

District of: Ontario
Division No. 05-London
Court No. 35-2889503
Estate No. 35-2889503

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF KTPC POOLS & CONCRETE RESURFACING INC.

Trustee: MNP Ltd.

SECTION A - Background

KTPC Pools & Concrete Resurfacing Inc. ("**KTPC**" or the "**Company**") was incorporated February 21, 2021. Tom Dowling is the sole director. KTPC operated as a franchisee and installer of Narellan pools.

KTPC management attributes its financial difficulties to the following problems with Narellan:

- In February 2022 Narellan committed to a five-year contract with certain qualified franchisees, of which KTPC was one. KTPC arranged for investors and new equipment leases to accommodate the expected business growth; however, the contract was never received. Ultimately Narellan advised the contract would only be two years, so the investors backed out.
- At least 90% of the pools ordered from Narellan were delayed.
- There were quality issues with pools received. Nearly every pool was damaged and a few with customized features were done incorrectly.
- Narellan was slow to respond to requests for repairs.
- Without advising KTPC, Narellan stopped marketing for Canadian franchises in November 2022, causing a decline in sales.

KTPC customers would not pay the final balances due on their pools until they were fully satisfied with their pool. The delays and quality problems resulted in payment delays, inability to collect money due, and cancelled orders for KTPC. Management advises they lost over \$1.2 million in sales, and at one point had outstanding receivables of over \$1.0 million held up due to the above problems.

This caused significant financial hardship and cash strain and KTPC was not able to carry on operations. It made the decision to shut down in February 2023 and subsequently made an assignment in bankruptcy on June 12, 2023. MNP Ltd. was appointed as trustee. (the "**Trustee**").

CLASS I - Stocks of merchandise

There is a small amount of inventory including pool covers, pumps and a heater remaining in a rented storage locker. The Trustee is arranging have this inventory removed by Gardner Auctions to be sold at auction.

CLASS II - Plant, machinery, equipment, and office

All equipment owned by the company was leased and returned to the leasing companies prior to the bankruptcy.

CLASS III - Buildings and real estate

The Company did not own real estate.

CLASS IV - Books and records

The Trustee has received the books and records required to administer the bankruptcy.

CLASS V - Other assets

None known.

Property of Bankruptcy not divisible amongst creditors by virtue of Section 67(b), of the Bankruptcy and Insolvency Act

None known.

Property placed under the guardianship of the Company

None known.

SECTION B

1. Conservatory and protective measures

There are no conservatory or protective measures to be taken.

2. Carrying on business

The Company's operations ceased prior to bankruptcy.

SECTION C - Legal proceedings

There are no legal proceedings the Trustee is aware of.

SECTION D - Provable claims

Creditor Class	Per Statement of Affairs	Proven
Deemed Trust	\$nil	\$nil
Secured	\$100,000	\$151,362
Preferred	\$nil	\$nil
Unsecured	\$641,480	\$511,927
Total	\$741,480	\$663,289

Secured creditors

The following registrations appear on the Ontario Personal Property Security Act Registry:

- Bank of Nova Scotia – 2019 GMC Sierra and 2018 Chevrolet Equinox
- CWB National Leasing Inc. – PJ Trailer, Norstar Trailer and Bobcat

- Vault Credit Corporation – 200 Chevrolet Express 3500
- Royal Bank of Canada – general security
- Merchant Opportunities Fund Limited Partnership – general security

Management advises that all of this leased equipment was returned prior to the bankruptcy.

SECTION F - Anticipated realizations and projected distribution

The Trustee does not anticipate there will be a distribution in this bankruptcy estate.

SECTION G - Reviewable transactions and preferential payment

The Trustee has done a review of the bank statements for the last twelve months and found no indication of reviewable transactions or preferential payments.

SECTION H - Other matters

The Trustee has received a third-party deposit of \$12,000 from Tom Dowling to cover the fees and disbursements of the bankruptcy in the event asset realizations are insufficient.

Dated at London, Ontario this 29th day of June 2023.

MNP Ltd.

Licensed Insolvency Trustee of
KTPC Pools & Concrete Resurfacing Inc.



Per: Rob Smith CPA, CA, CIRP, LIT
Senior Vice-President



Division No. 05-London
Court No. 35-2954077
Estate No. 35-2954077

IN THE MATTER OF THE BANKRUPTCY OF
KPTC POOLS & CONCRETE RESURFACING INC.

Carrying on business in the City of London,
in the Province of Ontario

TRUSTEE'S PRELIMINARY REPORT

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