



Estate File Nos.: 11-3171491 & 11-3171493

**IN THE MATTER OF THE BANKRUPTCIES OF
10SHEET SERVICES INC. AND BENCH ACCOUNTING, INC.
OF THE CITY OF VANCOUVER,
IN THE PROVINCE OF BRITISH COLUMBIA**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1. Introduction

1. On January 7, 2025 (the "**Filing Date**"), 10Sheet Services Inc. ("**10 Sheets**") and Bench Accounting, Inc. ("**Bench**", and together with 10 Sheets, the "**Companies**") filed assignments in bankruptcy and KSV Restructuring Inc. ("**KSV**") was appointed the Licensed Insolvency Trustee of each of their bankruptcy estates (in such capacity, the "**Trustee**") by the Office of the Superintendent of Bankruptcy (Canada), subject to affirmation of the Trustee's appointment at the first meetings of creditors, scheduled to be held on January 27, 2025. Copies of the certificates of appointment issued by the Office of the Superintendent of Bankruptcy are attached.
2. Prior to the Filing Date, the Companies operated as a combined business that provided bookkeeping, tax filing and other financial services to its customers (the "**Business**").

1.2 Currency

1. All currency references in this report (the "**Report**") are in Canadian dollars unless otherwise noted.

1.3 Restrictions

1. In conducting its review and preparing this Report, the Trustee has relied upon financial and other information supplied by the Companies' management and employees.
2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information contained in this Report should perform its own diligence.
3. The Trustee accepts no responsibility for any reliance placed by any third party on the Companies' financial information presented herein.

2. Background

1. 10 Sheets was federally incorporated under the *Canada Business Corporations Act* on October 14, 2010. 10 Sheets is a wholly-owned subsidiary of Bench, which is a Delaware company that was incorporated on March 8, 2012. The Companies' head office was located in Vancouver, British Columbia. Shawn Abbott was the Companies' sole director as of the Filing Date.
2. As of the Filing Date, the Business had between 10,000 and 11,000 customers, all of which contracted with Bench, and approximately 413 employees, all of which were employed by 10 Sheets. Most of the intellectual property used in the Business was the property of Bench. The Companies' primary assets consist of its customer base, intellectual property and workforce.
3. National Bank of Canada ("**NBC**") is the Companies' senior secured creditor. Pursuant to a credit agreement dated June 7, 2024, as amended by a first amending agreement dated October 1, 2024, and a forbearance, funding and second amending agreement dated December 12, 2024, NBC made available to the Companies certain credit facilities, including a term facility in the aggregate principal amount of US\$15 million, a revolving facility up to an aggregate principal amount of US\$20 million, and a hedging facility up to an aggregate principal amount of \$5.5 million. As of the Filing Date, NBC was owed approximately \$51 million by the Companies, excluding accrued interest and fees, which continue to accrue.
4. The Companies had a history of significant losses. A summary of the Companies' revenue and losses is provided in the table below.

Consolidated	12 Months, Audited		6 Months, Unaudited
	March 31, 2023	March 31, 2024	Sept 30, 2024
USD (\$000s)			
Revenue	43,242	48,949	21,909
Net income (loss)	(29,307)	(13,501)	(5,411)

5. The Companies had an accumulated deficit of approximately US\$134.9 million as of September 30, 2024. As a result of a liquidity crisis, the Companies discontinued operations and terminated substantially all of their employees on December 27, 2024.
6. On January 1, 2025, the Companies entered into a binding letter of intent (the "**LOI**") to sell substantially all of their assets and the Business to Recruiter.com Ventures Inc. ("**RVI**"). The transaction (the "**Transaction**") is subject to the negotiation and execution of definitive documents, and approvals that are intended to be sought in the bankruptcy proceedings after a final agreement is reached. The LOI contemplates an outside closing date of February 28, 2025 (the "**Closing Date**"). As of the date of this Report, the Trustee and RVI continue to advance the Transaction. To facilitate the operation of the Business by RVI to the Closing Date, the Trustee and RVI negotiated a transition services agreement.

3. Financial Position

3.1 10 Sheets

- The following table provides a summary of the estimated net book value of 10 Sheets' assets as of the Filing Date.

Description	(\$000s)
Cash	550
Accounts receivable	1
Trade Fixtures	4,421
Machinery and Equipment	5
Furniture	41
	5,018

3.1.1 Accounts Receivable

- As at the Filing Date, the net book value of 10 Sheets' accounts receivable was approximately \$23,000. Based on discussions with the Companies' representatives, the receivables are expected to be uncollectible.

3.1.2 Trade Fixtures

- Trade fixtures include the net book value of leased employee computers, IT peripherals and other office equipment, the lease of the Companies' head office in Vancouver, and leasehold improvements at the Vancouver head office.

3.1.3 Machinery and Equipment

- The net book value of 10 Sheets' machinery and equipment as of the Filing Date was approximately \$5,000.

3.1.4 Furniture

- Furniture is comprised of the Companies' head office furniture, which had a net book value of approximately \$41,000 as of the Filing Date.

3.2 Bench

- The following table provides a summary of the net book value of Bench's assets as of the Filing Date.

Description	USD (\$000s)
Cash ¹	800
Accounts receivable	100
Trade Fixtures	7
	907

¹Bench's actual cash balance on the date of the bankruptcy was US\$800,000, which differs from the amount in the Statement of Affairs sworn on January 7, 2025.

3.2.1 Accounts Receivable

1. As of the date of this Report, the Trustee was working to collect the accounts receivable; however, their collectability is uncertain due to inability of Bench to provide bookkeeping and other services it contracted to provide to its customers resulting from the discontinuation of the Business. The amount shown in the table above reflects the estimated net realizable as of the Filing Date. This amount may be overstated due to the aforementioned factors, and others.

3.2.2 Trade Fixtures

1. Trade fixtures are comprised of Bench's computer equipment and IT peripherals.

4. Creditors

4.1 Secured Creditors

1. NBC is the Companies' largest secured creditor. As of the Filing Date, NBC was owed approximately \$51 million, before interest and fees. In addition to NBC, the following parties have registered financing statements against one or both of the Companies in the British Columbia Personal Property Registry:
 - i. iNovia Capital Inc. ("**iNovia**"): The Trustee understands that the registrations by iNovia, as collateral agent, against Bench and 10 Sheets, relate to subordinated secured convertible promissory notes issued by the Companies on September 28, 2023.
 - ii. Apple Canada Inc., Hewlett-Packard Financial Services Canada Company, Vault Creditor Corporation, and Wells Fargo Equipment Finance Company: The Trustee understands that the registrations by these entities against 10 Sheets relate to computers used by employees, IT peripherals and security equipment.
 - iii. Bank of Montreal ("**BMO**"): BMO was formerly the Companies' lender. The amounts advanced to the Companies by BMO were refinanced by NBC in June 2024. It is the Trustee's understanding that there are currently no amounts owing by the Companies to BMO.
2. Fasken Martineau DuMoulin LLP ("**Fasken**") is the Trustee's legal counsel. Fasken provided the Trustee with an opinion on NBC's security, which confirms that, subject to the standard assumptions and qualifications contained therein, NBC's security is valid and enforceable as against a trustee in bankruptcy.

4.2 Unsecured Creditors

1. The table below provides a summary of the book value of the Companies' unsecured claims as at the Filing Date. These amounts are subject to change.

Description	(\$000s)
Bench	11,260
10 Sheets	11,050
	<u>22,310</u>

2. The amounts reflected in the table exclude, *inter alia*, certain amounts owing to customers, employees, contractual counterparties, and state, provincial and federal governments. Where applicable, placeholder amounts were inserted in the Statements of Affairs sworn on January 25, 2025 for these claims.

5. Books and Records

1. The Trustee has retained a small number of the Companies' previous employees to assist it with the administration of the bankruptcies and to advance the Transaction. With the assistance of the remaining employees, the Trustee has access to the Companies' books and records required to administer these bankruptcy proceedings.

6. Preferences and Transfers at Undervalue

1. As part of its statutory duties, the Trustee is required to conduct a review for preferences and transfers at undervalue by reviewing the Companies' bank statements and books and records for the year preceding the Filing Date. In respect of non-arm's length transactions, the "look-back" period under the *Bankruptcy and Insolvency Act* is five years.
2. The Trustee will advise the inspectors appointed in these proceedings of the results of its review once completed.

7. Anticipated Realization and Projected Distribution

1. The Trustee is working to advance the Transaction. The purchase price under the Transaction is confidential but the Trustee confirms that it is less than the Companies' indebtedness to NBC. Accordingly, the proceeds of realization in these proceedings are expected to be insufficient to fully repay NBC and there is no expectation that there will be distributions to the Companies' unsecured creditors in these proceedings.

8. Third Party Guarantee

1. Pursuant to Third-Party Guarantees dated January 3, 2025 executed by NBC in favour of the Trustee (as Trustee of both Bench and 10 Sheets), NBC has guaranteed the Trustee's fees and costs (including those of its legal counsel) in both estates in the event that the recoveries in either estate are insufficient to pay in full the fees and costs of the Trustee.

9. KSV May Be Appointed to Act for Secured Creditor

1. NBC may seek to appoint KSV as agent or private receiver of one or both of the Companies pursuant to NBC's security. As outlined in section 4.1(2) above, Fasken has provided an opinion to KSV confirming that NBC's security is valid and enforceable as against a trustee in bankruptcy.

10. Other Matters

1. There are no other matters to discuss at this time.

* * *

DATED at Toronto, Ontario, this 24th day of January, 2025.

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
10SHEET SERVICES INC. AND BENCH ACCOUNTING, INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: British Columbia
Division No.: 03 - Vancouver
Court No.: 11-3171491
Estate No.: 11-3171491

In the Matter of the Bankruptcy of:

10Sheet Services Inc.

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Ordinary Administration

Date and time of bankruptcy:	January 07, 2025, 11:32	Security:	\$0.00
Date of trustee appointment:	January 07, 2025		
Meeting of creditors:	January 27, 2025, 11:30 THE SUTTON PLACE HOTEL VANCOUVER 845 BURRARD ST, ROOM CHATEAU BELAIR VANCOUVER, British Columbia Canada,		
Chair:	Official Receiver		

CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

-- AMENDED --

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: January 16, 2025, 13:03

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Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: British Columbia
Division No.: 03 - Vancouver
Court No.: 11-3171493
Estate No.: 11-3171493

In the Matter of the Bankruptcy of:

Bench Accounting, Inc.

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Ordinary Administration

Date and time of bankruptcy:	January 07, 2025, 11:34	Security:	\$0.00
Date of trustee appointment:	January 07, 2025		
Meeting of creditors:	January 27, 2025, 10:00 THE SUTTON PLACE HOTEL VANCOUVER 845 BURRARD ST, ROOM CHATEAU BELAIR VANCOUVER, British Columbia Canada,		
Chair:	Official Receiver		

CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

-- AMENDED --

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: January 16, 2025, 13:01

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada