

District of Alberta  
Division No: 01-Edmonton  
Court No. 24-2315743  
Estate No. 24-2315743

**In the Matter of the Bankruptcy of  
Peace River Heating (1971) Ltd.**

**Trustee's Preliminary Report**

MNP Ltd.  
Licensed Insolvency Trustee

**APPOINTMENT:**

Peace River Heating (1971) Ltd. (the "Bankrupt" or the "Company") filed an Assignment in Bankruptcy on November 15, 2017 and MNP LTD., was appointed Trustee.

**SECTION A:**

**Inventory, including Raw Materials, Work in Progress and Finished Goods, etc.:**

In accordance with the Statement of Affairs the Company estimates approximately \$250,000 in realizable value for inventory.

**Plant Machinery and Equipment, Office Equipment, etc.:**

In accordance with the Statement of Affairs the Company estimates approximately \$610,000 in realizable value for machinery and equipment. This value includes mobile homes (trailers) owned by the Bankrupt.

**Building and Real Estate:**

The Bankrupt leased the office and yard space in Peace River, AB.

**Books and Records:**

The books and records are in the possession of the Bankrupt and the Trustee. The Trustee will be filing any outstanding statutory returns.

**Other Assets:**

As at the date of bankruptcy the Company had approximately \$2.5 million in Accounts Receivable of which approximately \$1.5 million is estimated as realizable to the bankrupt estate. Included in the total Accounts Receivable are Holdback amounts of approximately \$780,000.

**SECTION B:**

**Conservatory and Protective Measures:**

The Trustee has taken conservatory and protective measures to secure the assets at the leased premises of the Company in Peace River, Alberta. Certain assets were identified on project sites where the Trustee is working with the general contractors to secure these assets and relocate them back to the Peace River, Alberta premises.

**Insurance:**

The Trustee has maintained the existing insurance policy over the assets of the Bankrupt.

**SECTION C:**

**Legal Proceedings or Opinions Sought:**

The Trustee is anticipating legal proceedings relating to the outstanding Accounts Receivable and has retained Dentons Canada LLP to act as counsel to the Trustee.

**SECTION D:**

**Secured Creditors:**

Royal Bank of Canada ("RBC") holds a secured interest by way of General Security Agreement over all of the present and after acquired assets of the Company. RBC is owed approximately \$550,000.

Ford Credit Canada holds a secured interest in one 2017 Ford F150 pick up truck.

**SECTION E:**

**Anticipated Realization and Projected Distribution:**

The Trustee is unable to estimate the projected distribution to the unsecured creditors at this time.

**SECTION F:**

**Reviewable Transactions and Preference Payments:**

There are no reviewable transactions or preference payments to note at this time.

**SECTION G:**

**Other Matters:**

Western Surety Company ("Western Surety") placed Labour and Material and Performance Bonds on certain Projects the Company had entered into contracts for. Western Surety has retained a consultant to assist with the process of administering the bonds and the Trustee has been working with the consultant to provide required information.

Dated at the City of Edmonton in the Province of Alberta this 1<sup>st</sup> day of December, 2017.

**MNP Ltd.**

In its capacity as Trustee of the Bankruptcy of

**Peace River Heating (1971) Ltd.**

And not in its personal capacity



---

Per: Eric Sirrs CIRP, LIT  
Senior Vice President

c Industry Canada