

Consolidated Interim Financial Statements  
(Expressed in Canadian dollars)

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

Three months ended June 30, 2018 and 2017  
(Unaudited)

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Comprehensive Income  
(Unaudited)  
(Expressed in Canadian dollars)

Three months ended June 30, 2018, with comparative information for 2017

	2018	2017
Revenue (note 5)	\$ 10,557,610	\$ 10,892,749
Expenses:		
Salaries and benefits	3,989,223	3,755,849
Information services	1,234,690	821,933
Office and business expenses	661,215	551,538
Building occupancy	770,754	811,138
Professional fees	785,642	340,839
Amortization	1,881,351	1,785,770
	<u>9,322,875</u>	<u>8,067,067</u>
Operating income	1,234,735	2,825,682
Other income (expenses):		
Bank charges, interest and investment fees	(30,194)	(28,448)
Interest income	383,171	187,665
Change in fair value of investments	(10,993)	(98,062)
(Loss) gain on disposal of investments	(66,762)	400
	<u>275,222</u>	<u>61,555</u>
Income and comprehensive income before income taxes	1,509,957	2,887,237
Income tax expense (recovery) (note 11):		
Current	118,729	189,301
Deferred	(52,970)	(42,016)
	<u>65,759</u>	<u>147,285</u>
Net income and comprehensive income	<u>\$ 1,444,198</u>	<u>\$ 2,739,952</u>

See accompanying notes to the consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	June 30, 2018	March 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 6)	\$ 46,644,161	\$ 44,941,338
Investments (note 7)	21,831,171	23,009,696
Funds held for customers (note 8)	3,573,711	3,467,975
Trade and other receivables	108,342	76,781
Prepaid expenses	561,222	662,559
	<b>72,718,607</b>	<b>72,158,349</b>
Property and equipment (note 9)	5,138,813	3,534,270
Intangible assets (note 10)	21,790,692	22,924,128
	<b>26,929,505</b>	<b>26,458,398</b>
	<b>\$ 99,648,112</b>	<b>\$ 98,616,747</b>

## Liabilities and Equity

Current liabilities:		
Trade and other payables	\$ 5,822,784	\$ 5,506,482
Customer deposits held (note 8)	3,573,711	3,467,975
Provisions (note 12)	260,419	224,419
Employee benefits (note 13)	1,566,374	2,506,879
Deferred revenue (note 5)	599,272	554,729
Income taxes payable	-	68,710
Other current liabilities (note 14)	129,646	34,093
	<b>11,952,206</b>	<b>12,363,287</b>
Deferred tax liabilities (note 11)	418,843	471,813
Other non-current liabilities (note 15)	438,800	387,582
	<b>857,643</b>	<b>859,395</b>
	<b>12,809,849</b>	<b>13,222,682</b>
Equity:		
Retained earnings	86,838,263	85,394,065
	<b>\$ 99,648,112</b>	<b>\$ 98,616,747</b>

See accompanying notes to the consolidated interim financial statements.

## LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

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

Three months ended June 30, 2018, with comparative information for 2017

	Unappropriated retained earnings	Assurance Fund Reserve	Total retained earnings
Balance, April 1, 2017	\$ 70,809,862	\$ 6,000,000	\$ 76,809,862
Net income and comprehensive income	2,739,952	-	2,739,952
Balance, June 30, 2017	\$ 73,549,814	\$ 6,000,000	\$ 79,549,814
Balance, April 1, 2018	\$ 79,394,065	\$ 6,000,000	\$ 85,394,065
Net income and comprehensive income	1,444,198	-	1,444,198
Balance, June 30, 2018	<b>\$ 80,838,263</b>	<b>\$ 6,000,000</b>	<b>\$ 86,838,263</b>

See accompanying notes to the consolidated interim financial statements.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Statement of Cash Flows  
(Unaudited)  
(Expressed in Canadian dollars)

Three months ended June 30, 2018, with comparative information for 2017

	2018	2017
Cash flow from operating activities:		
Cash received for:		
Fees	<b>\$ 10,602,152</b>	\$ 11,076,221
Fees collected on behalf of the Province of BC	<b>10,381,417</b>	10,901,161
Fees collected on behalf of other parties	<b>2,221,803</b>	2,281,316
Interest	<b>302,493</b>	87,477
	<b>23,507,865</b>	24,346,175
Cash paid for:		
Salaries and benefits	<b>(4,929,725)</b>	(4,395,613)
Goods and services	<b>(2,877,829)</b>	(2,976,985)
Sales and income taxes	<b>(327,123)</b>	(506,775)
Fees submitted to the Province of BC	<b>(10,387,537)</b>	(10,849,970)
Fees submitted to other parties	<b>(2,220,700)</b>	(2,269,183)
	<b>(20,742,914)</b>	(20,998,526)
Total cash flow from operating activities	<b>2,764,951</b>	3,347,649
Cash flow from financing activities:		
Repayment of finance lease obligation	<b>(4,988)</b>	(7,781)
Cash flow from investing activities:		
Purchase of investments	<b>(1,452,597)</b>	(1,600,278)
Proceeds from sale or maturity of investments	<b>2,631,123</b>	1,603,577
Purchase of property and equipment	<b>(1,798,362)</b>	(175,601)
Purchase of intangible assets	<b>(437,304)</b>	(1,182,023)
	<b>(1,057,140)</b>	(1,354,325)
Net increase in cash and cash equivalents	<b>1,702,823</b>	1,985,543
Cash and cash equivalents, beginning of period	<b>44,941,338</b>	34,350,982
Cash and cash equivalents, end of period	<b>\$ 46,644,161</b>	\$ 36,336,525

See accompanying notes to the consolidated interim financial statements

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

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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 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 consolidated interim financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2018, which are included in the LTSA's 2018 financial report. The consolidated financial statements were authorized for issue on June 8, 2018 by the LTSA's Board of Directors.

## 3. Summary of significant accounting policies:

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these consolidated interim financial statements are included in the LTSA's audited consolidated financial statements for the year ended March 31, 2018. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements, except as noted below:

### **IFRS 9, *Financial Instruments* ("IFRS 9"):**

Effective April 1, 2018, the Company adopted IFRS 9 (2014), *Financial Instruments* ("IFRS 9"). IFRS 9 simplifies the classification and measurement requirements for financial instruments, which replaces the multiple classification and measurement models in IAS 39.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

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### 3. Summary of significant accounting policies (continued):

#### **IFRS 9, *Financial Instruments* (“IFRS 9”) (continued):**

The LTSA adopted IFRS 9 using the modified retrospective method, and the adoption of this standard did not have a material impact on the measurement of the financial instruments in the consolidated interim financial statements, however additional disclosures have been provided.

The LTSA has updated the accounting policies as follows as a result of the adoption of IFRS 9:

#### **Financial assets**

The LTSA classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Financial assets at FVTPL:

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

#### Financial assets at amortized cost:

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement.

#### **Financial liabilities**

Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 3. Summary of significant accounting policies (continued):

### IFRS 9, *Financial Instruments* (“IFRS 9”) (continued):

The LTSA completed an assessment of its financial instruments as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial instrument	Accounting classification	
	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents.....	Loans and receivables – amortized cost	Amortized cost
Funds held for customers.....	Loans and receivables – amortized cost	Amortized cost
Trade and other receivables.....	Loans and receivables – amortized cost	Amortized cost
Provisions .....	Financial liabilities – amortized cost	Amortized cost
Other current and non-current liabilities .....	Financial liabilities – amortized cost	Amortized cost
Investments .....	FVTPL	FVTPL

### Impairment of financial assets at amortized cost

The LTSA recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables, the LTSA applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Given the nature and balances of the LTSA’s receivables, the LTSA has no material loss allowance at adoption or as at June 30, 2018.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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Three months ended June 30, 2018, with comparative information for 2017

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### 3. Summary of significant accounting policies (continued):

#### **IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”):**

Effective April 1, 2018, the LTSA adopted IFRS 15 – *Revenue from Contracts with Customers* (“IFRS 15”). IFRS 15 clarifies the principles for recognizing revenue and cash flows arising from contracts with customers.

The LTSA has adopted the new standard using the modified retrospective method with no material impact on its consolidated financial statements. The LTSA has updated its accounting policy as follows for the adoption of IFRS 15:

The LTSA’s services are provided based upon contracts with customers that include fixed or determinable prices and are based upon contracted rates. Contract terms do not include the provision of post-service obligations. The LTSA recognizes the amount of revenue to which it expects to be entitled for the transfer of promised services or goods to customers. Revenue is measured based on the consideration specified in a contract with a customer on either an “over time” or “point in time” basis.

#### 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 as we consider registration as a distinct performance obligation. Transactions which are in progress and not yet completed at the reporting date are recorded as deferred revenue. Examination services revenue is recognized using the “point in time” method.

#### 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 as we consider the transfer of the product as a distinct performance obligation. This revenue is recognized using the “point in time” method. Subscription fee revenue is recognized proportionately over the subscription period with the outstanding balance recorded as deferred revenue. Unrecognized revenue is recognized immediately upon early cancellation of a subscription. Subscription fee revenue is recognized using the “over time” method.

#### 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, as we consider this a distinct performance obligation. Service fees revenue is recognized using the “point in time” method.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 4. Segment information:

The LTSA has three reportable segments:

- Core Business, comprising the operations of the land title and surveyor general divisions;
- myLTSA, an 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:

<b>June 30, 2018</b>	Core Business	myLTSA	PMBC	<b>Total</b>
Revenue	\$ 7,871,386	\$ 1,709,283	\$ 976,941	<b>\$ 10,557,610</b>
Expenses:				
Salaries and benefits	3,088,033	634,305	266,885	<b>3,989,223</b>
Information services	713,875	332,214	188,601	<b>1,234,690</b>
Office and business	577,739	71,381	12,095	<b>661,215</b>
Building occupancy	675,596	64,193	30,965	<b>770,754</b>
Professional fees	717,920	52,003	15,719	<b>785,642</b>
Amortization	1,050,023	264,595	566,733	<b>1,881,351</b>
Total expenses	6,823,186	1,418,691	1,080,998	<b>9,322,875</b>
	1,048,200	290,592	(104,057)	<b>1,234,735</b>
Other income net of expenses	267,269	7,953	-	<b>275,222</b>
Income (loss) and comprehensive income (loss) before income taxes	1,315,469	298,545	(104,057)	<b>1,509,957</b>
Income tax expense (recovery):				
Current	(10,393)	124,222	4,900	<b>118,729</b>
Deferred	(5,436)	(47,801)	267	<b>(52,970)</b>
	(15,829)	76,421	5,167	<b>65,759</b>
Net income (loss) and comprehensive income (loss)	\$ 1,331,298	\$ 222,124	\$ (109,224)	<b>\$ 1,444,198</b>
Assets	\$ 78,461,482	\$ 6,469,191	\$ 14,717,439	<b>\$ 99,648,112</b>
Liabilities	\$ 8,474,065	\$ 4,097,588	\$ 238,196	<b>\$ 12,809,849</b>

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 4. Segment information (continued) :

June 30, 2017	Core Business	myLTSA	PMBC	Total
Revenue	\$ 8,130,912	\$ 1,752,436	\$ 1,009,401	\$ 10,892,749
Expenses:				
Salaries and benefits	2,955,341	664,059	136,449	3,755,849
Information services	377,051	126,185	318,697	821,933
Office and business	477,879	65,011	8,648	551,538
Building occupancy	707,344	64,531	39,263	811,138
Professional fees	265,724	59,686	15,429	340,839
Amortization	990,407	269,793	525,570	1,785,770
Total expenses	5,773,746	1,249,265	1,044,056	8,067,067
	2,357,166	503,171	(34,655)	2,825,682
Other income net of expenses	59,270	2,285	-	61,555
Income (loss) and comprehensive income (loss) before income taxes	2,416,436	505,456	(34,655)	2,887,237
Income tax expense (recovery):				
Current	12,628	171,907	4,766	189,301
Deferred	(3,252)	(38,764)	-	(42,016)
	9,376	133,143	4,766	147,285
Net income (loss) and comprehensive income (loss)	\$ 2,407,060	\$ 372,313	\$ (39,421)	\$ 2,739,952
Assets	\$ 70,346,712	\$ 6,552,087	\$ 16,694,702	\$ 93,593,501
Liabilities	\$ 5,385,384	\$ 4,628,462	\$ 4,029,841	\$ 14,043,687

## 5. Revenue:

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

	2018	2017
Examination services	\$ 5,100,174	\$ 5,325,376
Information products	3,748,153	3,814,937
Service fees	1,709,283	1,752,436
	\$ 10,557,610	\$ 10,892,749

During the three months ended June 30, 2018, the LTSA recognized \$525,582 (2017: \$489,752) of revenue from opening deferred revenue.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 6. Cash and cash equivalents:

	June 30, 2018	March 31, 2018
Cash in bank and on hand	\$ 39,842,552	\$ 39,450,939
Cash equivalents	6,801,609	5,490,399
	<b>\$ 46,644,161</b>	<b>\$ 44,941,338</b>

Included in cash in bank and on hand is fees payable to the Province of British Columbia of \$260,507 (March 31, 2018: \$266,627) and other fees payable of \$28,262 (March 31, 2018: \$27,159).

Under the terms of the Operating Agreement with the Province of British Columbia, the Province's share of fees are collected on behalf of the Province and must be remitted within one business day of collection. These amounts payable to the Province are included in trade and other payables.

## 7. Investments:

	June 30, 2018	March 31, 2018
Short-term notes	\$ 1,654,142	\$ 504,829
Bonds	20,177,029	22,504,867
	<b>\$ 21,831,171</b>	<b>\$ 23,009,696</b>

Short-term notes consist of term deposits and commercial paper with maturities extending to one year.

## 8. Funds held for customers:

At June 30, 2018, LTSA held funds due to customers in the amount of \$3,573,711 (March 31, 2018: \$3,467,975). The funds held for customers are comprised of cash transferred by customers to the LTSA and held in trust.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 9. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Total
<b>Cost:</b>					
Balance, April 1, 2017	\$ 443,989	\$ 2,815,956	\$ 2,206,163	\$ 5,112,657	\$ 10,578,765
Additions	-	75,385	50,921	57,919	184,225
Disposals	-	(103,810)	(35,189)	-	(138,999)
<b>Balance, June 30, 2017</b>	<b>\$ 443,989</b>	<b>\$ 2,787,531</b>	<b>\$ 2,221,895</b>	<b>\$ 5,170,576</b>	<b>\$ 10,623,991</b>
Balance, April 1, 2018	\$ 460,706	\$ 2,586,026	\$ 2,229,789	\$ 5,321,285	\$ 10,597,806
Additions	27,881	44,173	112,760	1,751,703	1,936,517
Disposals	-	(11,305)	-	-	(11,305)
<b>Balance, June 30, 2018</b>	<b>\$ 488,587</b>	<b>\$ 2,618,894</b>	<b>\$ 2,342,549</b>	<b>\$ 7,072,988</b>	<b>\$ 12,523,018</b>
<b>Amortization:</b>					
Balance, April 1, 2017	\$ (288,377)	\$ (2,298,202)	\$ (1,073,311)	\$ (2,525,563)	\$ (6,185,453)
Amortization	(11,001)	(79,324)	(67,656)	(145,647)	(303,628)
Disposals	-	103,810	35,190	-	139,000
<b>Balance, June 30, 2017</b>	<b>\$ (299,378)</b>	<b>\$ (2,273,716)</b>	<b>\$ (1,105,777)</b>	<b>\$ (2,671,210)</b>	<b>\$ (6,350,081)</b>
Balance, April 1, 2018	\$ (337,527)	\$ (2,177,842)	\$ (1,311,657)	\$ (3,236,510)	\$ (7,063,536)
Amortization	(13,266)	(75,170)	(69,681)	(173,857)	(331,974)
Disposals	-	11,305	-	-	11,305
<b>Balance, June 30, 2018</b>	<b>\$ (350,793)</b>	<b>\$ (2,241,707)</b>	<b>\$ (1,381,338)</b>	<b>\$ (3,410,367)</b>	<b>\$ (7,384,205)</b>
<b>Net book value:</b>					
June 30, 2017	\$ 144,611	\$ 513,815	\$ 1,116,118	\$ 2,499,366	\$ 4,273,910
<b>June 30, 2018</b>	<b>\$ 137,794</b>	<b>\$ 377,187</b>	<b>\$ 961,211</b>	<b>\$ 3,662,621</b>	<b>\$ 5,138,813</b>

Included in technical equipment at June 30, 2018 is \$138,154 (March 31, 2018: \$133,140) of equipment held under a finance lease and related accumulated amortization of \$103,854 (March 31, 2018: \$87,234).

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Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 10. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Cadastral fabric under development	Total
<b>Cost:</b>					
Balance, April 1, 2017	\$ 40,737,486	\$ 489,906	\$ 8,377,047	\$ 1,626,776	\$ 51,231,215
Additions	-	1,392,107	-	211,277	1,603,384
Transfers	-	-	1,838,053	(1,838,053)	-
Disposals	(39,222)	-	-	-	(39,222)
<b>Balance, June 30, 2017</b>	<b>\$ 40,698,264</b>	<b>\$ 1,882,013</b>	<b>\$ 10,215,100</b>	<b>\$ -</b>	<b>\$ 52,795,377</b>
Balance, April 1, 2018	\$ 41,592,845	\$ 3,187,382	\$ 10,215,100	\$ -	\$ 54,995,327
Additions	33,237	382,704	-	-	415,941
Transfers	502,834	(502,834)	-	-	-
<b>Balance, June 30, 2018</b>	<b>\$ 42,128,916</b>	<b>\$ 3,067,252</b>	<b>\$ 10,215,100</b>	<b>\$ -</b>	<b>\$ 55,411,268</b>
<b>Amortization:</b>					
Balance, April 1, 2017	\$ (25,668,972)	\$ -	\$ (413,876)	\$ -	\$ (26,082,848)
Amortization	(1,326,480)	-	(155,662)	-	(1,482,142)
Disposals	39,222	-	-	-	39,222
<b>Balance, June 30, 2017</b>	<b>\$ (26,956,230)</b>	<b>\$ -</b>	<b>\$ (569,538)</b>	<b>\$ -</b>	<b>\$ (27,525,768)</b>
Balance, April 1, 2018	\$ (30,990,906)	\$ -	\$ (1,080,293)	\$ -	\$ (32,071,199)
Amortization	(1,379,125)	-	(170,252)	-	(1,549,377)
Disposals	-	-	-	-	-
<b>Balance, June 30, 2018</b>	<b>\$ (32,370,031)</b>	<b>\$ -</b>	<b>\$ (1,250,545)</b>	<b>\$ -</b>	<b>\$ (33,620,576)</b>
<b>Net book value:</b>					
June 30, 2017	\$ 13,742,034	\$ 1,882,013	\$ 9,645,562	\$ -	\$ 25,269,609
<b>June 30, 2018</b>	<b>\$ 9,758,885</b>	<b>\$ 3,067,252</b>	<b>\$ 8,964,555</b>	<b>\$ -</b>	<b>\$ 21,790,692</b>

Software systems under development are primarily costs to design, build and implement LTSA's Web Filing system. Cadastral fabric under development is for costs to design, build and implement PMBC.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 11. Income taxes:

	June 30, 2018	March 31, 2018
Deferred tax liabilities (assets):		
Technical equipment	\$ 3,552	\$ 4,238
Office furniture and equipment	5,745	6,403
Leasehold improvements	(1,980)	(1,689)
Software systems	411,526	462,861
	<b>\$ 418,843</b>	<b>\$ 471,813</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:

	2018	2017
Net earnings before income taxes	\$ 1,526,331	\$ 2,887,237
Net tax exempt earnings	(1,275,885)	(2,350,022)
Net earnings subject to income taxes	<b>\$ 250,446</b>	<b>\$ 537,215</b>
Expected income tax expense at the combined tax rate of 27% (2017: 26%)	<b>\$ 67,620</b>	<b>\$ 139,676</b>
(Decrease) increase in income tax expense resulting from:		
Other	(1,861)	7,609
Income tax expense	<b>\$ 65,759</b>	<b>\$ 147,285</b>

## 12. Provisions:

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

	Provision for legal claims	Other current provisions	Total current provisions
Balance, April 1, 2017 and June 30, 2017	\$ 1,137,596	\$ 91,291	\$ 1,228,887
Balance, April 1, 2018	135,000	89,418	224,419
Additions	36,000	-	36,000
Balance, June 30, 2018	<b>\$ 171,000</b>	<b>\$ 89,418</b>	<b>\$ 260,419</b>

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 13. Employee benefits:

The following amounts represent the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	June 30, 2018	March 31, 2018
Current:		
Salaries payable	\$ 680,091	\$ 1,650,959
Employee leave liability	740,800	692,765
Superannuation and group RRSP benefits	145,483	163,155
	<b>\$ 1,566,374</b>	<b>\$ 2,506,879</b>

### Public service pension plan:

The LTSA paid \$198,238 (2017: \$196,443) for employer contributions to the plan during the three months ended June 30, 2018.

### LandSure retirement benefit:

LandSure contributes 6.0% of employee base salaries to a group registered retirement savings plan. The amount recognized as an expense for the three months ended June 30, 2018 was \$53,684 (2017: \$44,545).

## 14. Other current liabilities:

The LTSA has contracts with MacDonald Dettweiler and Associates Ltd. ("MDA") to build PMBC and Web Filing. The LTSA is entitled to hold back 15% from each milestone payment which will be released and paid upon successful completion of the work. In addition, the LTSA has contracts with other parties to build a new office to relocate the New Westminster land title office and construct additional office space for LandSure. The LTSA is entitled to hold back 10% from each progress payment that will be released and paid upon successful completion of work.

As at June 30, 2018, the current portion of holdbacks payable was \$129,646 (March 31, 2018: \$34,093), comprised of \$36,248 (March 31, 2018: \$34,093) to MDA for PMBC and \$93,398 (March 31, 2018: nil) to other parties.

# LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Notes to Consolidated Interim Financial Statements

(Unaudited)

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

Three months ended June 30, 2018, with comparative information for 2017

## 15. Other non-current liabilities:

As at June 30, 2018, the non-current portion of holdbacks payable to MDA for Web Filing was \$405,824 (March 31, 2018: \$362,088).

	June 30, 2018	March 31, 2018
Holdbacks payable	\$ 405,824	\$ 362,088
Capital lease obligation	32,976	25,494
	<b>\$ 438,800</b>	<b>\$ 387,582</b>

## 16. 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 month period ended June 30, 2018, 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 \$954,892 (2017: \$872,651).

Products and services acquired from the Province for the three months ended June 30, 2018 totalled \$117,003 (2017: \$147,658).

### 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 month period ended June 30, 2018, 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 \$158,775 (2017: \$166,454).