Land Title and Survey Authority of British Columbia

Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Fourth Quarter and Year ended March 31, 2016

For purposes of this discussion, *the LTSA* refers to the Land Title and Survey Authority of British Columbia and its wholly-owned subsidiary, LandSure Systems Ltd. *This year* and *2016* mean the fiscal year ended March 31, 2016; *last year* and *2015* mean the fiscal year ended March 31, 2015; *next year* and *2017* mean the fiscal year ending March 31, 2017.

Advisory

This management's discussion and analysis ("MD&A"), dated June 3, 2016, should be read in conjunction with the LTSA's consolidated financial statements and accompanying notes for the year ended March 31, 2016 (the "consolidated financial statements"). Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

This report contains forward-looking statements, including statements regarding our business and anticipated financial performance. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

Highlights

Fourth Quarter Highlights

Total revenues were $8.2 million for the three months ended March 31, 2016, an increase of $0.1 million or 0.7%, compared to the $8.1 million for the three months ended March 31, 2015.

Net income for the three months ended March 31, 2016 was $1.1 million, a decrease of $0.6 million from the same period in 2015.

Year-End Highlights

Total revenues increased to $39.1 million for the year ended March 31, 2016, an increase of $5.9 million or 17.7%, compared to $33.2 million for the year ended March 31, 2015. Net income for the year ended March 31, 2016 was $10.9 million, an increase of $2.7 million or 32.1% compared to last year.

Results

Our 2016 net income increase of $2.7 million from 2015 arose from $1.9 million higher earnings in the core business and $1.5 million higher earnings in the ParcelMap BC segment, offset by $0.7 million lower earnings from our myLTSA business.

Cash flows from operating activities increased from $14.1 million in 2015 to $17.7 million in 2016. Investments in property and equipment and intangible assets decreased from $9.5 million to $7.1 million in the same period, all financed from operations. The LTSA's cash, cash equivalents and short–term investments, excluding fees owed to the Province and other parties, increased by $10.5 million to $46.1 million as a net result.

We expect to achieve close to our 15% of revenue net operating income margin target from operations in fiscal 2017. Cash from operating activities is expected to be down from the current year level at approximately $14.0 million in 2017, similar to what we experienced in 2015.

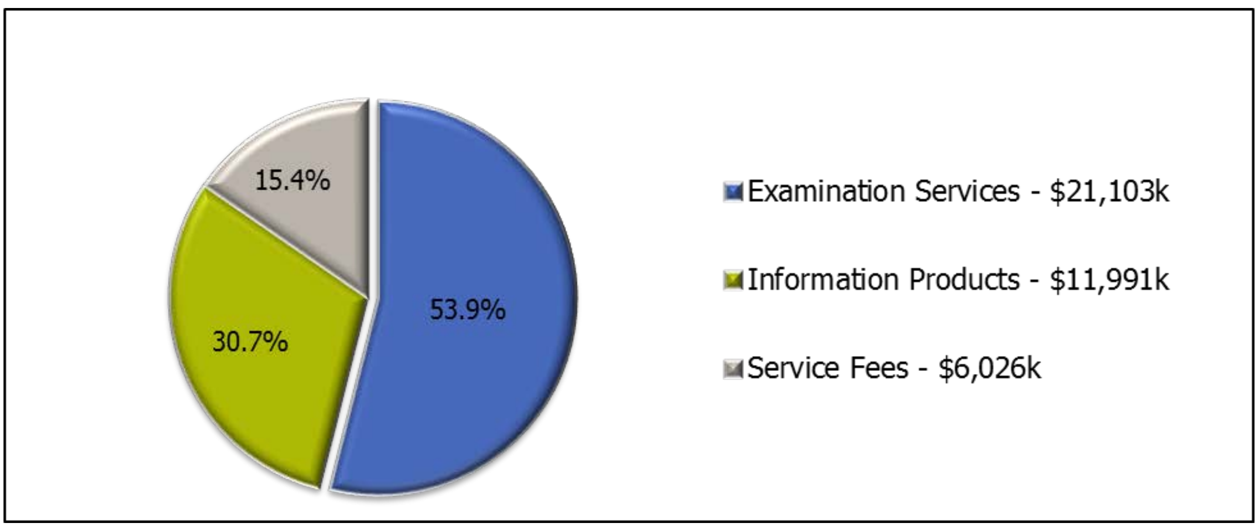
The following table sets forth certain consolidated statement of operations data, as well as consolidated statement of financial position data, expressed in dollars, as at March 31, 2016, 2015 and 2014.

	2016	2015	2014
Revenue	**$39,119,534**	$33,232,782	$25,404,007
Expenses:			
Salaries and benefits	**12,644,375**	12,117,635	11,092,435
Information services	**2,966,367**	1,993,752	1,796,793
Office and business expenses	**1,367,440**	1,708,828	2,171,681
Building occupancy	**3,956,401**	3,403,176	3,494,651
Professional fees	**1,587,010**	939,539	899,924
Amortization	**5,448,975**	4,464,171	3,269,586
	27,970,568	24,627,101	22,725,070
	11,148,966	8,605,681	2,678,937
Other income (expenses):			
Bank charges, interest and investment fees	**(106,367)**	(100,060)	(76,367)
Interest income	**406,224**	425,222	386,724
(Loss) gain on disposal of equipment	**(86,086)**	(11,972)	442
Total other income and expenses	**213,771**	313,190	310,799
Income and comprehensive income before taxes	**11,362,737**	8,918,871	2,989,736
Income taxes (recoverable)	**412,743**	627,979	(20,549)
Net income and comprehensive income	**$10,949,994**	$8,290,892	$3,010,285
Total assets	**$81,354,931**	$66,568,046	$53,404,451
Total liabilities	**$15,387,831**	$11,550,940	$6,678,237
Total long-term liabilities	**$2,452,771**	$1,412,792	$442,433
Total equity	**$65,967,100**	$55,017,106	$46,726,214

The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same periods.

	2016	2015	2014
Revenue	**100.0%**	100.0%	100.0%
Expenses:			
Salaries and benefits	**32.3%**	36.5%	43.7%
Information services	**7.6%**	6.0%	7.1%
Office and business expenses	**3.5%**	5.1%	8.5%
Building occupancy	**10.1%**	10.3%	13.8%
Professional fees	**4.1%**	2.8%	3.5%
Amortization	**13.9%**	13.4%	12.9%
	71.5%	74.1%	89.5%
	28.5%	25.9%	10.5%
Other income (expenses):			
Bank charges, interest and investment fees	**(0.3%)**	(0.3%)	(0.3%)
Interest income	**1.0%**	1.2%	1.5%
(Loss) gain on disposal of equipment	**(0.2%)**	(0.0%)	(0.0%)
	0.5%	0.9%	1.2%
Income and comprehensive income before taxes	**29.0%**	26.8%	11.7%
Income taxes (recoverable)	**1.0%**	1.9%	(0.1%)
Net income and comprehensive income	**28.0%**	24.9%	11.8%

Revenue

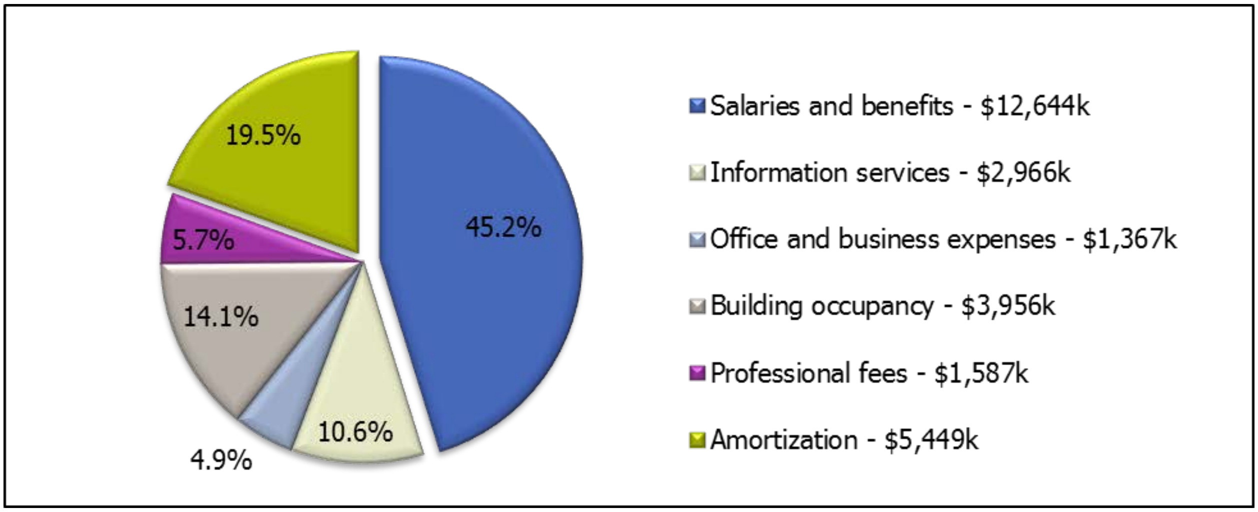


Revenue for the year of $39.1 million (2015 - $33.2 million; 2014 - $25.4 million) was $5.9 million or 17.7% greater than last year due primarily to 7% higher transaction volumes, the 12.5% fee increase to support ParcelMap BC brought in on October 1, 2014 and the 1% general fee increase on April 1, 2015. It is anticipated that revenue in 2017 will decline moderately from that earned in 2016.

Revenue for the year included $21.1 million (2015 - $18.6 million; 2014 - $16.9 million) from examination services, $12.0 million (2015 - $9.6 million; 2014 - $8.5 million) from the sale of information products, and $6.0 million (2015 - $5.0 million; 2014 - $Nil) from service fees earned through the electronic processing of land title and survey transactions in myLTSA.

On November 1, 2015 a new simplified fee regime was brought into effect which, while revenue neutral for the LTSA, saw reductions in the fees charged for examination services offset by increases to the fees for information products. Service fees were unchanged.

Expenses



Expenses before other income and expenses totalled $28.0 million (2015 - $24.6 million; 2014 - $22.7 million) for the year or 71.5% of revenue, an improvement from the 74.1% recorded in 2015. The operating margin of 28.5% in 2016 reflects three segments: core business, myLTSA and ParcelMap BC contributing margins of 22.5% (2015 - 17.2%), 26.2% (2015 - 51.0%) and 79.4% (2015 - 95.5%) respectively.

We expect 2017 operating margins for core business and myLTSA to decrease from the results achieved this year due to lower revenues and higher expenses. The operating margin for ParcelMap BC will also decrease next year as further software and cadastral fabric releases are completed and more costs for the ParcelMap BC team become operating expenses as the project completes.

Salaries and benefits were our largest cost at $12.6 million but decreased again to 32.3% as a percentage of revenue (2015 - $12.1 million, 36.5%; 2014 - $11.1 million, 43.7%). This was due to the launch of myLTSA and ParcelMap BC which have a much lower salaries and benefits cost, as a percentage of revenues, than core business. Salaries and benefits costs are expected to increase in 2017 to $14.9 million reflecting increases for excluded staff, a 2.0% increase for bargaining unit staff under the terms of the collective agreement on November 1, 2016 and the treatment of more ParcelMap BC staff costs as operating.

Information services costs of $3.0 million increased to 7.6% of revenue from 6.0% in 2015 and 7.1% in 2014. These costs are expected to increase again in 2017 as we fully deploy the ParcelMap BC system.

Office and business expenses at $1.4 million or 3.5% of revenue (2015 - $1.7 million, 5.1%; 2014 – $2.2 million, 8.5%) were lower than in 2015 reflecting lower staff numbers and ongoing efforts to reduce cost in this area. These expenses are expected to increase in 2017 with higher costs for travel and training associated with staff development.

Building occupancy costs at $4.0 million or 10.1% of revenue (2015 - $3.4 million, 10.3%; 2014 – $3.5 million, 13.8%) increased reflecting a one-time payment to release space at our Victoria head office. Building occupancy costs are expected to decrease to $3.2 million in 2017 reflecting space reductions in Victoria, New Westminster and Kamloops.

Professional fees were $1.6 million or 4.1% of revenues (2015 - $0.9 million, 2.8%; 2014 - $0.9 million, 3.5%), up moderately from last year. We expect professional fees to remain at this level in 2017.

Amortization expense totalled $5.4 million, 13.9% of revenue (2015 – $4.5 million, 13.4%; 2014 - $3.3 million, 12.9%). Our largest capital assets are software systems in which we are making significant ongoing investments. The ASTRA registry system had its major components placed into production in September 2012 and April 2013. The myLTSA system went into production in May 2014 and significant components of ParcelMap BC were put into production in 2016. As a result amortization expense will increase again next year to about $6.9 million or 18.0% of revenue.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled $10.9 million or 28.0% of revenue, up from the $8.3 million or 24.9% of revenue recorded in 2015. The increase was due primarily to the 17.7% higher revenues which were partially offset by 12.0% higher operating costs.

As a self-funded organization we rely on our income to support the required reinvestment in the LTSA’s business with a targeted annual operating margin minimum of 15% of revenue from the core business or about $4.0 million. We exceeded this goal in 2016 primarily due to higher revenues.

We anticipate reporting positive net income in 2017 with income from the core business and myLTSA segments close to that earned in 2016. Net income from ParcelMap BC will continue to decline over the next year however as elements of the system are introduced into production.

Assurance Fund

The Assurance Fund has remained at $6.0 million since March 31, 2013 by resolution of the Board of Directors. The LTSA's success in obtaining $10.0 million of new errors and omissions insurance coverage this year, coupled with the results of independent actuarial analysis of the program and the small number of Assurance Fund claims, causes us to believe that this continues to be an appropriate fund balance. The fund is assessed on an annual basis and adjusted to reflect changing market conditions as well as transaction volumes.

Liquidity and Capital Resources

Sources and Uses of Cash

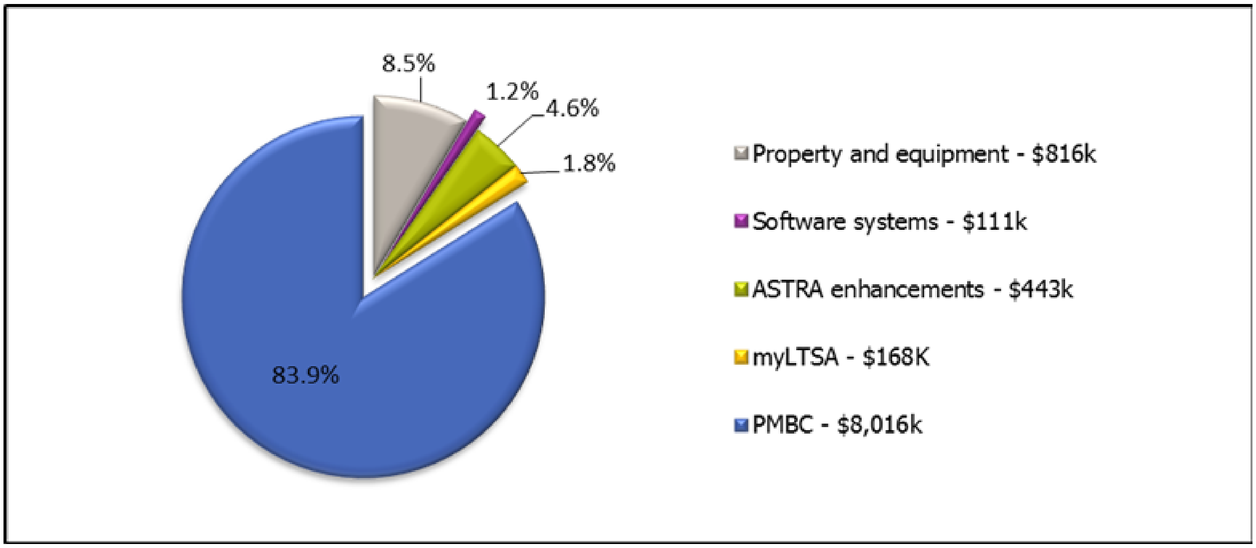
Our cash, cash equivalents and short-term investments balance was $46.4 million on March 31, 2016 (2015 - $35.9 million; 2014 - $31.3 million) of which $292,000 (2015 - $193,000; 2014 - $54,000) consisted of cash collected on behalf of the Province of British Columbia and other parties. The cash owing to these parties was remitted on the following business day each year.

The remaining $46.1 million (2015 - $35.7 million; 2014 - $31.2 million) represents cash, cash equivalents and short-term investments actually available to the LTSA at year end. Our liabilities, plus non-cash working capital, totalled $11.8 million (2015 - $8.1 million; 2014 - $5.3 million) at March 31 which, when combined with the $6.0 million (2015 - $6.0 million; 2014 - $6.0 million) allocated to the Assurance Fund, left cash available for reinvestment in the LTSA's business at $28.3 million, an increase from last year's $21.6 million. In 2014 the balance stood at $19.9 million.

Cash from Operating Activities

Our primary source of cash is from operating activities. Cash from operations totalled $17.7 million, a strong increase from the $14.1 million generated in 2015. Cash from operating activities was $6.3 million in 2014. As our business model has become more capital and less labour intensive, we will continue to generate more cash from operations than in the past. We expect to have an overall positive cash flow from operating activities in 2017 very similar to that in 2016.

Capital Investments



Overall, we invested $9.6 million in capital projects in 2016 (2015 - $11.3 million; 2014 - $5.4 million) with almost 84% of the expenditures devoted to the construction of ParcelMap BC.

Future Investments in Capital Assets

Of the $28.3 million available for reinvestment, $6.6 million is committed for the build and implementation of ParcelMap BC which will be completed in the Spring of 2017. In addition, $1.0 million will be invested in other capital programs in 2017.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Risk and Uncertainty

Critical Accounting Estimates

Our financial statements are prepared in accordance with IFRS. These accounting principles require us to make certain estimates, assumptions and judgments. We believe that these estimates, assumptions and judgments upon which we rely are reasonable based upon information available to us at the time. The estimates, assumptions and judgments that we make can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates and actual results, our financial statements would be affected.

We believe that these estimates, assumptions and judgments pertaining to the pension plan, retirement benefit plan and long lived assets are the most critical assumptions to understand in order to evaluate our financial results. A detailed discussion of our use of estimates, assumptions and judgments as they relate to these policies is presented below. We have discussed the application of these critical accounting policies with the Audit and Finance Committee of the Board of Directors.

Public Service Pension Plan

The employees of the LTSA are members of the Public Service Pension Plan (the "Plan"), a defined benefit, multi-employer pension plan. The most recent Plan valuation, as at March 31, 2014, indicated a funding surplus in the Basic Account of $194 million, an improvement of $469 million from the $275 million deficit as at March 31, 2011.

Collective Agreement and Defined Retirement Benefit Plan

On May 14, 2014 the LTSA and the British Columbia Government Employees' Union ratified a new collective agreement covering the LTSA's unionized employees for a four-year period commencing November 1, 2013. Salary increases under the agreement are as follows:

May 18, 2014 – 2.0% plus a $600 bonus
November 2, 2014 – 1.75%
November 1, 2015 – 1.75%
October 30, 2016 – 2.0%

Outside of the Public Service Pension Plan, our unionized employees were eligible to receive a cash payment on retirement through an unregistered, unfunded defined benefit plan administered by the LTSA. Under the new collective agreement this plan was terminated and employees received a payout of benefits under a prescribed schedule.

There were no other substantive changes made to the collective agreement.

Impairment of Long Lived Assets

We regularly review the carrying value of property and equipment and intangible assets. We continually make estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the LTSA may be required to record impairment charges for these assets.

Please refer to the consolidated financial statements, which contain additional information regarding our accounting policies and other disclosures required by GAAP.

Consolidated Financial Statements
(Expressed in Canadian dollars)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Year ended March 31, 2016

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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INDEPENDENT AUDITORS' REPORT

To the Directors of the Land Title and Survey Authority of British Columbia

We have audited the accompanying consolidated financial statements of the Land Title and Survey Authority of British Columbia, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Land Title and Survey Authority of British Columbia as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

June 3, 2016
Victoria, Canada

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income
(Expressed in Canadian dollars)

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenue (note 7)	**$ 39,119,534**	$ 33,232,782
Expenses:		
Salaries and benefits	**12,644,375**	12,117,635
Information services	**2,966,367**	1,993,752
Office and business expenses	**1,367,440**	1,708,828
Building occupancy	**3,956,401**	3,403,176
Professional fees	**1,587,010**	939,539
Amortization	**5,448,975**	4,464,171
	27,970,568	24,627,101
Operating income	**11,148,966**	8,605,681
Other income (expenses):		
Bank charges, interest and investment fees	**(106,367)**	(100,060)
Interest income	**406,224**	425,222
Loss on disposal of property and equipment	**(86,086)**	(11,972)
	213,771	313,190
Income and comprehensive income before income taxes	**11,362,737**	8,918,871
Income taxes (note 13):		
Current	**285,321**	43,385
Deferred	**127,422**	584,594
	412,743	627,979
Net income and comprehensive income	**$ 10,949,994**	$ 8,290,892

See accompanying notes to the consolidated financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (note 8)	**$ 27,318,650**	$ 19,194,786
Investments (note 9)	**19,086,274**	16,657,354
Funds held for customers (note 10)	**3,040,721**	2,844,433
Trade and other receivables	**24,951**	169,989
Prepaids	**525,303**	392,855
	49,995,899	39,259,417
Property and equipment (note 11)	**4,907,636**	5,239,227
Intangible assets (note 12)	**26,451,396**	22,069,402
	31,359,032	27,308,629
	$ 81,354,931	$ 66,568,046
Liabilities and Equity		
Current liabilities:		
Customer deposits held (note 10)	**$ 3,040,721**	$ 2,844,433
Trade and other payables	**6,231,676**	4,392,832
Provisions (note 15)	**1,092,492**	599,550
Employee benefits (note 16)	**1,740,407**	1,602,022
Deferred revenue	**591,176**	557,257
Other current liabilities (note 17)	**238,588**	142,054
	12,935,060	10,138,148
Deferred tax liabilities (note 13)	**685,991**	558,569
Other non-current liabilities (note 18)	**1,766,780**	854,223
	2,452,771	1,412,792
	15,387,831	11,550,940
Equity:		
Retained earnings	**65,967,100**	55,017,106
Commitments (note 20)		
	$ 81,354,931	$ 66,568,046

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

_____________ Director _____________ Director

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars)

Year ended March 31, 2016, with comparative information for 2015

	Unappropriated retained earnings	Assurance Fund Reserve	Total retained earnings
		(note 19)	
Balance, April 1, 2014	$ 40,726,214	$ 6,000,000	$ 46,726,214
Net income and comprehensive income	8,290,892	-	8,290,892
Balance, March 31, 2015	49,017,106	6,000,000	55,017,106
Net income and comprehensive income	10,949,994	-	10,949,994
Balance, March 31, 2016	**$ 59,967,100**	**$ 6,000,000**	**$ 65,967,100**

See accompanying notes to the consolidated financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash flow from operating activities:		
Cash received for:		
Fees	$ **40,156,594**	$ 33,391,368
Fees collected on behalf of the Province of BC	**37,357,252**	30,538,607
Fees collected on behalf of other parties	**1,935,052**	1,036,793
Interest	**435,057**	473,713
	79,883,955	65,440,481
Cash paid for:		
Salaries and benefits	**(12,505,989)**	(12,440,775)
Goods and services	**(9,968,405)**	(7,290,486)
Sales and income taxes	**(502,529)**	(138,331)
Interest	**(2,541)**	(2,013)
Fees submitted to the Province of BC	**(37,266,182)**	(30,395,218)
Fees submitted to other parties	**(1,926,433)**	(1,041,671)
	(62,172,079)	(51,308,494)
Total cash flow from operating activities	**17,711,876**	14,131,987
Cash flow from financing activities:		
Repayment of finance lease obligation	**(24,119)**	(22,999)
Cash flow from investing activities:		
Purchase of investments	**(8,067,276)**	(5,830,532)
Proceeds from sale or maturity of investments	**5,638,356**	7,424,883
Purchase of property and equipment	**(816,244)**	(2,102,278)
Proceeds from disposal of property and equipment	**2,061**	1,886
Purchase of intangible assets	**(6,320,790)**	(7,441,261)
	(9,563,893)	(7,947,302)
Net increase in cash and cash equivalents	**8,123,864**	6,161,686
Cash and cash equivalents, beginning of year	**19,194,786**	13,033,100
Cash and cash equivalents, end of year	$ **27,318,650**	$ 19,194,786

See accompanying notes to the consolidated financial statements.

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 lawyers, notaries public and land surveyors 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. Summary of significant accounting policies:

(a) Basis of presentation and statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were authorized for issue on June 3, 2016 by the LTSA’s Board of Directors.

(b) Basis of consolidation:

The financial statements have been prepared on a consolidated basis which includes the assets, liabilities, revenues and expenses of the LTSA and its wholly-owned subsidiary, LandSure Systems Limited (“LandSure”). All significant inter-company transactions and balances have been eliminated upon consolidation.

(c) Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The LTSA considers all highly liquid financial assets purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks and money market funds.

2. Summary of significant accounting policies (continued):

(d) Property and equipment:

Property and equipment is measured at cost less accumulated amortization and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range from four to eight years as follows:

	Years
Office furniture and equipment	8
Vault storage systems	8
Technical equipment	4

Leasehold improvements are amortized over the lesser of the useful life of the leasehold improvement or the lease term, which includes renewal periods if renewal is reasonably assured. Tenant inducements are recognized as a part of the net consideration agreed for the use of leased assets and the aggregate benefit of incentives are recognized as a reduction of building occupancy expense over the lease term, on a straight-line basis. Costs incurred, including costs which are effectively reimbursed through an incentive arrangement, are accounted for in accordance with the IFRS standards applicable to those costs. Residual values and useful lives are reviewed at each reporting date.

(e) Intangible assets:

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization for intangible assets is calculated using the straight-line method over the estimated useful lives of the assets, which range from four to fifteen years. Residual values and useful lives are reviewed at each reporting date.

	Years
Acquired software	4
Internally-developed software	6
Internally-developed cadastral fabric	15

Acquired software:

Acquired computer software is capitalized on the basis of the costs incurred to acquire and install the specific software.

2. Summary of significant accounting policies (continued):

(e) Intangible assets (continued):

Internally-developed software and cadastral fabric:

The LTSA develops software and cadastral fabric for internal use. Costs that relate to the conceptual formulation and design of internally-developed software and cadastral fabric are expensed in the period incurred. Direct costs attributable to the software and cadastral fabric under development are capitalized after technological feasibility is established. Costs to support or service internally-developed software and cadastral fabric are expensed in the period incurred. Any capitalized internally-developed software and cadastral fabric that is not yet complete is not amortized.

(f) Impairment of property and equipment and intangible assets:

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows which are defined as cash-generating units. The carrying amounts of items in property and equipment and intangible assets are reviewed for indicators of impairment at the end of each reporting date. If such indicators are present, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

An impairment loss is recognized in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. Impairment losses recognized in prior periods are assessed for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the recoverable amount has increased, but not beyond the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(g) Provisions:

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

2. Summary of significant accounting policies (continued):

(h) Employee benefits:

Employee benefits, including employee leave entitlement and short-term termination benefits are measured at the undiscounted amount that the LTSA expects to pay to discharge the liability.

The LTSA also contributes through its payroll system for specific health care and other short-term benefits as provided for under the collective agreement with unionized employees and terms and conditions of employment for excluded employees.

(i) Post-employment benefits:

Public service pension plan:

The LTSA and some of its employees contribute to the Public Service Pension Plan ("PSPP"), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of the benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits are based on a formula. The plan has about 56,000 active plan members and approximately 43,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age method. This method produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted for the amortization of any funding surplus or deficit.

The latest actuarial valuation as at March 31, 2014 indicated a funding surplus of $194 million for basic pension benefits on a going concern basis.

The next valuation will be as at March 31, 2017, with results available in early 2018.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

2. Summary of significant accounting policies (continued):

(i) Post-employment benefits (continued):

LandSure retirement benefit:

LandSure contributes to employees' individual registered retirement savings plan accounts and to a group registered retirement savings plan. These contributions are recognized as an expense in the period that the contributions are paid.

(j) Revenue recognition:

Revenue arises from the rendering of land title and survey examination services, the sale of information products and the electronic processing of these services and products. It is measured at the fair value of consideration received or receivable, net of discounts.

Examination services:

The LTSA provides examination services to ensure that applications and plans are submitted in accordance with the rules and regulations as defined by various provincial statutes and acts. Recognition of revenue occurs on the day the transaction is completed. Transactions which are in progress and not yet completed at March 31, 2016 are recorded as deferred revenue.

Information products:

The LTSA provides information products such as title searches, document and plan images, title certificates, and document copies. Revenue is recognized at the time a customer receives the information product.

Service fees:

The LTSA provides electronic processing services of land title and survey transactions through its electronic portal, myLTSA. Revenue is recognized at the time the customer either submits an application or plan, or receives an information product.

(k) Income taxes:

The LTSA is a "Tax Exempt Corporation" as described in the *Income Tax Act* and as such, is exempt from federal and provincial income taxes. The operations of its subsidiary, LandSure are, however, subject to income tax.

For LandSure, deferred tax assets and liabilities are recognized on temporary differences between the tax bases of assets and liabilities and their respective carrying amounts. These deferred tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Deferred tax assets are recognized only to the extent it is considered probable that future taxable profit will be available against which the benefits of deductible temporary differences and available tax loss carry forwards can be utilized.

2. Summary of significant accounting policies (continued):

(l) Sales taxes:

The provision of registration services is an exempt supply under the *Excise Tax Act* for Goods and Services Tax (“GST”) purposes, where registration services include both examination services and some information products. Other services provided are subject to GST.

(m) Foreign currency:

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the LTSA and its subsidiary.

Transactions denominated in U.S. dollars have been translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in U.S. dollars have been translated into Canadian dollars at the year-end exchange rate. Exchange gains and losses are included in profit or loss for the year.

(n) Financial instruments:

The LTSA’s financial instruments consist of cash and cash equivalents, investments, funds held for customers, trade and other receivables, customer deposits held, trade and other payables, provisions, and other current and non-current liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending upon their classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the LTSA’s designation of such instruments.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets except for those at fair value through profit or loss are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset is impaired.

	Accounting classification		
Financial instrument	Loans and receivables	Fair value through profit or loss	Financial liabilities
Measured at amortized cost:			
Cash and cash equivalents	X		
Funds held for customers	X		
Trade and other receivables	X		
Provisions			X
Other current and non-current liabilities			X
Measured at fair value:			
Investments		X	

2. Summary of significant accounting policies (continued):

(o) Estimates and judgments:

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimates:

Fair value of financial instruments:

Determining the fair value at which to record a financial instrument requires judgment. Subsequent measurement of investments requires reference to active market transactions which may be volatile and therefore the actual realized value may differ from management's estimates.

Impairment:

When assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on the greater of its net realizable value and the discounted future cash flows expected to result from its use. Estimation uncertainty relates to assumptions about the amount and timing of future cash flows and selection of appropriate discount rates.

Useful lives of amortizable assets:

Management reviews its estimate of the useful lives of amortizable assets at each reporting date, based on the expected use of the assets. There is estimation uncertainty around the useful life of assets.

Provisions:

Individual Assurance Fund and other legal claims are examined to determine whether a liability has been created. Assessing the likelihood that a particular claim has resulted in the creation of an obligation and estimating the amount of any such obligation is inherently uncertain.

Judgments:

Capitalization of internally-developed software and cadastral fabric:

Distinguishing the research and development phases of a new customized software or cadastral fabric project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether there are any indicators that capitalized costs may be impaired.

2. Summary of significant accounting policies (continued):

(o) Estimates and judgments (continued):

Leased assets:

Determining whether to capitalize the costs of leased assets requires judgment in assessing whether the lease is operating or finance in nature. Management uses judgment when choosing an appropriate discount rate and when estimating the residual value of leased assets.

3. Changes in accounting policies:

(a) New standards and interpretations not yet adopted:

IFRS 15 – Revenue from Contracts with Customers:

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which superseded IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. The LTSA intends to adopt IFRS 15 in its financial statements for the annual period beginning April 1, 2018 and is currently evaluating the impact of IFRS 15 on its financial statements.

IFRS 9 – Financial Instruments:

In July 2014, the IASB issued IFRS 9, *Financial Instruments*, which replaces the earlier versions of IFRS 9 (2009, 2010 and 2013) and completes the IASB's project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a model for classification and measurement of financial assets; a single, forward-looking 'expected loss' impairment model and a substantially-revised approach to hedge accounting to better link the economics of risk management with its accounting treatment. The LTSA intends to adopt IFRS 9 in its financial statements for the annual period beginning April 1, 2018 and is currently evaluating the impact of IFRS 9 on its financial statements.

IFRS 16 – Leases:

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions. The LTSA intends to adopt IFRS 16 in its financial statements for the annual period beginning April 1, 2019 and is currently evaluating the impact of IFRS 16 on its financial statements.

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

4. 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	**March 31, 2016**
Investments:				
Short-term notes	$ -	$ 2,838,733	$ -	**$ 2,838,733**
Bonds	16,247,541	-	-	**16,247,541**
	$ 16,247,541	$ 2,838,733	$ -	**$ 19,086,274**

Financial assets	Level 1	Level 2	Level 3	March 31, 2015
Investments:				
Short-term notes	$ -	$ 13,081,117	$ -	$ 13,081,117
Bonds	3,576,237	-	-	3,576,237
	$ 3,576,237	$ 13,081,117	$ -	$ 16,657,354

During the year, no transfers occurred between levels.

Short-term notes and bonds 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.

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, other liabilities and provisions. These financial assets and liabilities, which are measured at amortized cost in the consolidated financial statements, are classified as Level 2 in the fair value hierarchy, as while quoted prices are available, these instruments are not traded in an active market.

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

4. Financial risk management (continued):

Liquidity risk:

Liquidity risk is the risk that the LTSA will not be able to meet its obligations as they fall due. The LTSA manages its liquidity risk through cash management including monitoring its investment portfolio.

The timing of cash outflows relating to financial liabilities at March 31 is outlined in the table below:

March 31, 2016	**Total**	Less than one year	One to three years	Thereafter
Customer deposits held	**$ 3,040,721**	$ 3,040,721	$ -	$ -
Trade and other payables	**6,231,676**	6,231,676	-	-
Provisions	**1,092,492**	1,092,492	-	-
Other current liabilities	**238,588**	238,588	-	-
Other non-current liabilities	**1,766,780**	-	1,763,735	3,045
	$ 12,370,257	$ 10,603,477	$ 1,763,735	$ 3,045

March 31, 2015	Total	Less than one year	One to three years	Thereafter
Customer deposits held	$ 2,844,433	$ 2,844,433	$ -	$ -
Trade and other payables	4,392,832	4,392,832	-	-
Provisions	599,550	599,550	-	-
Other current liabilities	142,054	142,054	-	-
Other non-current liabilities	854,223	-	839,299	14,924
	$ 8,833,092	$ 7,978,869	$ 839,299	$ 14,924

Credit risk:

Credit risk relates to cash and cash equivalents, trade and other receivables and investments and arises from the possibility that a counterparty to an instrument may fail to perform.

The LTSA invests cash that is not immediately required for operations for periods of up to three years in fixed income investment grade securities with ratings of BBB or higher for bonds and R1 (low) or higher for short-term instruments. These securities are issued by the Canadian federal and provincial governments, major Canadian chartered banks and other large Canadian financial institutions, and by Canadian or foreign corporations and, accordingly, minimal credit risk exists with respect to these investments. Prior to the adoption of the current investment policy in November 2015, the LTSA only invested in fixed income investment grade securities with ratings of AA or higher for bonds and R1 (mid) or higher for short-term instruments.

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

4. Financial risk management (continued):

Credit risk (continued):

The following shows the percentage of fixed income holdings in the LTSA's investment portfolio by short-term credit rating:

	2016	2015
R1 (high)	**11.1%**	75.2%
R1 (mid)	**11.6%**	5.6%
R1 (low)	**7.2%**	-
AAA	**7.3%**	-
AA	**48.0%**	19.2%
A	**11.5%**	-
BBB	**3.3%**	-
	100.0%	100.0%

The LTSA has no off-balance sheet concentrations of credit risk, such as foreign exchange contracts, option contracts or other hedging arrangements.

As at March 31, 2016, the LTSA's maximum exposure to credit risk was the carrying value of cash and cash equivalents, funds held for customers, trade and other receivables and investments.

Interest rate risk:

Interest rate risk relates to the possibility that the fair value of cash flows associated with the LTSA's investments will change due to future fluctuations in market interest rates. Duration is an appropriate measure of interest rate risk for fixed-income funds as a rise in interest rates will cause a decrease in prices – the longer the duration, the greater the effect.

A 1% increase in interest rates would result in a 0.8% decrease in the fair value of the outstanding bonds. The short-term notes have significantly shorter duration and accordingly are not subject to significant changes in fair market value as a result of interest rate fluctuations.

5. Segment information:

The LTSA has three reportable segments:

- Core Business, comprising the operations of the land title and surveyor general divisions;
- myLTSA, a simple electronic and communications portal to LTSA information and services; and
- ParcelMap BC ("PMBC") will be a single, complete, trusted and sustainable electronic map of all titled parcels and surveyed provincial Crown land parcels.

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

5. Segment information (continued):

The following tables summarize the operating performance of the reportable segments:

March 31, 2016	Core Business	myLTSA	PMBC	**Total**
Revenue	$ 29,373,258	$ 6,026,064	$ 3,720,212	**$ 39,119,534**
Expenses:				
Salaries and benefits	10,450,311	2,004,152	189,912	**12,644,375**
Information services	2,314,024	652,343	-	**2,966,367**
Office and business	1,216,969	145,216	5,255	**1,367,440**
Building occupancy	3,608,516	347,885	-	**3,956,401**
Professional fees	1,295,350	291,616	44	**1,587,010**
Amortization	3,867,773	1,008,230	572,972	**5,448,975**
Total expenses	22,752,943	4,449,442	768,183	**27,970,568**
	6,620,315	1,576,622	2,952,029	**11,148,966**
Other income and expenses	206,068	7,703	-	**213,771**
Income and comprehensive income before income taxes	6,826,383	1,584,325	2,952,029	**11,362,737**
Income taxes:				
Current	29,102	247,112	9,107	**285,321**
Deferred	3,026	124,396	-	**127,422**
	32,128	371,508	9,107	**412,743**
Net income and comprehensive income	$ 6,794,255	$ 1,212,817	$ 2,942,922	**$ 10,949,994**
Assets	$ 59,716,095	$ 7,032,226	$ 14,606,610	**$ 81,354,931**
Liabilities	$ 2,165,760	$ 3,856,434	$ 9,365,637	**$ 15,387,831**

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

5. Segment information (continued):

March 31, 2015	Core business	myLTSA	PMBC	Total
Revenue	$ 26,687,925	$ 5,024,096	$ 1,520,761	$ 33,232,782
Expenses:				
Salaries and benefits	11,051,239	1,027,152	39,244	12,117,635
Information services	1,713,061	278,066	2,625	1,993,752
Office and business	1,667,115	41,018	695	1,708,828
Building occupancy	3,215,971	187,205	-	3,403,176
Professional fees	895,461	44,078	-	939,539
Amortization	3,555,043	882,849	26,279	4,464,171
Total expenses	22,097,890	2,460,368	68,843	24,627,101
	4,590,035	2,563,728	1,451,918	8,605,681
Other income and expenses	302,588	10,602	-	313,190
Income and comprehensive income before income taxes	4,892,623	2,574,330	1,451,918	8,918,871
Income taxes:				
Current	-	43,385	-	43,385
Deferred	16,624	567,970	-	584,594
	16,624	611,355	-	627,979
Net income and comprehensive income	$ 4,875,999	$ 1,962,975	$ 1,451,918	$ 8,290,892
Assets	$ 51,811,685	$ 7,815,013	$ 6,941,348	$ 66,568,046
Liabilities	$ 2,705,726	$ 3,424,627	$ 5,420,587	$ 11,550,940

Between January and April 2014, myLTSA processed land title and survey transactions on behalf of BC OnLine. On May 1, 2014, at the end of the agreement with BC OnLine, myLTSA began commercial operations.

6. Capital management:

The LTSA's objectives, when managing capital, are to maintain an Assurance Fund cash reserve sufficient to cover expected claims against the fund at a greater than 90% statistical confidence level, maintain a contingency cash reserve of at least 25% of annual cash operating costs, and manage costs in line with revenues to ensure that the LTSA has sufficient net income to fund ongoing capital investment. In the definition of capital, the LTSA includes equity and long-term debt. There has been no change in the definition since the prior year.

The LTSA's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and capital investment opportunities. In order to maintain or adjust its capital structure, the LTSA may borrow in the future.

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

6. Capital management (continued):

The capital of the LTSA is comprised of:

	2016	2015
Equity	**$ 65,967,100**	$ 55,017,106

For the years ended March 31, 2016 and March 31, 2015, there were no changes in the LTSA's capital management policy and the LTSA met all of its capital management objectives.

7. Revenue

The LTSA's sources of revenue from operations are as follows:

	2016	2015
Examination services	**$ 21,102,955**	$ 18,629,703
Information products	**11,990,515**	9,578,983
Service fees	**6,026,064**	5,024,096
	$ 39,119,534	$ 33,232,782

On May 1, 2014, myLTSA entered into commercial operations which provided a new source of revenue through the electronic processing of land title and survey transactions.

On October 1, 2014, the fees for examination services and information products were raised by 12.5% to provide revenue to support the ongoing operations of PMBC.

On November 1, 2015, we adopted a new regulated fee structure, which reflected Provincial legislative action and a determination by an independent Fee Commissioner. The result reduced the number of fee categories and better aligned the level of effort with the cost of the service.

8. Cash and cash equivalents:

	2016	2015
Cash in bank and on hand	**$ 23,380,124**	$ 13,032,273
Cash equivalents	**3,938,526**	6,162,513
	$ 27,318,650	$ 19,194,786

Included in cash in bank and on hand are fees payable to the Province of British Columbia of $279,084 (2015: $188,014), fees payable to the Law Society of British Columbia of $6,654 (2015: $4,767), and fees payable to Access Point Information Canada Ltd. of $6,732 (2015: nil).

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

8. Cash and cash equivalents (continued):

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.

9. Investments:

	2016	2015
Short-term notes	**$ 2,838,732**	$ 13,081,117
Bonds	**16,247,542**	3,576,237
	$ 19,086,274	$ 16,657,354

Short-term notes consist of term deposits and commercial paper with maturities extending to one year with a weighted average interest rate of 0.2% (2015: 0.2%) and a weighted average term to maturity of 64 days (2015: 83 days). The outstanding bonds have a weighted average interest rate of 0.8% (2015: 1.2%) and a weighted average term to maturity of 295 days (2015: 377 days).

10. Funds held for customers:

At March 31, 2016, LTSA held funds due to customers in the amount of $3,040,721 (2015: $2,844,433). The funds held for customers are comprised of cash transferred by customers into their myLTSA deposit accounts and held in trust.

11. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost:					
Balance, March 31, 2014	$ 353,147	$ 2,277,995	$ 1,401,758	$ 3,853,262	$ 7,886,162
Additions	77,000	231,647	597,517	1,050,974	1,957,138
Disposals	(16,164)	(143,176)	(86,893)	(121,618)	(367,851)
Balance, March 31, 2015	413,983	2,366,466	1,912,382	4,782,618	9,475,449
Additions	10,555	275,116	289,914	273,547	849,132
Disposals	-	(22,056)	(118,156)	(104,933)	(245,145)
Balance, March 31, 2016	**$ 424,538**	**$ 2,619,526**	**$ 2,084,140**	**$ 4,951,232**	**$ 10,079,436**

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

11. Property and equipment (continued):

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
Amortization:					
Balance, March 31, 2014	$ (187,052)	$ (1,688,571)	$ (639,343)	$ (1,049,465)	$ (3,564,431)
Amortization	(33,492)	(263,336)	(208,594)	(506,828)	(1,012,250)
Disposals	16,164	129,330	76,585	118,380	340,459
Balance, March 31, 2015	(204,380)	(1,822,577)	(771,352)	(1,437,913)	(4,236,222)
Amortization	(41,168)	(272,629)	(235,115)	(550,442)	(1,099,354)
Disposals	-	22,056	106,159	35,561	163,776
Balance, March 31, 2016	**$ (245,548)**	**$(2,073,150)**	**$ (900,308)**	**$ (1,952,794)**	**$ (5,171,800)**
Net book value:					
March 31, 2015	$ 209,603	$ 543,889	$ 1,141,030	$ 3,344,705	$ 5,239,227
March 31, 2016	**$ 178,990**	**$ 546,376**	**$ 1,183,832**	**$ 2,998,438**	**$ 4,907,636**

Included in technical equipment at March 31, 2016 is $99,231 (2015: $99,231) of equipment held under a finance lease and related accumulated amortization of $41,834 (2015: $16,731).

12. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
Cost:					
Balance, April 1, 2014	$ 24,507,524	$ 2,277,995	$ -	$ 3,853,262	$ 7,886,162
Additions	99,346	231,647	-	1,050,974	1,957,138
Transfers	9,340,930	(143,176)	-	(121,618)	(367,851)
Balance, March 31, 2015	33,947,800	1,694,481	-	3,313,974	38,956,255
Additions	93,049	4,780,407	-	3,864,936	8,738,392
Transfers	3,055,022	(3,055,022)	1,742,349	(1,742,349)	-
Disposals	(723,225)	-	-	-	(723,225)
Balance, March 31, 2016	**$ 36,372,646**	**$ 3,419,866**	**$ 1,742,349**	**$ 5,436,561**	**$ 46,971,422**
Amortization:					
Balance, April 1, 2014	$ (13,434,935)	$ -	$ -	$ -	$ -
Amortization	(3,451,918)	-	-	-	(3,451,918)
Balance, April 1, 2015	(16,886,853)	-	-	-	(16,886,853)
Amortization	(4,297,996)	-	(51,625)	-	(4,349,621)
Disposals	716,448	-	-	-	716,448
Balance, March 31, 2016	**$ (20,468,401)**	**$ -**	**$ (51,625)**	**$ -**	**$(20,520,026**
Net book value:					
March 31, 2015	$ 17,060,947	$ 1,694,481	$ -	$ 3,313,974	$22,069,402
March 31, 2016	**$ 15,904,245**	**$ 3,419,866**	**$ 1,690,724**	**$ 5,436,561**	**$26,451,396**

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

12. Intangible assets (continued):

Software systems under development are primarily costs to design, build and implement ParcelMap BC, the LTSA's land title and registry system and myLTSA. Cadastral fabric under development is for costs to design, build and implement ParcelMap BC. During the year, the second release of software and the first, second and third increments of cadastral fabric were released, commencing amortization over their estimated useful lives of 6 years and 15 years respectively.

13. Income taxes:

	2016	2015
The income tax expense is as follows:		
Current	**$ 285,321**	$ 43,385
Deferred	**127,422**	584,594
	$ 412,743	$ 627,979
Deferred tax liabilities:		
Technical equipment	**$ 17,121**	$ 19,694
Office furniture and equipment	**10,182**	9,566
Leasehold improvements	**(5,003)**	(3,596)
Software systems	**663,691**	532,905
	$ 685,991	$ 558,569

The LTSA's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2016	2015
Net earnings before income taxes	**$11,362,737**	$ 8,918,871
Net tax exempt earnings	**(9,759,544)**	(6,391,275)
Net earnings subject to income taxes	**$ 1,603,193**	$ 2,527,596
Expected income tax expense at the combined tax rate of 26% (2015: 26%)	**$ 416,830**	$ 657,175
Decrease in income tax expense resulting from:		
Previously unrecognized loss carryforwards	**-**	(29,196)
Other	**(4,087)**	-
Income tax expense	**$ 412,743**	$ 627,979

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

14. Bank line of credit:

The LTSA has access to a demand revolving unsecured line of credit agreement with HSBC Bank Canada. The maximum credit available under the facility is $1.0 million (2015: $1.0 million), with interest at the Bank's prime rate payable monthly. There were no borrowings under the line of credit at March 31, 2016 (2015: nil).

15. Provisions:

Provisions for legal and other claims are recognized when the LTSA has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the LTSA and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

The carrying amounts and the movements in the provision account are as follows:

	Provision for legal claims	Other current provisions	Total current provisions
Balance, March 31, 2014	$ 510,000	$ 138,687	$ 648,687
Additions	-	6,748	6,748
Utilized	-	(40,885)	(40,885)
Reversals	-	(15,000)	(15,000)
Balance, March 31, 2015	510,000	89,550	599,550
Additions	1,245,596	700,346	1,945,942
Utilized	-	(700,000)	(700,000)
Reversals	(753,000)	-	(753,000)
Balance, March 31, 2016	**$ 1,002,596**	**$ 89,896**	**$ 1,092,492**

During the year, the LTSA modified a lease as the property was no longer required to support operations. As a result, a provision was recorded for the expected termination payment. This was subsequently settled for a payment of $696,634 within the year.

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

16. Employee benefits:

The liabilities recognized for employee benefits consist of the following amounts and represents the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	2016	2015
Current:		
Salaries payable	**$ 1,109,506**	$ 935,889
Employee leave liability	**536,602**	579,998
Superannuation and group RRSP benefits	**94,299**	86,135
	$ 1,740,407	$ 1,602,022

Public service pension plan:

The LTSA paid $730,099 (2015: $734,215) for employer contributions to the plan during the year which represents 0.1% of the total plan contributions.

LandSure retirement benefit:

LandSure contributed 5.0% of employees' base salaries to their individual registered retirement savings plan accounts or matched employees' contributions up to 6.0% of employees' base salaries to a group registered retirement savings plan. The amount recognized as an expense for the year ended March 31, 2016 was $127,961 (2015: $105,863).

Long-term disability plan:

A funded long-term disability multi-employer plan provides disability income benefits after employment, but before retirement. The amount recognized as an expense for the year ended March 31, 2016 was $76,411 (2015: $102,921).

Expenses for other benefit programs funded by the LTSA totalled $919,293 (2015: $688,499).

17. Other current liabilities:

The LTSA signed a contract with MacDonald Dettweiler and Associates Ltd. ("MDA") to build ParcelMap BC. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work.

As at March 31, 2016, the current portion of holdbacks payable to MDA for PMBC was nil (2015: $88,834).

	2016	2015
Holdbacks payable	**$ -**	$ 88,834
Income taxes payable	**238,588**	53,220
	$ 238,588	$ 142,054

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

18. Other non-current liabilities:

As at March 31, 2016, the non-current portion of holdbacks payable to MDA for PMBC was $1,735,219 (2015: $800,639).

	2016	2015
Holdbacks payable	**$ 1,735,219**	$ 800,639
Capital lease obligation	**31,561**	53,584
	$ 1,766,780	$ 854,223

19. Assurance Fund reserve:

The *Land Title Act* establishes an Assurance Fund for the Province of British Columbia for claims arising from actions prior to the establishment of the LTSA, and for the LTSA for claims since its inception in January 2005. The compensation rules for administering the funds are established in the *Land Title Act* to compensate individuals in the rare cases where they are deprived of title due to an error in the operation of the *Land Title Act* or in the administration of the Land Title system under the Registrar’s direction.

The Assurance Fund reserve is an appropriation of retained earnings set by the Board of Directors to support the LTSA’s Assurance Fund. The balance of the reserve is established each year based on the results of a periodic independent analysis of the program using actuarial assumptions and methods. This analysis considers the *Land Title Act* rules, the Assurance Funds’ claims history going back to the early 1980’s, changing market conditions, transaction volumes and other factors.

The Assurance Fund reserve was set at $6.0 million at March 31, 2016 (2015: $6.0 million). During the year, no settlements (2015: nil) were paid.

20. Commitments:

Building occupancy:

The LTSA leases four offices under operating leases expiring between 2020 and 2025. Future minimum payments under the leases are as follows:

2017	**$ 3,252,450**
2018	**3,277,499**
2019	**3,314,519**
2020	**3,050,020**
2021	**2,565,591**
2022 and thereafter	**10,854,444**
	$ 26,314,523

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

20. Commitments (continued):

Building occupancy (continued):

Rent expense under all operating leases was $3,259,767 during the year ended March 31, 2016 (2015: $3,403,176).

21. 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 year ended March 31, 2016, 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 $2,736,291 (2015: $2,430,045).

Products and services acquired from the province for the year ended March 31, 2016 totalled $774,699 (2015: $1,106,793).

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 year ended March 31, 2016, 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 $618,062 (2015: $739,934).

Compensation of key management personnel:

Position	**Name**	**Base Salary**	**Performance Incentive**	**Other** (1)	**Total 2016**	Total 2015
President & Chief Executive Officer	Godfrey Archbold (2)	191,579	64,280	13,374	**269,233**	315,246
Vice President & Chief Information Officer	Al-Karim Kara	183,977	34,963	35,521	**254,461**	250,633
Vice President & Chief Financial Officer	Gregory Pedersen	182,046	33,864	34,859	**250,769**	241,777
Vice President, Regulatory and Corporate Affairs	Leslie Hildebrandt	179,602	32,403	37,238	**249,243**	229,958
Director of Land Titles	Craig Johnston	176,486	32,879	35,991	**245,356**	234,804

(1) Other compensation includes defined benefit pension plan contributions, long-term disability plan premiums, Canadian Pension Plan premiums, parking, extended health and dental plan premiums, professional membership fees, Medical Service Plan premiums, Workers Compensation Plan premiums and group life insurance premiums.

(2) Retired on January 29, 2016.

For the year ended March 31, 2016, the LTSA recorded total compensation for non-management directors of $277,089 (2015: $268,500).

21. Related party transactions (continued):

Real property taxation authorities (continued):

The LTSA's Executive Officers have specific, individual employment contracts. These contracts make provision for payments by the LTSA for termination without just cause and payments in these circumstances range from approximately 10 to 18 months of base salary, performance incentives and benefits. The value of these contingent commitments at March 31, 2016 totalled $2.4 million (2015: $2.3 million).

In the event of a termination arising from a change in control of the LTSA, agreements with the Executive Officers provide for termination benefits of 24 months of base salary but no payments of performance incentives or benefits. The value of these contingent commitments at March 31, 2016 totalled $3.0 million (2015: $2.9 million). These benefits would be in place of, and not in addition to, the benefits described in the immediately preceding paragraph.