



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.**

**FIFTH REPORT OF THE MONITOR**

**JUNE 18, 2023**

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## INTRODUCTION AND PURPOSE

1. This report (“**Fifth 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 “**CCAA**”).
2. CW Aerospace was incorporated in British Columbia on May 12, 2004. It was previously known as Canam Components Inc. and prior to that Can West Components Inc. CW Aerospace was established to provide maintenance, repair and overhaul services to helicopter and fixed-wing aircraft customers throughout the world.
3. CW Airparts was incorporated in British Columbia on October 19, 2000. It was previously known as R.T.D. Avionics Ltd. CW Airparts was incorporated to sell new and certified repaired parts to customers, including but not limited to CW Aerospace.
4. The sole director, officer and shareholder of both CW Aerospace and CW Airparts is Thomas Jackson (“**T. Jackson**”).
5. Tara Lundy (“**T. Lundy**”) is the Chief Financial Officer of both CW Aerospace and CW Airparts.
6. 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 the primary secured lender, Royal Bank of Canada (“**RBC**”) and other creditors.
7. 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.

8. 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.
9. On April 13, 2023, the Petitioners sought and obtained an extension of the stay of proceedings pursuant to the ARIO to April 24, 2023 with the consent of RBC.
10. On April 24, 2023, the Petitioners sought and obtained the approval of this Honourable Court of a Share Purchase Agreement (the “**SPA**”) between Can West and MAR ONE Aviation L.L.C. (the “**Purchaser**”).
11. 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.
12. 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.
13. 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**”).
14. On May 9, 2023, the Petitioners sought and obtained the approval of this Honourable Court to increase the Administration Charge to \$250,000.
15. In addition, on May 9, 2023 two additional orders were granted by this Honourable Court:
  - (a) The first order (the “**Access Order**”):

- i. directed the landlord of the Petitioners' hangar in Langley (the "**Langley Premises**") to allow the Petitioners continued access to the Langley Premises until May 31, 2023;
    - ii. directed the Petitioners to pay funds to the Monitor by June 4, 2023 equal to the gross rent of the Langley Premises for the month of April 2023 (the "**April Rent**"); and  
  
and
  - (b) The second order (the "**Return of Property Order**"):
    - i. directed any party that removed property from the Langley Premises to return such property forthwith; and
    - ii. directed any party that recorded video of the Langley Premises between April 13 and May 9, 2023 to produce such video recordings to the Monitor.
16. The purpose of the Fifth 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 Fourth Report;
  - (b) The Petitioners cash flow for the period from March 13, 2023 to June 18, 2023;
  - (c) The Petitioners' Fourth Cash Flow Statement for the period of June 19, 2023 to July 2, 2023; and
  - (d) The Monitor's view on the extension of the stay of proceedings being proposed by the Petitioners.
17. 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

18. 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**").
19. 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.
20. 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.
21. 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.
22. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## ACTIVITIES OF THE MONITOR

### The Claims Process

23. In accordance with the Claims Process Order the Monitor performed the following:
- (a) On May 5, 2023, the Monitor posted the Proof of Claim package to its website;
  - (b) On May 5, 2023, the Monitor mailed out the Proof of Claim package to 102 known creditors. On May 10, 2023, the Monitor mailed out the Proof of Claim Package to an additional 22 creditors based on information provided by T. Lundy;
  - (c) On May 10, 2023, the Monitor emailed the Proof of Claim package to 79 of the above-noted creditors where email addresses were available with another 4 emailed subsequently upon receipt of an email address from T. Lundy; and
  - (d) On May 24, 2023, the Monitor sent out a reminder email to the 83 creditors with known email address contacts reminding of the deadline for submission of proofs of claim.
24. As of the Claims Bar date, the Monitor received a total of 39 proofs of claim with an additional 5 received subsequently.
25. On June 8, 2023, the Monitor sent out 5 Notices of Revision and to date, one creditor has lodged a Notice of Dispute.
26. An additional Notice of Revision was sent out on June 15, 2023 to Business Development Bank of Canada (“**BDC**”) on the basis of an agreement reached as between the Petitioners and BDC. Accordingly, the Notice of Revision is not expected to be disputed.

## **The Petitioners' Operations**

27. As noted in previous reports, the Petitioners were locked out of the Langley Premises as of May 1, 2023.
28. On May 9, 2023, the landlord was ordered to grant the Petitioners access to the Langley Premises upon receipt of the monthly rent, but the Petitioners needed to vacate the Langley Premises by May 31, 2023.
29. The Petitioners paid the rent for May and were provided access to the Langley Premises. However, because of the compressed timeline to vacate, the Petitioners spent most of the remainder of May locating alternative premises and organizing the removal of its property from the Langley Premises.
30. This distraction took time away from T. Jackson's ability to focus on processing work orders and selling parts which has negatively impacted the Petitioners' cash flow.
31. Accordingly, as detailed in a subsequent section of this report, the Petitioners' cash balance is less than projected in the Third Cash Flow Statement.

## **The Langley Premises**

32. As indicated previously, on May 9, 2023 the Access Order and the Return of Property Orders were granted by the Court.
33. As noted, the landlord of the Langley Premises provided access to the Petitioners who removed their property and vacated on May 31, 2023.
34. However, the Monitor has not received the April Rent due to the Petitioners constrained cash flow.



35. With respect to the Return of Property Order, the Monitor is aware that the Petitioners' signage was re-installed on the Langley Premises, however the Monitor is not aware that any property has been returned.
36. The Monitor was forwarded two video files from the counsel to the landlord (the "**Landlord's Counsel**") of the Langley Premises. The Landlord's Counsel has also attempted to forward a larger file to the Monitor, however the transfer has not been completed as a result of technical challenges which are still to be resolved.

### **The Petitioners Plan**

37. As summarized in the Fourth Report, the Petitioners prepared a plan of compromise and arrangement (the "**Plan**") dated May 4, 2023.
38. Subsequent to filing the Plan, the Petitioners entered into negotiations with their secured lenders resulting in a number of amendments required to garner their support.
39. As a result of those discussions, an amended plan of compromise and arrangement (the "**Amended Plan**") was finalized on June 16, 2023.
40. Pursuant to the Meeting and Process Order, the Monitor was to provide notice to creditors on June 6, 2023 and hold a meeting of creditors on June 13, 2023.
41. As a result of the delays in finalizing the Amended Plan, the Monitor sent out a notice to all creditors that had filed proofs of claim in the Claims Process, advising that the meeting of creditors had been postponed to June 16, 2023.
42. A second notice was sent out by the Monitor on June 15, 2023 advising that the meeting of creditors had been further postponed to June 22, 2023.

43. On June 16, 2023, the Monitor forwarded the notice of meeting to all creditors that had filed claims in the Claims Process advising them of the creditor meeting to be held at 2:00 pm (Vancouver time) on June 22, 2023.
44. In addition to the notice, a report on the Amended Plan prepared by the Monitor was forwarded as well as a voting proxy and a copy of the Amended Plan.
45. The Monitor relied on the power granted to it in paragraph 18 of the Meeting and Process Order to postpone the date of the creditor meeting so that the Amended Plan could be finalized and still give sufficient time for creditors to file their voting letters prior to the creditor meeting.

## CASH RECEIPTS AND DISBURSEMENTS

46. The Monitor has undertaken weekly reviews of the Petitioners' actual cash receipts and disbursements in comparison to those contained in the Third Cash Flow Statement.
47. The Petitioners' actual cash receipts and disbursements as compared to the Third Cash Flow Statement for the period of March 13, 2023 to June 18, 2023, are summarized below:

<b>CanWest Cash Flow Statement Fourteen-Week Period Ended June 18, 2023 (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	206,106	241,008	(34,901)
Collection of A/R	88,258	92,193	(3,935)
Orderly Inventory Liquidation	-	200,000	(200,000)
Loan Proceeds	44,489	49,259	(4,771)
<b>Total - Operating Receipts</b>	<b>338,853</b>	<b>582,460</b>	<b>(243,607)</b>
<b>Cash Disbursements</b>			
Rent	96,188	105,391	(9,203)
Utilities	8,223	11,258	(3,034)
Insurance	8,361	14,991	(6,630)
Plant Labour	118,754	126,390	(7,636)
Parts	122,568	132,585	(10,017)
Professional fees	25,000	185,000	(160,000)
Loan Repayment	5,741	-	5,741
Taxes	3,128	-	3,128
Office Supplies/Packaging Supplies	8,328	21,724	(13,396)
<b>Total - Operating Disbursements</b>	<b>396,290</b>	<b>597,339</b>	<b>(201,049)</b>
<b>Total Net Cash Flow</b>	<b>(57,437)</b>	<b>(14,878)</b>	<b>(42,558)</b>
<b>Ending Cash</b>	<b>23,463</b>	<b>66,021</b>	<b>(42,558)</b>

48. Overall, the Petitioners realized an adverse net cash flow variance of approximately \$43,000 from the amounts forecast in the Third Cash Flow Statement.

49. The key components of the variance are as follows:
- (a) Sales were adversely impacted by the disruption associated with vacating the Langley Premises;
  - (b) The parts that were identified to be sold under an orderly inventory liquidation process had components that were subject to an alleged theft. These components were integral to the major parts identified for liquidation, thereby preventing their sale from occurring; and
  - (c) No payment of professional fees were made due to insufficient liquidity.
50. As of June 18, 2023 the Petitioners held a cash balance of approximately \$23,000.
51. As indicated above, no payments have been made toward the arrears of professional fees during this period.
52. As at the end of May 2023, the accrued fees of the professionals was approximately \$205,000 (net of the retainer paid to the Monitor).
53. The Monitor does not have the unbilled work in progress for each of the professional firms for June 2023, however would expect that if no payments are made by the Petitioners during the requested stay extension, that the accrued fees would be approaching or exceed the current Administration Charge.
54. The Petitioners have indicated their intention to focus on raising cash through parts sales in order to reduce the amount of the Administration Charge and accordingly are not seeking an increase in the Administration Charge at this time.

## **CASH FLOW STATEMENTS**

55. The Petitioners, in conjunction with the Monitor, have prepared the Fourth Cash Flow Statement (the “**Fourth Cash Flow Statement**”) setting out the liquidity

requirements and cash position of CanWest for the period June 19, 2023 to July 2, 2023. A copy of the Fourth Cash Flow Statement is attached as Appendix A.

56. A summary of the Fourth Cash Flow Statement is set out in the below table:

<b>Cash Flow Statement</b> <b>Sixteen-Week Period Ended July 2,</b> <b>2023</b> <i>(CAD)</i>	<b>Weeks 1- 14</b> <b>Actual</b>	<b>Weeks 15- 16</b> <b>Forecast</b>	<b>Weeks 1- 16</b> <b>Total</b>
<b>Opening Cash</b>	<b>80,900</b>	<b>23,463</b>	<b>80,900</b>
<b>Cash Receipts</b>			
Sales	206,106	29,000	235,106
Collection of A/R	88,258	13,000	101,258
Orderly Inventory Liquidation	-	-	-
Loan Proceeds	44,489	-	44,489
<b>Total - Operating Receipts</b>	<b>338,853</b>	<b>42,000</b>	<b>380,853</b>
<b>Cash Disbursements</b>			
Rent	96,188	-	96,188
Utilities	8,223	-	8,223
Insurance	8,361	2,787	11,148
Plant Labour	118,754	12,000	130,754
Parts	122,568	10,000	132,568
Professional fees	25,000	-	25,000
Loan Repayment	5,741	-	5,741
Taxes	3,128	-	3,128
Office Supplies/Packaging Supplies	8,328	5,000	13,328
<b>Total - Operating Disbursements</b>	<b>396,290</b>	<b>29,787</b>	<b>426,077</b>
<b>Total Net Cash Flow</b>	<b>(57,437)</b>	<b>12,213</b>	<b>(45,224)</b>
<b>Ending Cash</b>	<b>23,463</b>	<b>35,676</b>	<b>35,676</b>

57. The Fourth 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 PETITIONERS' REQUEST TO EXTEND THE STAY OF PROCEEDINGS**

- 58. The Petitioners are seeking the approval of this Honourable Court to extend the current stay of proceedings to June 30, 2023. Absent such extension, the stay will expire on June 19, 2023.
- 59. The Petitioners are seeking an extension of the stay to allow the time required for a creditor meeting to be held and to seek the Court's approval of the Amended Plan should it be approved by the requisite number of creditors.
- 60. The Cash Flow Statement as prepared by T. Lundy appears to provide sufficient liquidity to support an extension of the stay of proceedings to June 30, 2023.
- 61. 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.
- 62. The Monitor is of the view that the Petitioners are acting in good faith and with due diligence.
- 63. The Monitor is also of the view, as detailed in the Third Report, 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.

64. The Monitor is further of the view that the Amended Plan is reasonable and provides a return to unsecured creditors which although is modest, will result in a better recovery than a bankruptcy or receivership.
65. Accordingly, the Monitor supports the Petitioners' request for an extension of the stay of proceedings to June 30, 2023.

All of which is respectfully submitted this 18<sup>th</sup> day of June, 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 two-week period ending July 02, 2023

(CAD)	Week Ending	Notes	Week 15 25-Jun-23	Week 16 02-Jul-23	Total 02-Jul-23
			Forecast	Forecast	Forecast
<b>Opening Cash</b>			23,463	40,463	23,463
<b>Cash Receipts</b>					
Sales	[1]		14,500	14,500	29,000
Collection of A/R	[2]		10,000	3,000	13,000
<b>Total - Operating Receipts</b>			24,500	17,500	42,000
<b>Cash Disbursements</b>					
Insurance	[3]		-	2,787	2,787
Plant Labour	[4]		-	12,000	12,000
Parts	[5]		5,000	5,000	10,000
Office Supplies/Packaging Supplies	[6]		2,500	2,500	5,000
<b>Total - Operating Disbursements</b>			7,500	22,287	29,787
<b>Total Net Cash Flow</b>			17,000	(4,787)	12,213
<b>Ending Cash</b>			40,463	35,676	35,676



Tara Harty, 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.