

**IN THE COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
BCS OILFIELD CONSTRUCTION LTD.**

TRUSTEE'S REPORT TO CREDITORS

OCTOBER 13, 2023

BACKGROUND AND INSOLVENCY EVENTS

This report has been prepared by MNP Ltd., in its capacity as Licensed Insolvency Trustee (the "Trustee") of the bankrupt estate of BCS Oilfield Construction Ltd. (the "Company" or "BCS") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in Alberta on May 17, 2001, and the Company's sole director as at the date of bankruptcy was Mr. Blaine Yohemas ("Mr. Yohemas"). The Company provided consulting services to the oil and gas industry. Operations were conducted from a home office in Mayerthorpe, Alberta.

We understand the Company ran into financial difficulties as a result of the downturn in the oil and gas industry and a lack of new contracts. In addition, Mr. Yohemas suffered an injury which prevented him from working for several months. The Company generally ceased operations in September 2022.

The Company made an assignment into bankruptcy on September 26, 2023. MNP Ltd. consented to act as the Licensed Insolvency Trustee.

FINANCIAL SITUATION

Table 1 summarizes the statement of operations for the fiscal year ending, September 30, 2021. The Notice to Reader financial statements were prepared by an independent, external accountant.

Table 1	
	Year Ended Sep. 30, 2021
Revenue	495,116
Expenses	<u>(199,545)</u>
Gross profit	295,571
Operating and admin expenses	<u>(39,041)</u>
Net Income (loss)	<u>256,530</u>

The Company had a net income of \$256,530 for the fiscal year ended September 30, 2021. The Company generally ceased operations in September 2022 due to the previously noted injury of Mr. Yohemas. As a result of the insolvency, no financial statements were available for fiscal 2022 and 2023.

Table 2 summarizes the balance sheet for the fiscal year ending September 30, 2021. The Notice to Reader financial statements were prepared by an independent, external accountant.

Table 2	
	As at Sep. 30, 2021
Assets	
Cash	388,161
Accounts receivable	71,831
Prepaid expenses	4,072
	464,064
 Equipment	 95,459
	95,459
	559,523
Liabilities and Shareholders' Deficiency	
Accounts payable and accrued liabilities	28,819
Taxes payable	384,619
	413,438
 Shareholder's loan payable	 61,238
Bank loan payable	33,513
	508,189
 Shareholder's equity (deficit)	 51,334
	559,523

Equipment relates to automotive and computer equipment. Prior to the bankruptcy, all equipment and assets of the Company were sold to repay certain debts.

CONSERVATORY AND PROTECTIVE MEASURES

The Trustee understands the Company generally ceased operations in September 2022. We also understand the Company operated from Mr. Yohemas' home office prior to bankruptcy. There were no employees and therefore no outstanding salaries, wages, vacation pay, or severance amounts owed. In addition, all assets and equipment, which included a 2017 GMC Sierra Denali and miscellaneous computer equipment, owned by the Company were sold prior to the date of Bankruptcy.

The Trustee sent correspondence to ATB Financial (“**ATB**”) requesting the Company’s bank accounts be frozen and any funds remaining be forwarded to the Trustee. We understand the Company’s bank account held \$1,295. ATB has transferred these funds to the Trustee and confirmed the account has been frozen.

BOOKS AND RECORDS

The Trustee has taken possession of certain books and records of the Company, including financial statements, bank statements, and equipment sale details.

The Trustee is in the process of obtaining access to the tax records of the Company through the authorized representative process of the CRA.

SECURED CREDITORS

The Trustee has reviewed the Company’s books and records and the Personal Property Registry and confirms there are no registered security interests.

The Company’s books and records indicate there are no amounts owing to CRA for source deductions. Any amounts owing to CRA related to unpaid source deductions may constitute a deemed trust claim with priority over all other secured claims. CRA has not filed a proof of claim as of the date of this report.

UNSECURED CREDITORS

Based on the Company’s books and records, the Trustee is aware of one unsecured creditor, the Canada Revenue Agency, which is owed approximately \$259,549.

IDENTIFICATION AND VALUATION OF ASSETS

As at the date of bankruptcy, the Company had a \$1,295 balance in its deposit account held at ATB and no assets of value. Based on discussions with management and a review of the books

and records, the Company has no assets available for realization by the Trustee. Accordingly, we estimate there will be no recovery to the unsecured creditors.

LEGAL ACTIONS

The Trustee is not aware of any additional ongoing litigation against or by the Company.

REVIEW OF RECORDS & CONDUCT OF THE DEBTOR

The Trustee has reviewed the books and records of the Company that were made available, including bank statements for the period of January 1, 2023, to August 31, 2023, and Notice to Reader financial statements to September 30, 2021.

As noted above, the Company owned a 2017 GMC Sierra Denali which was financed through The Bank of Nova Scotia. On or around August 31, 2023, the Company sold the truck for \$60,000 and repaid the loan in the amount of approximately \$56,534, leaving the remaining funds in the Company's account. The Trustee reviewed the Canadian Black Book Value which indicates a wholesale price range of between \$58,293 and \$65,178. The Trustee considers the sale price of \$60,000 to be reasonable.

The Trustee did not identify any transactions that could be regarded as preference payments in accordance with the *Bankruptcy and Insolvency Act*.

CONCLUSION

The Trustee estimates there will be no recovery to the unsecured creditors.

MNP Ltd.

Licensed Insolvency Trustee of BCS Oilfield Construction Ltd.

Per: _____



Kristin Gray, CPA, CA, CIRP, LIT
Senior Vice President