

**IN THE MATTER OF THE BANKRUPTCY OF
SPARKS ELECTRIC LTD.**

BKY # 25-1573406

**TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION
HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

BACKGROUND

Sparks Electric Ltd. (the "Company") was an electrical contractor operating in Calgary, Alberta.

The Company had contracts with the Medican Group, and Medican became insolvent and did not pay Sparks the money that was owed to the Company. When it became apparent that Sparks would not be able to pay off its debts, the Company made a voluntary assignment into bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy on the 16th day of December 2011. Hudson & Company Insolvency Trustees Inc. was appointed as Trustee of the bankruptcy estate of Sparks Electric Ltd., subject to the affirmation of that appointment at the first meeting of creditors.

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

Class I - Stocks and Merchandise:

- The company's stock was valued on the Statement of Affairs at \$5,000.00. The Trustee conducted an inventory of the Company's assets on the 21st day of December 2011.

Class II - Machinery and Equipment:

- The company's equipment was valued on the Statement of Affairs at \$8,000.00, and consists of some tools and a cube van.

Class III - Buildings and Real Estate:

- The Company did not own buildings or real estate.

Class IV - Books and Records:

- The Trustee took possession of the books and records on the 22nd day of December, 2011.

Class V - Other Assets:

- A receivable in the amount of \$128,533.00 is due to the Company from Caspian Construction. An amount of approximately \$290,000 is owed to the Company by the Medican Group, which currently under the protection of the Companies' Creditors' Arrangement Act ("CCAA"). If the proposed plan of reorganization of Medican is accepted by its creditors and eventually completed, it is estimated that Sparks will receive approximately \$25,488. The Trustee cannot predict with any certainty the amount that will be realized from the receivables.

Property placed under the guardianship of the debtor:

- The Trustee has counted the inventory and taken pictures of it, and is waiting to move it from the Debtor's premises once the first meeting of creditors has been held and a decision reached on how to dispose of the inventory.

SECTION B - Conservatory and Protective Measures:

- The Trustee has confirmed that there is insurance coverage on the vehicle, and is of the opinion that the cost of insuring the inventory exceeds any benefit that would be derived from any insurance, after consideration of the deductible that would be required.

SECTION C - Legal Proceedings:

- None at this time.

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") is a secured creditor for unremitted source deductions in the approximate amount of \$192,963. The Trustee has requested an administrative agreement from CRA which will give the Trustee priority to the claim of CRA for the costs of administration of the bankruptcy
- RBC Royal Bank Canada ("RBC") has a registration at the Personal Property Registry of Alberta ("PPR") against the present and after acquired personal property of the Company, and is owed approximately \$75,000.00.

SECTION F - Anticipated Realization and Projected Distribution:

- It is anticipated that there will not be enough realized from the assets of the Company to fully pay the claim of CRA, and that there will be no distribution to creditors of the Company other than CRA.

SECTION G - Reviewable Transactions and Preference Payments:

- None have come to the Trustee's attention.

SECTION H - Other Matters:

- The Trustee is unaware of any other significant matters in the bankruptcy.

DATED at Calgary, Alberta, this 5th day of January, 2012.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Per: _____


Bruce G. Hudson, Trustee