

**TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION**

**IN THE MATTER OF THE BANKRUPTCY OF**

**TECH-DECK CONSTRUCTION SOLUTIONS LTD.**

**BKY 25-1547624**

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

Tech-Deck Construction Solutions Ltd. (the "Company") specialized in the deck construction and repair business. It last operated from leased premises at 222201 Range Road 280, Rockyview, Alberta.

The Company encountered financial difficulty and filed a Notice of Intention to File a Proposal to its creditors on October 6, 2011. The Court granted the Company various extensions to file the proposal to its creditors until April 5, 2012.

The Company filed a proposal to its creditors on April 5, 2012.

The creditors' meeting to consider the proposal of the Company was held on April 26, 2012. 3 unsecured creditors voted in favour of the proposal. CRA, the largest creditor of the Company, attended the meeting by telephone, but had not filed a Proof of Claim form or voting letter, and therefore was ineligible to vote on the proposal. CRA informed the meeting that the proposal contemplated payments on the CRA deemed trust over a period longer than 6 months, and CRA was not prepared to agree to payment of its deemed trust claim over a period longer than 6 months. CRA also informed the meeting that the Debtor had not made remittances of GST and source deductions during the months of February, March and April 2012.

The Trustee informed the meeting that Section 60 (1.1) and (1.2) of the Bankruptcy & Insolvency Act provide that the Court must not approve a proposal where the payment of the deemed trust claim to CRA is not provided for within 6 months of the filing of the proposal without the consent of CRA, and must also not approve the proposal where the source deduction remittances due after the filing of the notice of intention were not up to date at the time of the application for approval of the proposal by the Court. The Trustee informed the meeting that, although the proposal was approved by the required majority of creditors, the Court would not approve the proposal.

The director of the Company informed the meeting that the Company could not pay the arrears of source deductions that were outstanding since the filing of the Notice of Intention, that it had shut down operations and could not meet the commitments it had agreed to in the proposal, and would be filing a voluntary assignment in bankruptcy immediately upon the conclusion of the creditors meeting.

The Company filed an assignment in bankruptcy on April 26, 2012 immediately following the approval of the proposal by the creditors of the Company.

SECTION A - The Trustee's duties under Section 16(3) of the Bankruptcy Act:

Class I - Stocks and Merchandise:

- The Trustee has conducted an inventory of the Company's assets. The Trustee estimates that the inventory may realize about \$6,000.

Class II - Machinery and Equipment:

- The Company's machinery and equipment consist of a 2004 Dodge truck, three trailers and miscellaneous tools. The Trustee estimates that the truck and trailers may realize \$13,000 and that the tools may realize \$6,000.

Class III - Buildings and Real Estate:

- The company did not own buildings or real estate.

Class IV - Books and Records:

- The Trustee received access to the books and records on May 14, 2012 as they were being kept electronically by the accountant of the Company and the Director of the company no longer had access to the electronic information. The Director has possession of some paper documents relating to the accounting and has told the Trustee that he will provide it to the Trustee.

Class V - Other Assets:

- Accounts receivable in the amount of \$25,578 are due to the Company from 2 clients. The Trustee is unsure of the collectability of the accounts receivable.
- The Trustee estimates that the miscellaneous tools of the Company may realize about \$6,000.

SECTION B - Conservatory and Protective Measures:

- The Trustee has confirmed that there is insurance coverage on the inventory, and has requested that the insurer carry on insuring the assets of the Company.

SECTION C - Legal Proceedings:

- None that the Trustee is aware of.

SECTION D - Provable Claims:

- The Trustee is unaware of any significant changes in the nature or amounts of unsecured claims from those noted on the Statement of Affairs.

SECTION E - Secured Creditors:

- Canada Revenue Agency ("CRA") has a deemed trust claim for unremitted source deductions in the approximate amount of \$178,000.

SECTION F

- The Trustee anticipates that there will be no funds for the unsecured creditors after the cost of administration and payment to CRA of its deemed trust.

SECTION G - Reviewable Transactions and Preference Payments:

- None have come to the Trustee's attention.

SECTION H - Other Matters:

- The Trustee has requested an administrative agreement from CRA that would provide that the Trustee's fees and costs of administration be paid from the realization in the bankruptcy in priority to the deemed trust claim of CRA.
- The Trustee had received a 3<sup>rd</sup> party deposit of \$5,000 from the Director of the Company when the Notice of Intention was filed. The terms of the 3<sup>rd</sup> party agreement allow the Trustee to use those funds towards the cost of administration of a bankruptcy of the Company.

DATED at Calgary, Alberta, May 17, 2012.

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

Per:   
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**Bruce G. Hudson, Trustee**