

Condensed Consolidated Interim Financial Statements of

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

Three and nine months ended December 31, 2015 and 2014  
(Unaudited)

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31

	Three Months		Nine Months	
	2015	2014	2015	2014
Revenue (note 4)	<b>\$ 9,718,847</b>	\$ 8,782,502	<b>\$ 30,942,151</b>	\$ 25,115,290
Expenses:				
Salaries and benefits	<b>3,160,902</b>	3,098,192	<b>9,349,493</b>	9,188,115
Information services	<b>518,122</b>	359,986	<b>2,208,599</b>	1,377,560
Office and business expenses	<b>500,895</b>	435,316	<b>1,065,832</b>	1,282,295
Building occupancy	<b>817,263</b>	871,098	<b>3,194,016</b>	2,663,277
Professional fees	<b>504,573</b>	164,387	<b>1,025,795</b>	618,850
Amortization	<b>1,400,146</b>	1,139,178	<b>3,997,602</b>	3,227,721
	<b>6,901,901</b>	6,068,157	<b>20,841,337</b>	18,357,818
Operating income	<b>2,816,946</b>	2,714,345	<b>10,100,814</b>	6,757,472
Other income (expenses):				
Bank charges, interest and investment fees	<b>(25,649)</b>	(24,979)	<b>(77,818)</b>	(74,898)
Interest income	<b>103,152</b>	108,163	<b>294,082</b>	311,860
(Loss) gain on disposal of property and equipment	<b>(6,777)</b>	407	<b>(86,311)</b>	(11,972)
	<b>70,726</b>	83,591	<b>129,953</b>	224,990
Income and comprehensive income before income taxes	<b>2,887,672</b>	2,797,936	<b>10,230,767</b>	6,982,462
Income taxes (note 10)				
Current	<b>56,049</b>	143,929	<b>246,407</b>	229,067
Deferred	<b>33,001</b>	25,609	<b>90,064</b>	86,174
	<b>89,050</b>	169,538	<b>336,471</b>	315,241
Net income and comprehensive income	<b>\$ 2,798,622</b>	\$ 2,628,398	<b>\$ 9,894,296</b>	\$ 6,667,221

See accompanying notes to the condensed consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Condensed Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	December 31, 2015	March 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 5)	\$ 26,439,994	\$ 19,194,786
Investments (note 6)	18,142,808	16,657,354
Funds held for customers (note 7)	3,072,906	2,844,433
Trade and other receivables	26,022	169,989
Prepaid expenses	507,500	392,855
	<b>48,189,230</b>	<b>39,259,417</b>
Property and equipment (note 8)	5,068,690	5,239,227
Intangible assets (note 9)	24,918,364	22,069,402
	<b>29,987,054</b>	<b>27,308,629</b>
	<b>\$ 78,176,284</b>	<b>\$ 66,568,046</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Customer deposits held (note 7)	\$ 3,072,906	\$ 2,844,433
Trade and other payables	5,784,208	4,392,832
Provisions (note 11)	324,550	599,550
Employee benefits (note 12)	1,333,354	1,602,022
Deferred revenue	444,070	557,257
Other current liabilities (note 13)	199,675	142,054
	<b>11,158,763</b>	<b>10,138,148</b>
Deferred tax liabilities (note 10)	648,633	558,569
Other non-current liabilities (note 14)	1,457,486	854,223
	<b>2,106,119</b>	<b>1,412,792</b>
Total liabilities	<b>13,264,882</b>	<b>11,550,940</b>
Equity		
Retained earnings	64,911,402	55,017,106
	<b>\$ 78,176,284</b>	<b>\$ 66,568,046</b>

See accompanying notes to the condensed consolidated interim financial statements.

## LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Condensed Consolidated Statements of Change in Equity

(Unaudited)

(Expressed in Canadian dollars)

Nine months ended December 31

	Unappropriated retained earnings	Assurance Fund Reserve	Total retained earnings
Balance, April 1, 2014	\$ 40,726,214	\$ 6,000,000	\$ 46,726,214
Net income and comprehensive income	6,667,221	-	6,667,221
Balance, December 31, 2014	\$ 47,393,435	\$ 6,000,000	\$ 53,393,435
Balance, April 1, 2015	\$ 49,017,106	\$ 6,000,000	\$ 55,017,106
Net income and comprehensive income	9,894,296	-	9,894,296
Balance, December 31, 2015	<b>\$ 58,911,402</b>	<b>\$ 6,000,000</b>	<b>\$ 64,911,402</b>

See accompanying notes to the condensed consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

Nine months ended December 31

	2015	2014
Cash flow from operating activities:		
Cash received for:		
Fees	<b>\$ 30,827,786</b>	\$ 25,078,946
Fees collected on behalf of the Province of BC	<b>27,166,860</b>	23,142,414
Fees collected on behalf of other parties	<b>1,264,220</b>	865,860
Interest	<b>385,775</b>	383,946
Sales and income taxes	<b>345</b>	27,932
	<b>59,644,986</b>	49,499,098
Cash paid for:		
Salaries and benefits	<b>(9,618,161)</b>	(9,678,124)
Goods and services	<b>(6,540,331)</b>	(5,201,950)
Sales and income taxes	<b>(423,856)</b>	(15,769)
Interest	<b>(1,818)</b>	(1,105)
Fees submitted to the Province of BC	<b>(27,296,049)</b>	(23,136,864)
Fees submitted to other parties	<b>(1,265,897)</b>	(874,052)
	<b>(45,146,112)</b>	(38,907,864)
Total cash flow from operating activities	<b>14,498,874</b>	10,591,234
Cash flow from financing activities:		
Repayment of finance lease obligation	<b>(15,352)</b>	(17,062)
Cash flow from investing activities:		
Purchase of investments	<b>(4,110,820)</b>	(5,830,532)
Proceeds from sale or maturity of investments	<b>2,625,366</b>	4,008,371
Purchase of property and equipment	<b>(709,082)</b>	(1,764,565)
Proceeds from disposal of property and equipment	<b>1,836</b>	1,886
Purchase of intangible assets	<b>(5,045,614)</b>	(4,884,574)
	<b>(7,238,314)</b>	(8,469,414)
Net increase in cash and cash equivalents	<b>7,245,208</b>	2,104,758
Cash and cash equivalents, beginning of period	<b>19,194,786</b>	13,033,100
Cash and cash equivalents, end of period	<b>\$ 26,439,994</b>	\$ 15,137,858

See accompanying notes to the condensed consolidated interim financial statements

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

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## 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. Basis of presentation and statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the LTSA's consolidated financial statements for the year ended March 31, 2015. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard 34, *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2015, which are included in the LTSA's 2015 annual report. These consolidated interim financial statements were authorized for issuance on February 19, 2016 by the LTSA's Board of Directors.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 3. 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"), a single, complete, trusted and sustainable electronic map of all titled parcels and surveyed provincial Crown land parcels.

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

Three months ended December 31, 2015

	Core Business	myLTSA	PMBC	Total
Revenue	\$ 7,399,107	\$ 1,417,195	\$ 902,545	\$ 9,718,847
Expenses:				
Salaries and benefits	2,699,789	369,355	91,758	3,160,902
Information services	399,835	118,287	-	518,122
Office and business	474,300	24,434	2,161	500,895
Building occupancy	749,080	68,183	-	817,263
Professional fees	438,990	65,539	44	504,573
Amortization	974,564	248,107	177,475	1,400,146
Total expenses	5,736,558	893,905	271,438	6,901,901
Other income and expenses	68,983	1,743	-	70,726
Income and comprehensive income before income taxes	1,731,532	525,033	631,107	2,887,672
Income taxes (recoverable)				
Current	(55,665)	109,270	2,444	56,049
Deferred	2,914	30,087	-	33,001
	(52,751)	139,357	2,444	89,050
Net income and comprehensive income	\$ 1,784,283	\$ 385,676	\$ 628,663	\$ 2,798,622

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 3. Segment information (continued)

Nine months ended December 31, 2015

	Core Business	myLTSA	PMBC	Total
Revenue	\$ 23,495,146	\$ 4,562,116	\$ 2,884,889	\$ 30,942,151
Expenses:				
Salaries and benefits	8,098,614	1,159,121	91,758	9,349,493
Information services	1,715,543	493,056	-	2,208,599
Office and business	988,709	74,962	2,161	1,065,832
Building occupancy	2,988,207	205,809	-	3,194,016
Professional fees	908,367	117,384	44	1,025,795
Amortization	2,914,321	739,307	343,974	3,997,602
Total expenses	17,613,761	2,789,639	437,937	20,841,337
Other income and expenses	123,610	6,343	-	129,953
Income and comprehensive income before income taxes	6,004,995	1,778,820	2,446,952	10,230,767
Income taxes (recoverable)				
Current	(139,802)	379,734	6,475	246,407
Deferred	5,234	84,830	-	90,064
	(134,568)	464,564	6,475	336,471
Net income and comprehensive income	\$ 6,139,563	\$ 1,314,256	\$ 2,440,477	\$ 9,894,296



# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 3. Segment information (continued)

Three months ended December 31, 2014

	Core Business	myLTSA	PMBC	Total
Revenue	\$ 6,688,502	\$ 1,318,390	\$ 775,610	\$ 8,782,502
Expenses:				
Salaries and benefits	2,798,706	299,486	-	3,098,192
Information services	293,229	66,757	-	359,986
Office and business	423,531	11,785	-	435,316
Building occupancy	815,081	56,017	-	871,098
Professional fees	175,843	-	(11,456)	164,387
Amortization	913,794	225,384	-	1,139,178
Total expenses	5,420,184	659,429	(11,456)	6,068,157
Other income and expenses	79,595	3,996	-	83,591
Income and comprehensive income before income taxes	1,347,913	662,957	787,066	2,797,936
Income taxes (recoverable)				
Current	(56,660)	200,589	-	143,929
Deferred	2,064	23,545	-	25,609
	(54,596)	224,134	-	169,538
Net income and comprehensive income	\$ 1,402,509	\$ 438,823	\$ 787,066	\$ 2,628,398

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 3. Segment information (continued)

Nine months ended December 31, 2014

	Core Business	myLTSA	PMBC	Total
Revenue	\$ 20,639,481	\$ 3,700,199	\$ 775,610	\$ 25,115,290
Expenses:				
Salaries and benefits	8,412,279	736,593	39,243	9,188,115
Information services	1,175,949	198,986	2,625	1,377,560
Office and business	1,252,860	28,741	694	1,282,295
Building occupancy	2,504,598	158,679	-	2,663,277
Professional fees	615,323	3,527	-	618,850
Amortization	2,613,590	614,131	-	3,227,721
Total expenses	16,574,599	1,740,657	42,562	18,357,818
Other income and expenses	217,249	7,741	-	224,990
Income and comprehensive income before income taxes	4,282,131	1,967,283	733,048	6,982,462
Income taxes				
Current	-	229,067	-	229,067
Deferred	5,266	80,908	-	86,174
	5,266	309,975	-	315,241
Net income and comprehensive income	\$ 4,276,865	\$ 1,657,308	\$ 733,048	\$ 6,667,221

## December 31, 2015

Assets	\$ 55,246,068	\$ 10,586,609	\$ 12,343,607	\$ 78,176,284
Liabilities	\$ 961,299	\$ 3,921,214	\$ 8,382,369	\$ 13,264,882

## March 31, 2015

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

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 4. Revenue

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

	Three months ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Information products	\$ 2,864,432	\$ 2,393,503	\$ 8,703,514	\$ 7,055,814
Examination services	5,437,220	5,070,609	17,676,521	14,359,277
Service fees	1,417,195	1,318,390	4,562,116	3,700,199
	<b>\$ 9,718,847</b>	<b>\$ 8,782,502</b>	<b>\$ 30,942,151</b>	<b>\$ 25,115,290</b>

## 5. Cash and cash equivalents

	December 31, 2015	March 31, 2015
Cash in bank and on hand	\$ 21,620,839	\$ 3,032,273
Cash equivalents	4,819,155	6,162,513
	<b>\$ 26,439,994</b>	<b>\$ 19,194,786</b>

Included in cash in bank and on hand is fees payable to the Province of British Columbia of \$58,825 (March 31, 2015: \$188,014) and fees payable to the Law Society of British Columbia and Access Point Information Canada Inc. of \$3,090 (March 31, 2015: \$4,767).

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.

## 6. Investments

	December 31, 2015	March 31, 2015
Short-term notes	\$ 7,096,023	\$ 13,081,117
Bonds	11,046,785	3,576,237
	<b>\$ 18,142,808</b>	<b>\$ 16,657,354</b>

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 7. Funds held for customers

At December 31, 2015, LTSA held funds due to customers in the amount of \$3,072,906 (March 31, 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.

## 8. Property and equipment

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
<b>Cost</b>					
Balance, April 1, 2014	\$ 353,147	\$ 2,277,995	\$ 1,401,758	\$ 3,853,262	\$ 7,886,162
Additions	73,700	227,368	592,165	990,031	1,883,264
Disposals	(10,665)	(110,985)	(81,177)	(121,619)	(324,386)
<b>Balance, Dec. 31, 2014</b>	<b>\$ 416,182</b>	<b>\$ 2,394,378</b>	<b>\$ 1,912,806</b>	<b>\$ 4,721,674</b>	<b>\$ 9,445,040</b>
Balance, April 1, 2015	\$ 413,983	\$ 2,366,466	\$ 1,912,382	\$ 4,782,618	\$ 9,475,449
Additions	6,647	253,489	229,813	243,799	733,748
Disposals	-	(22,056)	(118,156)	(104,933)	(245,145)
<b>Balance, Dec. 31, 2015</b>	<b>\$ 420,630</b>	<b>\$ 2,597,899</b>	<b>\$ 2,024,039</b>	<b>\$ 4,921,484</b>	<b>\$ 9,964,052</b>
<b>Amortization</b>					
Balance, April 1, 2014	\$ (187,052)	\$ (1,688,571)	\$ (639,343)	\$ (1,049,465)	\$ (3,564,431)
Amortization	(26,128)	(198,300)	(139,501)	(320,410)	(684,339)
Disposals	10,665	97,139	70,809	118,380	296,993
<b>Balance, Dec. 31, 2014</b>	<b>\$ (202,515)</b>	<b>\$ (1,789,732)</b>	<b>\$ (708,035)</b>	<b>\$ (1,251,495)</b>	<b>\$ (3,951,777)</b>
Balance, April 1, 2015	\$ (204,380)	\$ (1,822,577)	\$ (771,352)	\$ (1,437,913)	\$ 4,236,222)
Amortization	(30,816)	(204,382)	(174,501)	(413,218)	(822,917)
Disposals	-	22,056	106,160	35,561	163,777
<b>Balance, Dec. 31, 2015</b>	<b>\$ (235,196)</b>	<b>\$ (2,004,903)</b>	<b>\$ (839,693)</b>	<b>\$ (1,815,570)</b>	<b>\$ (4,895,362)</b>
<b>Net book value</b>					
December 31, 2014	\$ 213,667	\$ 604,646	\$ 1,204,771	\$ 3,470,179	\$ 5,493,263
<b>December 31, 2015</b>	<b>\$ 185,434</b>	<b>\$ 592,996</b>	<b>\$ 1,184,346</b>	<b>\$ 3,105,914</b>	<b>\$ 5,068,690</b>

Included in technical equipment at December 31, 2015 is \$99,231 (March 31, 2015: \$99,231) of equipment held under a finance lease and related accumulated amortization of \$35,557 (March 31, 2015: \$16,731).

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 9. Intangible assets

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
<b>Cost</b>					
Balance, April 1, 2014	\$ 24,507,524	\$ 5,332,066	\$ -	\$ -	\$ 29,839,590
Additions	5,660	4,600,400	-	2,676,592	7,282,652
Transfers	5,661,584	(5,661,584)	-	-	-
<b>Balance, Dec. 31, 2014</b>	<b>\$ 30,174,768</b>	<b>\$ 4,270,882</b>	<b>\$ -</b>	<b>\$ 2,676,592</b>	<b>\$ 37,122,242</b>
Balance, April 1, 2015	\$ 33,947,800	\$ 1,694,481	\$ -	\$ 3,313,974	\$ 38,956,255
Additions	87,438	3,220,820	-	2,722,175	6,030,433
Transfers	2,968,128	(2,968,128)	1,161,566	(1,161,566)	-
Disposals	(723,225)	-	-	-	(723,225)
<b>Balance, Dec. 31, 2015</b>	<b>\$ 36,280,141</b>	<b>\$ 1,947,163</b>	<b>\$ 1,161,566</b>	<b>\$ 4,874,583</b>	<b>\$ 44,263,463</b>
<b>Amortization</b>					
Balance, April 1, 2014	\$ (13,434,935)	\$ -	\$ -	\$ -	\$ (13,434,935)
Amortization	(2,543,381)	-	-	-	(2,543,381)
<b>Balance, Dec. 31, 2014</b>	<b>\$ (15,978,316)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,978,316)</b>
Balance, April 1, 2015	\$ (16,886,854)	\$ -	\$ -	\$ -	\$ (16,886,854)
Amortization	(3,152,107)	-	(22,586)	-	(3,174,693)
Disposals	716,448	-	-	-	716,448
<b>Balance, Dec. 31, 2015</b>	<b>\$ (19,322,513)</b>	<b>\$ -</b>	<b>\$ (22,586)</b>	<b>\$ -</b>	<b>\$ (19,345,099)</b>
<b>Net book value</b>					
December 31, 2014	\$ 14,196,452	\$ 4,270,882	\$ -	\$ 2,676,592	\$ 21,143,926
<b>December 31, 2015</b>	<b>\$ 16,957,628</b>	<b>\$ 1,947,173</b>	<b>\$ 1,138,980</b>	<b>\$ 4,874,583</b>	<b>\$ 24,918,364</b>

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 quarter, the second release of software and the second increment of cadastral fabric were released, commencing amortization over their estimated useful lives of 6 years and 15 years respectively.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 10. Income taxes

	December 31, 2015	March 31, 2015
Deferred tax liabilities:		
Property and equipment	\$ 24,508	\$ 25,664
Intangible asset	624,125	532,905
	<b>\$ 648,633</b>	<b>\$ 558,569</b>

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:

	Three months ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Net earnings before income taxes	\$ 2,887,672	\$ 2,797,936	\$ 10,230,767	\$ 6,982,462
Net tax exempt earnings	(2,545,172)	(2,099,860)	(8,936,649)	(5,072,477)
Net earnings subject to income taxes	<b>\$ 342,500</b>	\$ 698,076	<b>\$ 1,294,118</b>	\$ 1,909,985
Expected income tax expense at the combined tax rate of 26% (2014: 26%)	<b>\$ 89,050</b>	\$ 181,500	<b>\$ 336,471</b>	\$ 496,596
Decrease in income tax expense resulting from:				
Previously unrecognized loss carryforwards	-	(11,962)	-	(181,355)
Income tax expense	<b>\$ 89,050</b>	\$ 169,538	<b>\$ 336,471</b>	\$ 315,241

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

Three and nine months ended December 31, 2015

## 11. Provisions

All provisions are considered current. The carrying amounts and the movements in the provision account are as follows:

	Assurance Fund claims	Salaries and benefits reserve	Building lease occupancy reserve	Total
Balance, April 1, 2014	\$ 510,000	\$ 138,687	\$ -	\$ 648,687
Utilized	-	(40,885)	-	(40,885)
Reversals	-	(15,000)	-	(15,000)
Balance, December 31, 2014	\$ 510,000	\$ 82,802	\$ -	\$ 592,802
Balance, April 1, 2015	\$ 510,000	\$ 89,550	\$ -	\$ 599,550
Additions	243,000	-	700,000	943,000
Utilized	-	-	(700,000)	(700,000)
Reversals	(518,000)	-	-	(518,000)
<b>Balance, December 31, 2015</b>	<b>\$ 235,000</b>	<b>\$ 89,550</b>	<b>\$ -</b>	<b>\$ 324,550</b>

During the three months ended December 31, 2015, the LTSA made a payment of \$696,634 to vacate certain leased premises in Victoria, BC and extinguish the related lease obligation.

## 12. Employee benefits

The liabilities recognized for employee benefits consist of the following amounts:

	December 31, 2015	March 31, 2015
Salaries payable	\$ 644,268	\$ 935,889
Employee leave liability	611,612	579,998
Superannuation and group RRSP benefits	77,474	86,135
	<b>\$ 1,333,354</b>	<b>\$ 1,602,022</b>

These liabilities represents the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months.

### Public service pension plan

The LTSA recognized as an expense \$189,632 and \$550,505 for employer contributions to the plan during the three and nine months ended December 31, 2015 (2014: \$192,361 and \$558,565).

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## 12. Employee benefits (continued)

### LandSure retirement benefit

LandSure contributes 6.0% of employees' base salaries to a group registered retirement savings plan. The amount recognized as an expense for the three and nine months ended December 31, 2015 was \$30,979 and \$93,703 (2014: \$28,388 and \$74,076).

## 13. Other current liabilities

Other current liabilities include income taxes payable of \$199,675 (March 31, 2015: \$53,220), and holdbacks payable of nil (March 31, 2015: \$88,834).

	December 31, 2015	March 31, 2015
Income taxes payable	\$ 199,675	\$ 53,220
Holdbacks payable	-	88,834
	\$ 199,675	\$ 142,054

## 14. Other non-current liabilities

Under 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.

	December 31, 2015	March 31, 2015
Holdbacks payable	\$ 1,419,557	\$ 800,639
Capital lease obligation	37,929	53,584
	\$ 1,457,486	\$ 854,223

During the quarter, the parties agreed to increase the value of the contract by \$1.3 million to accommodate additional functionality.



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## 15. Related party transactions

### Province of British Columbia

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the three and nine months ended December 31, 2015, 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 \$732,000 and \$2,077,528 (2014: \$631,671 and \$1,806,323).

Products and services acquired from the province for the three and nine months ended December 31, 2015 totalled \$189,134 and \$573,681 (2014: \$184,403 and \$805,387).

### Real property taxation authorities

Various real property taxation authorities are entitled to use the land title system free of charge for the administration of the taxation of real property. During the three and nine months ended December 31, 2015, 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 \$149,022 and \$471,956 (2014: \$173,986 and \$538,480).