

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

**IN THE MATTER OF THE BANKRUPTCY OF
SCL SECURITY SERVICES INC.**

TRUSTEE'S REPORT TO CREDITORS

May 16, 2024

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 SCL Security Services Inc. (the "**Company**" or "**SCL**") to provide preliminary information to the creditors as at the date of this report.

The Company was incorporated in Alberta on November 30, 2010, and the Company's directors as at the date of bankruptcy are Mrs. Maritza Leach ("**M. Leach**") and Mr. Norman Leach. The Company owned and operated a security services company in Edmonton, Alberta.

We understand the Company ran into financial difficulties as a result of ongoing challenges with finding skilled employees and was not able to meet its financial obligations as they generally became due. We understand the Company ceased operations in June 2022.

The Company made an assignment into bankruptcy on April 29, 2024. 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, and December 31, 2021. The financial statements were prepared by a third party and are the most current financial statements available.

	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2022
Revenue	27,393	7,981
Cost of sales	(12,500)	(3,168)
Gross profit	14,893	4,813
Operating and admin expenses	(16,147)	(27,186)
Net income for the year	(16,147)	(27,186)
Other income	-	(6,782)
Net Income (loss)	(1,254)	(29,155)

The Company incurred net losses of \$1,254 and \$29,155 for the fiscal years ended December 31, 2021, and December 31, 2022, respectively.

Table 2 summarizes the balance sheet for the fiscal year ending December 31, 2022, and December 31, 2021. The financial statements were prepared by a third party and are the most current financial statements available.

Table 2

	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2022
Assets		
Cash and cash equivalent	48	-
Accounts receivable	10,207	-
	10,255	-
Property and equipment	6,782	-
Due from shareholders	178,619	184,479
	185,401	184,479
	195,656	184,479
Liabilities and Shareholders' Deficiency		
Accounts payable	3,244	-
GST payable	74,416	95,648
	77,660	95,648
Common shares	10	-
Retained earnings	119,230	117,986
Net income (loss)	(1,254)	(29,155)
	117,986	88,831
	195,646	184,479

CONSERVATORY AND PROTECTIVE MEASURES

We understand the Company operated from a home office and had no realizable assets at the date of bankruptcy.

The Trustee understands the Company ceased all business activities in June 2022. The Company had no employees in recent years and there are no outstanding salaries, wages, vacation pay, or severance amounts owed to employees.

The Trustee sent correspondence to the Bank of Nova Scotia ("**Scotiabank**") requesting the Company's bank accounts be frozen and any funds remaining be forwarded to the Trustee. Scotiabank has confirmed the account was previously closed.

BOOKS AND RECORDS

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

The Trustee is in the process of obtaining access to the tax records of the Company through the authorized representative process of the Canada Revenue Agency (“**CRA**”).

SECURED CREDITORS

The Trustee has reviewed the Company’s books and records and the Personal Property Registry and confirms there are no secured creditors as of the date of bankruptcy.

UNSECURED CREDITORS

Based on the Company’s books and records, the Trustee is aware of 2 unsecured creditors owed approximately \$107,732. Table 3 outlines the major unsecured creditors.

Table 3	
Creditor	Estimated Claim
Canada Revenue Agency	97,032
Government of Alberta	10,699

The Company’s books and records indicate there are amounts owing to CRA for GST and Corporate Income Tax. CRA has not filed a proof of claim as of the date of this report.

IDENTIFICATION AND VALUATION OF ASSETS

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 ongoing litigation against or by the Company.

REVIEW OF RECORDS & CONDUCT OF THE DEBTOR

The Trustee is in the process of reviewing the books and records of the Company that were made available, including bank statements for the period of December 1, 2021, to June 30, 2023, when the bank account was closed, and financial statements prepared by a third party for the period of January 1, 2022, to December 31, 2022.

The Trustee will seek instructions from the Inspector, or creditors of the estate, in the event transactions are identified that could be regarded as preference payments or transfers undervalue in accordance with the *Bankruptcy and Insolvency Act*.


A retainer in the amount of \$8,000 was provided to the Trustee by M. Leach and is considered a shareholder distribution.

CONCLUSION

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

MNP Ltd.

Licensed Insolvency Trustee of SCL Security Services Inc.

Per: 

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