

District of: Ontario
Division: 09-Mississauga
Court No.: 32-1473612
Estate No.: 32-1473612

In the matter of the Proposal of
New Home Services Inc.
Of the City of Brampton, in the Province of Ontario

Trustee's Report on the Proposal

A. Background and Causes of Difficulties

New Home Services Inc. ("NHS" or "Company") performs professional services and consulting for new home builders. Such services and consulting includes:

- Pre-delivery inspections
- Warranty service management
- Customized homeowner policies and procedures manuals
- Scheduling of repairs with subcontractors and handyman services

The Company was incorporated on February 15, 2000. Its principal shareholder and director is Mr. Randall Baryla.

A summary of Revenues and Net Income of the Company is set out below for the years ended January 31:

	2010	2009	2008
Sales	237,790	413,332	304,057
Net Income/(Loss)	(46,535)	26,566	(17,859)

Mr. Baryla advises that the decrease in revenues for the year ended January 31, 2010 resulted from the general decline in the economy and the reduction in new home construction.

In an attempt to return to profitability, the Company has laid off substantially all of its employees in the current year and intends to rely more heavily on independent contractors during high volume periods. In addition, expenses have been reduced where possible to improve profitability.

These changes are reflected in the Company's Revised Statement of Cash Flow filed with the Proposal.

B. Summary of Proposal

The Company's creditors consist entirely of Canada Revenue Agency ('CRA') for unremitted payroll deductions and unremitted GST. At the time of filing the Proposal, these liabilities were

estimated at \$130,000 and \$20,000 respectively. These amounts are subject to confirmation and audit by CRA.

The Proposal provides that unremitted payroll deductions will be paid in full within 36 months of Court Approval of the Proposal, with instalments to be paid of no less than \$36,000 within 12 months of Court Approval and \$60,000 within 24 months of Court Approval.

In addition, all unsecured creditors shall be paid in full within 36 month of Court Approval of this Proposal, subject to a maximum amount of \$30,000. It is anticipated that unremitted GST/HST will be the only unsecured claim filed in the Proposal and that the amount of this claim will be less than \$30,000.

C. Financial Position

The Company's Historical Financial Statements will be tabled for review if desired by the creditors at the first meeting of creditors.

D. Interim Receiver

Non applicable

E. Identification and Evaluation of Assets

As set out on the Statement of Affairs, the Company's assets consist almost entirely of accounts receivable, as well as minimal office equipment. The assets of the Company are estimated to realize approximately \$20,000, if realized in an orderly liquidation..

F. Conduct of the Debtor

The Trustee is not aware of any preferential payment, settlement or reviewable transaction that the Company may have been a party to. The Trustee's review of the debtor's conduct has been limited to discussions with Mr. Baryla and his accountant and a review of the Company's Financial Statements. The Trustee will consider with CRA if any additional review into the assets and affairs of the Company is desired.

The Trustee is not aware of any offences having been committed by the Company or its shareholders under the *Bankruptcy and Insolvency Act*.

G. Creditors' Claims

No proof of claims have been filed as at the date of this report, nor is the Trustee aware of any material changes in the amounts owing to creditors.

H. Previous Business Dealings with the Debtor

The Trustee has not provided previous services to the Company and does not consider itself to have any conflict of interest with respect to acting as Trustee in the Company's Proposal.

I. Informal Meetings with Major Creditors

No prior meetings have been held with creditors as at the date of this report,

J. Remuneration of Trustee

The fees of the Trustee are set out in the Proposal.

K. Other

There are no other pertinent facts to be disclosed to creditors at this time.

L. Statement of Estimated Realization

In the event that the Proposal is rejected, and the Company placed into bankruptcy, it is estimated that only \$20,000 will be realized for creditors; substantially from the existing accounts receivable. The amount realized will be subject to the priority of the deemed trust claim of Canada Revenue Agency.

M. Recommendations

It is the intention of the Company to pay all creditors in full under the Proposal over a three year period. It is anticipated that CRA is the only creditor of the Company.


If CRA rejects the Proposal, it will not recover all of its debt from the Company and will need to proceed with an action against the Directors for unremitted payroll source deductions and GST.

Accordingly, the Trustee recommends that creditors vote in favour of the Proposal.

Dated at the city of Richmond Hill in the Province of Ontario, this 19th day of April 2011.

Albert Gelman Inc. - Trustee

Per:


Joe Albert, CA, CIRP
Trustee in Bankruptcy