



NO. S-231354  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c.57, AS AMENDED**

**AND**

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT,  
R.S.C. 1985, C.-44, AS AMENDED**

**AND**

**IN THE MATTER OF A PLAN OR COMPROMISE AND ARRANGEMENT OF  
CANWEST AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.**

**SEVENTH REPORT OF THE MONITOR**

**JULY 5, 2023**

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## INTRODUCTION AND PURPOSE

1. This report (the “**Seventh Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of CanWest Aerospace Inc. (“**CW Aerospace**”) and Can West Global Airparts Inc. (“**CW Airparts**”) (collectively “**CanWest**” or the “**Petitioners**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced March 8, 2023 (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended (the “**CCA**”).
2. On March 8, 2023, the Petitioners sought and obtained a stay of proceedings (the “**Initial Order**”) which the Petitioners deemed necessary to allow them the time to restructure their affairs and meet their obligations to their primary secured lender, Royal Bank of Canada (“**RBC**”) and other creditors.
3. The Initial Order also provided an Administration Charge in the amount of \$50,000 in favour of the Monitor, the Monitor’s counsel and the Petitioners’ counsel.
4. On March 17, 2023, the Petitioners sought and obtained an Amended and Restated Initial Order (the “**ARIO**”) that provided for among other things, an extension of the Petitioners stay of proceedings to April 14, 2023 and an increase in the Administration Charge to \$75,000.
5. Subsequently, the Petitioners effected a Sale and Investment Solicitation Process during the period of the stay extension with the assistance of the Monitor.
6. On April 13, 2023, the Petitioners sought and obtained an extension of the stay of proceedings pursuant to the ARIO to April 24, 2023.
7. On April 24, 2023, the Petitioners sought and obtained the approval of this Honourable Court of a Share Purchase Agreement (the “**SPA**”) between Tom Jackson, the Petitioners and MAR ONE Aviation L.L.C. (the “**Purchaser**”).
8. A provision of the SPA required the Purchaser to provide a 10% deposit (the “**Deposit**”) to the Monitor within seven days of Court approval of the SPA.

9. Accordingly, on April 24, 2023 a short extension was also sought and obtained by the Petitioners extending the stay of proceedings to May 4, 2023 to allow for confirmation of the Deposit prior to seeking any additional relief.
10. On May 4, 2023, the Petitioners sought and obtained an extension of the stay of proceedings pursuant to the ARIO to June 19, 2023 in addition to:
  - (a) A claims process order (the “**Claims Process Order**”); and
  - (b) A meeting and process order (the “**Meeting and Process Order**”).
11. On May 9, 2023, the Petitioners sought and obtained the approval of this Honourable Court to increase the Administration Charge to \$250,000.
12. On June 19, 2023, the Petitioners sought and obtained an extension of the stay of proceedings in order that the Monitor could hold a meeting of creditors to vote on the First Amended Plan of Compromise and Arrangement dated June 16, 2023 (the “**Plan**”) prepared by the Petitioners.
13. The purpose of the Seventh Report of the Monitor is to provide this Honourable Court with an overview of the following:
  - (a) The activities of the Monitor subsequent to the Fifth Report;
  - (b) The Petitioners cash flow for the period from March 13, 2023 to July 2, 2023;
  - (c) The Petitioners’ Fifth Cash Flow Statement for the period of July 3, 2023 to August 6, 2023; and
  - (d) The Monitor’s view on the extension of the stay of proceedings being proposed by the Petitioners.
14. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor’s website at [cfcanada.fticonsulting.com/CWA](https://cfcanada.fticonsulting.com/CWA)

## TERMS OF REFERENCE

15. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Petitioners' books and records and discussions with various parties (collectively, the "**Information**").
16. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
17. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
18. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
19. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **ACTIVITIES OF THE MONITOR**

### **The Creditor Meeting**

20. The details of the Petitioners' meeting of creditors is included in the Sixth Report.
21. As indicated in the Sixth Report, the vote by the two classes of creditors met the two statutory tests for a successful vote and accordingly the Plan is now only subject to the approval of this Honourable Court.

### **The Petitioners' Operations**

22. As noted in previous reports, the inventory that went missing from the Petitioners' former premises in Langley has caused a significant disruption to the business which has continued to have an affect on revenues.
23. The missing equipment and inventory consists of items that the Petitioners had counted on being able to sell to fund the professional fees during these CCAA proceedings.
24. Accordingly, as detailed in a subsequent section of this report, the Petitioners' cash balance is less than projected in the Fourth Cash Flow Statement.

## **CASH RECEIPTS AND DISBURSEMENTS**

25. The Monitor has undertaken weekly reviews of the Petitioners' actual cash receipts and disbursements in comparison to those contained in the Fourth Cash Flow Statement.
26. The Petitioners' actual cash receipts and disbursements as compared to the Fourth Cash Flow Statement for the period of June 19, 2023 to July 2, 2023, are summarized below:

<b>CanWest</b>			
<b>Cash Flow Statement</b>			
<b>Sixteen-Week Period Ended July 2, 2023</b>			
<b>(CAD)</b>	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Opening Cash</b>	<b>80,900</b>	<b>80,900</b>	<b>-</b>
<b>Cash Receipts</b>			
Sales	213,354	235,106	(21,752)
Collection of A/R	100,304	101,258	(954)
Loan Proceeds	44,489	44,489	-
<b>Total - Operating Receipts</b>	<b>358,147</b>	<b>380,853</b>	<b>(22,706)</b>
<b>Cash Disbursements</b>			
Rent	96,188	96,188	-
Utilities	8,223	8,223	-
Insurance	8,361	11,148	(2,787)
Plant Labour	131,417	130,754	664
Parts	137,414	132,568	4,846
Professional fees	25,000	25,000	-
Loan Repayment	5,741	5,741	-
Taxes	3,128	3,128	-
Office Supplies/Packaging Supplies	9,468	13,328	(3,860)
<b>Total - Operating Disbursements</b>	<b>424,941</b>	<b>426,077</b>	<b>(1,136)</b>
<b>Total Net Cash Flow</b>	<b>(66,793)</b>	<b>(45,224)</b>	<b>(21,570)</b>
<b>Ending Cash</b>	<b>14,106</b>	<b>35,676</b>	<b>(21,570)</b>

27. Overall, the Petitioners realized an adverse net cash flow variance of approximately \$22,000 from the amounts forecast in the Fourth Cash Flow Statement.
28. The variance to forecast is primarily related to sales which were adversely impacted by the Petitioners' challenge to secure parts from existing suppliers necessary to complete orders.
29. As discussed in a subsequent section, the Monitor also notes that no payments were made to professionals during this period due to insufficient liquidity.
30. As of July 2, 2023 the Petitioners held a cash balance of approximately \$14,000.

## **CASH FLOW STATEMENTS**

31. The Petitioners, in conjunction with the Monitor, have prepared the Fifth Cash Flow Statement (the “**Fifth Cash Flow Statement**”) setting out the liquidity requirements and cash position of CanWest for the period July 3, 2023 to August 6, 2023. A copy of the Fifth Cash Flow Statement is attached as Appendix A.
32. The Fifth Cash Flow Statement is based on the following key assumptions:
  - (a) Sales receipts are forecast at the weekly, actual average since the start of these CCAA proceedings;
  - (b) The Petitioners have advised the Monitor of the amounts forecast to be collected in accounts receivable; and
  - (c) Parts purchases are included at \$5,000 per week.

## **THE ADMINISTRATION CHARGE**

33. As indicated in the Fifth Report, the Petitioners were not seeking an increase in the Administration Charge at that time on the basis that the Petitioners would continue to pursue sales of inventory in order to fund the professional fees.
34. As noted previously, those efforts were frustrated by the missing parts from the Petitioners’ former premise in Langley as well as the Petitioners limited resources in trying to deal with the various workstreams required in the CCAA proceedings.
35. As a result, no payments were made to the professionals subsequent to the Fifth Report and the estimated fees currently outstanding as at June 30, 2023 are approximately \$315,000.

36. The Monitor understands that the Petitioners are seeking an increase of \$100,000 in the Administration Charge to \$350,000 to allow the Petitioners' professional advisors to get paid and allow for a modest amount to conclude these proceedings.
37. While the Monitor is aware of the perceived optics in supporting the increase, the Monitor believes that the CCAA proceedings have been conducted in an efficient and timely manner and in its experience are substantially less than the cost of other CCAA proceedings.
38. The Monitor further notes that the Petitioners have agreed to provide a promissory note in favour of its primary secured lender, the Royal Bank of Canada which will survive the Plan implementation and be secured against (i) the Petitioners' insurance claim to be filed for the missing parts and (ii) a tail rotor.
39. Accordingly, the Monitor supports the increase in the Administration Charge.

#### **THE PETITIONERS' REQUEST TO EXTEND THE STAY OF PROCEEDINGS**

40. The Petitioners are seeking the approval of this Honourable Court to extend the current stay of proceedings to August 3, 2023. Absent such extension, the stay will expire on July 8, 2023.
41. The Petitioners are seeking an extension of the stay to allow the time required for the SPA to close and the Plan to be implemented.
42. The Cash Flow Statement as prepared by Tara Lundy appears to provide sufficient liquidity to support an extension of the stay of proceedings to August 3, 2023.
43. The Monitor has considered the tests that the Court must be satisfied with in order to grant an extension of the stay of proceedings to the Petitioners, namely that:
  - (a) The Petitioners must be acting in good faith and with due diligence; and

- (b) The Petitioners satisfy the Court that the circumstances exist that make the order appropriate.
44. The Monitor is of the view that the Petitioners are acting in good faith and with due diligence.
45. As indicated in previous reports, the Monitor is also of the view that the closing of the SPA will result in the best recovery for all stakeholders and is the only way that unsecured creditors will receive a distribution.
46. Accordingly, the Monitor supports the Petitioners' request for an extension of the stay of proceedings to August 3, 2023.

All of which is respectfully submitted this 5<sup>th</sup> day of July, 2023.

FTI Consulting Canada Inc.,  
in its capacity as Monitor of CanWest  
Aerospace Inc. and Can West Global Airparts  
Inc.



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Name: Craig Munro  
Title: Managing Director,  
FTI Consulting Canada Inc.

# **APPENDIX A**

Canwest Aerospace Inc. and Can West Global Airparts Inc.

Cash Flow Statement

For the five-week period ending August 6, 2023

(CAD)	Week Ending	Notes	Week 17	Week 18	Week 19	Week 20	Week 21	Total
			9-Jul-23 Forecast	16-Jul-23 Forecast	23-Jul-23 Forecast	30-Jul-23 Forecast	6-Aug-23 Forecast	
<b>Opening Cash</b>			14,106	7,819	30,319	32,819	35,319	14,106
<b>Cash Receipts</b>								
Sales		[1]	20,000	18,000	18,000	18,000	18,000	92,000
Collection of A/R		[2]	20,000	20,000				40,000
<b>Total - Operating Receipts</b>			<b>40,000</b>	<b>38,000</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>	<b>132,000</b>
<b>Cash Disbursements</b>								
Rent			26,000	-	-	-	-	26,000
Utilities			2,000	-	-	-	2,000	4,000
Insurance		[3]	2,787	-	-	-	2,787	5,574
Plant Labour		[4]	8,000	8,000	8,000	8,000	8,000	40,000
Parts		[5]	5,000	5,000	5,000	5,000	5,000	25,000
Office Supplies/Packaging Supplies		[6]	2,500	2,500	2,500	2,500	2,500	12,500
<b>Total - Operating Disbursements</b>			<b>46,287</b>	<b>15,500</b>	<b>15,500</b>	<b>15,500</b>	<b>20,287</b>	<b>113,074</b>
<b>Total Net Cash Flow</b>			<b>(6,287)</b>	<b>22,500</b>	<b>2,500</b>	<b>2,500</b>	<b>(2,287)</b>	<b>18,926</b>
<b>Ending Cash</b>			<b>7,819</b>	<b>30,319</b>	<b>32,819</b>	<b>35,319</b>	<b>33,032</b>	<b>33,032</b>

  
Tara Lundy, Chief Financial Officer  
Canwest Aerospace Inc. and Can West Global Airparts Inc.

**Notes:**

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings. The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- [1] Sales relate to the manufacture, sale, repair and installation of parts.
- [2] The majority of accounts receivable outstanding for less than 60 days is expected to be collected within the forecast period.
- [3] Insurance relates to monthly aviation liability coverage and employee extended benefits.
- [4] Plant Labour is assumed to continue at current run rates.
- [5] Parts include items required to complete outstanding work-in-progress.
- [6] Office Supplies/Packaging Supplies contain miscellaneous expenses.