

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

**IN THE MATTER OF THE BANKRUPTCY OF
HOUSTON ELECTRIC AND CONTROLS LTD.**

ORDINARY ADMINISTRATION

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

BACKGROUND

Houston Electric and Controls Ltd. (the “**Company**”) is a provincially registered corporation located in Victoria, British Columbia.

A search of the British Columbia Corporate Registry performed on May 27, 2024, indicated the Company’s director is Geoffrey Houston (the “**Director**”). The Company operated as an electrical contracting company with commercial and residential customers.

ASSIGNMENT IN BANKRUPTCY

The Company’s Director stated that the Company experienced financial difficulty and incurred net losses in the most recent fiscal year. The Company reported that certain creditors had begun to take legal action against the company and that it was not able to pay its financial obligations as they generally became due. The Company made a voluntary assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* effective May 15, 2024. MNP Ltd. was appointed as the Licensed Insolvency Trustee of the Bankrupt Estate (the “**Trustee**”), subject to creditor affirmation at the First Meeting of Creditors.

Notice of the Assignment in Bankruptcy and First Meeting of Creditors was sent to all known creditors on May 23, 2024.

ASSETS

Accounts Receivable

The Statement of Affairs filed in the bankruptcy reported estimated collectible accounts receivable of \$70,000. The Trustee is reviewing the documents related to these unpaid invoices and will make efforts to collect these outstanding accounts.

Vehicles

The Company reported one vehicle on the Statement of Affairs being a Ford T250 with an estimated value of \$28,550. Ford Credit Canada Leasing is owed approximately \$8,500 in respect of this vehicle. The Trustee, with the approval of inspectors if appointed, expects to realize on the equity in the vehicle.

PROVABLE CLAIMS

It is the duty of the Trustee to examine and satisfy itself as to the validity and priority of all claims filed in the Estate. As of the date of this report, no proof of claims been filed with the Trustee.

	Statement of Affairs	Filed
Secured creditors	\$98,550	Nil
Preferred creditors	Nil	Nil
Unsecured creditors	\$418,219	Nil
Total	<u>\$516,769</u>	Nil

SECURED CREDITORS

According to a British Columbia Personal Property Registry search performed on January 3, 2024, the only creditor with a registered security interest against the Company is Ford Credit Canada Leasing.

Canada Revenue Agency (“CRA”)

CRA has a “deemed trust” claim or property claim equal to the amount of payroll deductions withheld from employees’ compensation and not remitted to CRA. This claim comes in priority to the claims of all other creditors.

Any debt owing to CRA for unremitted goods and service tax at the date of bankruptcy will rank as a general, unsecured claim.

To date, a proof of claim has not been received from CRA in relation to the unremitted payroll source deductions. The Company provided an internal tax liability report to the Trustee which indicates \$204,154 owing to the CRA related to payroll source deductions. The Trustee will engage in correspondence with CRA for the purpose of confirming the deemed trust amounts owing to CRA.

Claims of Wage Earners

Pursuant to Section 81.3(1) of the BIA, claims of employees who are owed wages, vacation pay, and other compensation for services rendered in the six-month period preceding the Date of Bankruptcy are secured, to the extent of \$2,000, by security over the Company’s current assets.

The Company reported that all employees, with one exception, received full wages and vacation pay prior to the bankruptcy. We estimate the priority claim from these employee claims to be \$2,000. The Trustee is in the process of confirming employee’s entitlements for termination pay which will be processed through WEPP.

PREFERRED CREDITORS

There are no preferred creditors noted.

UNSECURED CREDITORS

The Statement of Affairs reports total unsecured creditors of \$516,768.78. Ultimately the amounts owing to the unsecured creditors will be based on proofs of claim filed by the creditors and admitted by the Trustee.

OTHER MATTERS

Books and Records

The Trustee is in possession of certain books and records as at the date of bankruptcy that were provided by the Company.

Legal Proceedings

The Trustee has not commenced any legal proceedings at the date of this report.

Conservatory and Protective Measures

The Trustee has confirmed that insurance remains in place for the Company’s vehicle. The Trustee will evaluate options for realization on this asset. The Trustee will demand payment for all outstanding accounts receivable owing to the Company.

Preferences, and Transactions at Under Value

The Trustee will undertake a review of the Company’s books and records preceding the date of bankruptcy in order to ascertain whether or not any preferential payments and/or reviewable transactions have occurred within the last three months or, where related parties are involved, within the last twelve months.

Directive 16 Third-Party Deposits and Guarantees

Geoffrey Houston provided the Trustee with a retainer in the amount of \$30,000 as security for professional fees should the asset realizations not be sufficient to cover the Trustee’s fees.

ESTIMATED REALIZATION

The Trustee expects to realize on the Company’s vehicle and from collection of the accounts receivable. The Trustee will distribute the proceeds realized under the bankruptcy estate according to legal priority. The total recovery from the assets is unknown at this time.

All dividends payable by the Trustee to creditors are subject to a 5% levy payable to the Office of the Superintendent of Bankruptcy.

This concludes the Trustee’s Preliminary Report to Creditors.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of May, 2024.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
of the Bankrupt Estate of
Houston Electric and Controls Ltd.
and not in its personal capacity



Seamus Boyle, CPA, CIRP, LIT
Vice President