

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

**IN THE MATTER OF THE BANKRUPTCY OF  
RNP GOREL ENTERPRISES LTD.**

**TRUSTEE'S REPORT TO CREDITORS**

**May 8, 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 RNP Gorel Enterprises Ltd. (the "Company" or "RNP") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in Alberta on January 11, 2022, and the Company's directors as at the date of bankruptcy are Pavol Gorel ("P. Gorel") and Rhonda Gorel ("R. Gorel"). The Company owned and operated an esthetics salon. Operations were conducted from a leased facility in Vegreville, Alberta.

We understand the Company ran into financial difficulties as a result of a lack of skilled aestheticians to fill the roles required to perform the services offered to their customers.

The Company made an assignment into bankruptcy on April 24, 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, December 31, 2022. The financial statement was compiled by an independent, external accountant.

<b>Table 1</b>	
	<b>Year Ended Dec. 31, 2022</b>
Revenue	71,804
Cost of sales	<u>(44,946)</u>
Gross profit	26,858
Operating and admin expenses	<u>(37,547)</u>
<b>Net Income (loss)</b>	<b><u>(10,689)</u></b>

The Company had a net loss of \$10,689 for the fiscal year ended December 31, 2022. The Company generally ceased operations in early 2023 and as a result of the insolvency no financial statements were prepared for fiscal 2023.

Table 2 summarizes the balance sheet for the fiscal year ending December 31, 2022. These financial statements were compiled by an independent, external accountant.

<b>Table 2</b>	
<b>As at Dec. 31, 2022</b>	
<b>Assets</b>	
Cash and cash equivalent	1,361
Inventory	7,500
	<b>8,861</b>
Leasehold improvements	4,546
Intangible assets	35,850
	<b>40,396</b>
	<b>49,257</b>
<b>Liabilities and Shareholders' Deficiency</b>	
Bank indebtedness	6,575
Accounts payable	6,768
Goods and services tax payable	379
Current portion of long term debt	8,978
	<b>22,700</b>
Advances from shareholders	2,295
Non-current liabilities	34,751
	<b>59,746</b>
Share capital	200
Shareholder's equity (deficit)	(10,689)
	<b>49,257</b>

Intangible assets include the cost of purchasing an existing book of business/client list and legal fees related to the transaction.

### **CONSERVATORY AND PROTECTIVE MEASURES**

The Company leased space municipally described as 5118 50 Street in Vegreville, Alberta (the "Leased Premises"). We understand the Company vacated the Leased Premises prior to bankruptcy. Small amounts of inventory and leasehold improvements were left in the possession of the landlord. The Trustee has not taken possession of the Leased Premises due to the minimal realizable value of the remaining assets.

The Trustee understands the Company generally ceased operations in March 2023 and all employees were terminated prior to the date of Bankruptcy. No outstanding salaries, wages, vacation pay, or severance amounts are owed to employees. The Company has prepared the 2023 T4s and ROEs and provided copies to the employees.

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 a zero-dollar balance. ATB 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, payroll records, and general ledgers.

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 is a security registration in favor of ATB. However, we note that ATB has filed an unsecured proof of claim dated May 3, 2023.

The Company’s books and records indicate all amounts owing to CRA for source deductions have been paid in full. 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 6 unsecured creditors owed approximately \$75,000. Table 3 outlines the major unsecured creditors.

<b>Creditor</b>	<b>Table 3 Estimated Claim (000's)</b>
ATB Financial	56
Ruth Lesnik	16
Telus	2
Hudson Energy Canada Corp	1

### **IDENTIFICATION AND VALUATION OF ASSETS**

As at the date of bankruptcy, the Company had a nil 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 March 2022, to April 24, 2023, and externally compiled financial statements to December 31, 2022.


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 RNP Gorel Enterprises Ltd.

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