\$ 29,498
Fees collected on behalf of the Province of BC	9,886	10,058	19,085	21,671
Fees collected on behalf of other parties	4,014	3,615	7,782	8,526
Interest	275	105	507	142
	28,117	27,797	54,463	59,837
Cash paid for:				
Salaries and benefits	(6,195)	(6,326)	(14,083)	(13,595)
Goods and services	(3,715)	(4,303)	(7,426)	(10,786)
Sales and income taxes	(464)	(655)	(1,145)	(1,937)
Fees submitted to the Province of BC	(9,889)	(10,085)	(19,053)	(21,713)
Fees submitted to other parties	(4,016)	(3,619)	(7,775)	(8,529)
	(24,279)	(24,988)	(49,482)	(56,560)
Total cash flow from operating activities	3,838	2,809	4,981	3,277
Cash flow from financing activities:				
Repayment of finance lease obligations	(525)	(512)	(1,045)	(1,018)
Lease interest	(69)	(90)	(143)	(184)
	(594)	(602)	(1,188)	(1,202)
Cash flow from investing activities:				
Purchase of investments	(10,080)	(4,539)	(27,988)	(16,333)
Proceeds from sale or maturity of investments	9,355	4,231	27,099	12,398
Purchase of long-term investment	-	(3,000)	-	(3,000)
Interest and dividend proceeds	336	430	811	767
Purchase of property and equipment, net	(52)	(142)	(78)	(299)
Purchase of intangible assets	(2,574)	(1,161)	(4,973)	(2,137)
	(3,015)	(4,181)	(5,129)	(8,604)
Net increase (decrease) in cash and cash equivalents	229	(1,974)	(1,336)	(6,529)
Cash and cash equivalents, beginning of period	16,530	21,912	18,095	26,467
Cash and cash equivalents, end of period	\$ 16,759	\$ 19,938	\$ 16,759	\$ 19,938

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, 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 December 5, 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 and six months ended September 30, 2023, with comparative information for 2022

4. Expenses:

	Three Months		Six Months	
	2023	2022	2023	2022
Expenses by nature:				
Salaries and benefits	\$ 6,126	\$ 6,285	\$ 12,758	\$ 12,742
Information services	1,541	1,793	3,234	3,581
Office and business expenses	705	795	1,461	1,522
Building occupancy	400	394	794	781
Professional fees	1,275	1,017	2,066	2,131
Amortization of assets	2,198	2,098	4,363	4,200
	\$ 12,245	\$ 12,382	\$ 24,675	\$ 24,957
Expenses per Statement of Comprehensive Income:				
Cost of revenue	\$ 7,681	\$ 8,211	\$ 15,542	\$ 16,398
Operating expenses	4,564	4,171	9,134	8,559
	\$ 12,245	\$ 12,382	\$ 24,676	\$ 24,957

5. Investment income (loss):

	Three Months		Six Months	
	2023	2022	2023	2022
Interest and dividend income	\$ 683	\$ 556	\$ 1,338	\$ 955
Change in fair value of investments	(253)	(337)	78	(3,041)
Gain (loss) on disposal of investments	(4)	(57)	(4)	(107)
	\$ 426	\$ 162	\$ 1,412	\$ (2,193)

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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, 2023, with comparative information for 2022

6. Cash and cash equivalents:

	September 30, 2023	March 31, 2023
Cash in bank and on hand	\$ 16,759	\$ 18,095
Cash equivalents	-	-
	\$ 16,759	\$ 18,095

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$190 (March 31, 2023: \$159) and other fees payable of \$49 (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.

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, 2023, with comparative information for 2022

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, 2023
Investments:				
Pooled equity funds	\$ 22,353	\$ -	\$ -	\$ 22,353
Bonds	-	48,836	-	48,836
Long-Term Investment		3,000		3,000
	\$ 22,353	\$ 51,836	\$ -	\$ 74,189

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 and six months ended September 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	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
Balance, April 1, 2023	\$ 1,223	\$ 3,359	\$ 2,825	\$ 9,451	\$ 13,859	\$ 30,717
Additions	-	79	4	(5)	-	78
Balance, Sep 30, 2023	\$ 1,223	\$ 3,438	\$ 2,829	\$ 9,446	\$ 13,859	\$ 30,795
Amortization:						
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)
Balance, April 1, 2023	\$ (728)	\$ (2,502)	\$ (1,968)	\$ (5,817)	\$ (7,323)	\$ (18,338)
Amortization	(56)	(215)	(120)	(554)	(929)	(1,874)
Balance, Sep 30, 2023	\$ (784)	\$ (2,717)	\$ (2,088)	\$ (6,371)	\$ (8,252)	\$ (20,212)
Net book value:						
September 30, 2022	\$ 550	\$ 826	\$ 984	\$ 4,042	\$ 7,470	\$ 13,872
September 30, 2023	\$ 439	\$ 721	\$ 741	\$ 3,075	\$ 5,607	\$ 10,583

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

Three and six months ended September 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	-	2,251	-	2,251
Transfers	758	(758)	-	-
Balance, Sep 30, 2022	\$ 63,393	\$ 2,135	\$ 10,554	\$ 76,082
Balance, April 1, 2023	\$ 65,741	\$ 1,657	\$ 10,554	\$ 77,952
Additions	8	5,752	-	5,760
Transfers	1,089	(1,089)	-	-
Disposals	(14)	-	-	(14)
Balance, Sep 30, 2023	\$ 66,824	\$ 6,320	\$ 10,554	\$ 83,698
Amortization:				
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)
Balance, April 1, 2023	\$ (51,790)	\$ -	\$ (4,560)	\$ (56,350)
Amortization	(2,141)	-	(350)	(2,491)
Disposals	14	-	-	14
Balance, Sep 30, 2023	\$ (53,917)	\$ -	\$ (4,910)	\$ (58,827)
Net book value:				
September 30, 2022	\$ 13,277	\$ 2,135	\$ 6,344	\$ 21,756
September 30, 2023	\$ 12,907	\$ 6,320	\$ 5,644	\$ 24,871

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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Notes to Consolidated Interim Financial Statements

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

Three and six months ended September 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:

	September 30, 2023	March 31, 2023
Salaries payable	\$ 1,897	\$ 3,113
Employee leave liability	854	893
Superannuation and group RRSP benefits	121	114
	\$ 2,872	\$ 4,120

Public service pension plan:

The LTSA paid \$273 and \$544 for employer contributions to the plan during the three and six months ended September 30, 2023 which represents 0.1% of the total plan contributions (2022: \$263 and \$515).

Retirement benefit:

LandSure 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, 2023 was \$137 and \$273 (2022: \$129 and \$250).

11. Contract Liabilities:

Contract liabilities represents cash received from customers in excess of revenue recognized on incomplete contracts, more specifically relating to subscription contracts, 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. The majority of contract liabilities are expected to be realized within a period of 12 months.

	2023	2022
Balance, April 1	\$ 1,048	\$ 1,271
Additions to contract liabilities	1,033	1,153
Revenue recognized during the periods	(909)	(1,210)
Balance, September 30	\$ 1,172	\$ 1,214

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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, 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 3.95% per annum and expire between March 2023 and September 2033.

	2023	2022
Balance, April 1	\$ 8,154	\$ 10,209
Payments	(1,189)	(1,202)
Interest	144	184
Balance, September 30	\$ 7,109	\$ 9,191
Amount due for settlements within 12 months	\$ 2,121	\$ 2,090
Amount due for settlements after 12 months	4,988	7,101
Total	\$ 7,109	\$ 9,191

The LTSA made payments of \$594 (2022: \$602), and interest was \$69 (2022: \$90) 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, 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 \$5,870 and \$12,420 respectively (2022: \$4,992 and \$10,184).

Products and services acquired from the province for the three and six months ended September 30, 2023 totaled \$84 and \$135 (2022: \$55 and \$122).

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, 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 \$260 and \$490 respectively (2022: \$230 and \$370).