

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
3E GLASS LTD.**

TRUSTEE'S REPORT TO CREDITORS

February 17, 2021

BACKGROUND

This report has been prepared by The Bowra Group Inc., in its capacity as Licensed Insolvency Trustee of the bankrupt estate of 3E Glass Ltd. (the "**Trustee**") to provide preliminary information to creditors as at February 17, 2021.

3E Glass Ltd. ("**3E**" or the "**Company**") was incorporated on July 17, 2001 in British Columbia.

The Company manufactured, distributed and installed high quality glazing and architectural aluminum building products. Prior to the date of the bankruptcy, the Company employed approximately 55 staff.

Management advised the Trustee that their financial difficulties were the result of:

- Cost overruns related to various projects; and,
- Health issues of key personnel resulting in significant operational challenges.

The director was not able to continue to fund operating losses and assigned the Company into bankruptcy on February 1, 2021. The Bowra Group Inc. was appointed Licensed Insolvency Trustee of the Company.

FINANCIAL SITUATION

The table below summarizes the management prepared draft income statement for the period of September 1, 2020 to February 1, 2021.

	Period Ended February 1, 2021 (\$000's)
Revenue	4,526
Cost of goods	4,773
Operating and admin expenses	465
	<hr/> 5,238
Net Income (loss)	<hr/> (712) <hr/>

The company incurred a net loss of \$712,000 for the period February 1, 2021.

CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has taken possession of the Company's location in Delta and secured the assets of the Company. In addition, the Trustee has:

- Obtained the necessary insurance to protect the assets;
- Terminated all employees and is in the process of completing the Wage Earners Protection Program requirements;
- Prepared T4's and ROE's for all employees;
- Inventoried and obtained a valuation of all the assets;
- Contacted the landlord and made arrangements to occupy the space;
- Frozen all bank accounts and obtained any funds in the accounts, if any; and,
- Reviewed the work in process and began to identify specific inventory for ongoing jobs.

The Trustee has also received several 30-days goods claims from various suppliers and they are currently in the process of reviewing and assessing the validity of those claims.

BOOKS AND RECORDS

The Trustee has taken possession of the books and records of the Company and is in the process of reviewing financial records available and obtaining additional financial information.

PRELIMINARY EVALUATION OF ASSETS

A preliminary estimate of the realizable value of the assets of the Company is summarized below:

	Book Value	Estimated Realization	
	(\$000's)	Low (\$000's)	High (\$000's)
Cash	-	-	-
Inventory	-	22	43
Accounts receivable	2,400	200	800
Machinery and Equipment	569	150	211
Vehicles	-	-	-
	<u>2,969</u>	<u>372</u>	<u>1,054</u>
Preferred Claims to WEPP		(96)	(96)
Secured Claim		(100)	(100)
Professional fees		(50)	(80)
Funds available for distribution to unsecured creditors		<u>126</u>	<u>778</u>
Total unsecured creditors		1,880	1,880
Estimated recovery per \$1 of unsecured claim		<u>\$ 0.07</u>	<u>\$ 0.41</u>

The estimated realizable values above are before realization costs.

Inventory relates to glazing, window and door products primarily specific to various ongoing jobs. Currently the Trustee is attempting to recover value from the inventory and is in contact with the various general contractors of those jobs.

Accounts receivables have a book value of \$2.1 million relating to approximately 23 contracts. The Trustee estimates the recovery to be approximately \$200K to \$800K. The Trustee does not intend to hire employees nor does it have the funding to complete the jobs. As a result, the work will be completed by other contractors and any cost overruns will result in reducing the receivable amount. At this time, the Trustee is attempting to work with the general contractors in providing options for purchase of material on site.

Machinery and equipment represent the manufacturing equipment owned by the Company. It is estimated that the recovery under a liquidation scenario will be approximately \$150K to \$211K.

SECURED CREDITORS AND PRIORITY CREDITORS

The Trustee is aware of the following parties that may have priority over the claims of unsecured creditors:

Creditor	Assets Secured	Estimated Claim \$000's
Employees - WEPP	All Property	96
BMO Bank of Montreal	All Property	100
Royal Bank of Canada	Specific vehicles	53
Mercedes-Benz Financial	Specific vehicles	Unknown
De Lage Landen Financial Services	Specific equipment	Unknown
HSBC Bank of Canada	Specific equipment	369
Ford Credit Canada	Specific vehicles	46

The Trustee has provided all employees with individual calculations of their entitlement under the Wage Earner Protection Program (“WEPP”). Under the WEPP each employee may qualify for a maximum of seven weeks of insurable earnings of \$7,578.83.

Any amounts owing to the Canada Revenue Agency (“CRA”), if any, for payroll source deductions would be a deemed trust claim which ranks ahead of all creditors. The Company has indicated there are no amounts owing, however this will be confirmed by a trust audit by CRA.

UNSECURED CREDITORS

The Company’s records indicate unsecured creditors of approximately \$1,880,000 at the date of filing for bankruptcy.

LEGAL ACTIONS

The Trustee is not aware of any ongoing litigation. The Trustee has not commenced or continued any actions on behalf of the Company.

REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

The Trustee has taken possession of certain books and records of the Company and is in the process of obtaining additional records and gathering additional information.

The Trustee has conducted a preliminary review of the information available and has identified a number of transactions which could be regarded as preferences transactions or transfers at undervalue. Further investigations will be conducted, and the Trustee will report to the Inspector(s) once our investigations are complete.

TRUSTEE'S REMUNERATION

The Trustee has been provided with a \$50,000 retainer from the Company to act as Trustee.

CONCLUSION

Realization from the Company's assets will not satisfy the claims of the unsecured creditors, who will suffer a shortfall.

We believed that the estimated total funds available to the unsecured creditors will be between \$126,000 and \$778,000.

The Bowra Group Inc.

In its capacity as the Licensed Insolvency Trustee of the bankrupt estate of 3E Glass Ltd., and
not in its personal capacity.

Per:



Doug Chivers, CPA, CA, CIRP