



**IN THE SUPREME COURT OF BRITISH COLUMBIA**

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

371392 B.C. LTD.  
371392 B.C. LTD. doing business as DIAMOND HEAD MOTOR  
INN and DIAMOND HEAD MOTEL  
1134365 B.C. LTD.  
H.D.P. HOLDINGS INC.  
FARHEEN RAWJI  
DIPTI PANCHAL  
HITESH PANCHAL  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT  
LANDS

Respondents

**REQUISITION - GENERAL**

**REQUIRED:**

Please file the attached Supplement to the First Report of the Court-Appointed Receiver and Manager, D. Manning & Associates Inc., made as of August 20, 2020.

Dated: August 24, 2020

A handwritten signature in blue ink, appearing to read "Alan Frydenlund".

Solicitor for Receiver and Manager

Name and address of Solicitor for the Receiver and Manager:

Alan A. Frydenlund, Q.C. OWEN BIRD LAW CORPORATION, P.O. Box 49130, 2900 – 595  
Burrard Street, Vancouver, BC V7X 1J5 Tel.: (604) 688-0401

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Respondents

**IN THE MATTER OF THE RECEIVERSHIP OF**

**371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL**

**SUPPLEMENT TO  
FIRST REPORT OF THE COURT-APPOINTED  
RECEIVER AND MANAGER,  
D. MANNING & ASSOCIATES INC.**

AUGUST 20, 2020

D. MANNING & ASSOCIATES INC.  
COURT-APPOINTED RECEIVER AND MANAGER OF THE  
ASSETS, UNDERTAKINGS AND PROPERTY OF  
371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL  
Suite 520 – 625 Howe Street  
Vancouver, B.C. V6C 2T6  
(604) 683-8030, Fax (604) 683-8327  
[www.manning-trustee.com](http://www.manning-trustee.com)

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## 1) INTRODUCTION

This is a Supplement to the First Report of D. Manning & Associates Inc. as Receiver and Manager (“**the Receiver**”) of the Assets, Undertakings and Property of 371392 B.C. Ltd. dba Diamond Head Motor Inn and Diamond Head Motel ( “**the Company**”). The First Report was dated August 19, 2020.

## 2) FINANCIAL POSITION

In the First Report dated August 19, 2020, the Receiver prepared a Monthly Cash Flow Projection for the period August 1, 2020 to January 31, 2021, with notes, projecting a closing balance as of January 31, 2021 of \$141,562, after estimated capital repairs and before interest, receivership costs, legal costs, and repayment of Receiver and Manager’s borrowings, plus interest.

The Monthly Cash Flow Projection has now been revised (**Schedule “A”**), and the closing balance as of January 31, 2021 is now projected to be \$98,441 after estimated capital repairs and before interest, receivership costs, and repayment of Receiver and Manager’s borrowings, plus interest, based on the following information received from Mr. Hitesh Panchal:

The Monthly Operating Budget for the period August 1, 2020 to January 1, 2021 (six months), with notes, previously indicated a projected Operating Net Profit of \$95,159 before interest, amortization and taxes. The revised Monthly Operating Budget (**Schedule “B”**) indicates a projected Operating Net Profit of \$52,038 before interest, amortization and taxes.

Due to the COVID-19 situation and based on his conversations with other industry contacts and comparing revenues from last year, Mr. Hitesh Panchal anticipates a drop in daily room rentals and a decline in daily room revenues. Some of the specific reasons include:

- Cancellation or scaling back of community festivals and concerts;
- Lack of revenue from sports teams (October and November);
- Lack of wedding groups (August and September);
- Lack of weekend business from the Mission Raceway Park (August to October);
- Leisure travel being down significantly;
- Airport business being down significantly;
- Lack of fishing groups (August and September);
- Completion of Lougheed Highway construction by Road Hammer Construction Group (rented rooms in October to December 2019)

Projected revenues are based on a few daily room rentals and 6-8 long term (monthly) stays, plus the B.C. Housing contract, which is now likely to end at the end of September 2020.

Should you have any questions or comments, please contact either of the writers.

Yours truly,

**D. MANNING & ASSOCIATES INC.**  
**COURT-APPOINTED RECEIVER AND MANAGER OF THE**  
**ASSETS, UNDERTAKINGS AND PROPERTY OF**  
**371392 B.C. LTD. dba DIAMOND HEAD MOTOR INN and DIAMOND HEAD MOTEL**  
(not in its personal capacity)

A handwritten signature in black ink, appearing to read "William Choo", followed by a large, stylized flourish or scribble.

Per: William Choo, CPA, CGA / Alex E.H. Ng, CIRP

Attachment

cc. Mr. Alan Frydenlund, Owen Bird Law Corporation

SCHEDULE "A"

MONTHLY CASH FLOW PROJECTION FOR THE PERIOD  
AUGUST 1, 2020 TO JANUARY 31, 2021

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<b>Diamond Head Motor Inn</b>							
<b>Monthly Cash Flow for the period August 1, 2020 to January 31, 2021</b>							
Month	\$ August	\$ September	\$ October	\$ November	\$ December	\$ January	\$ Totals
<b>RECEIPTS</b>							
Rooms Credit Cards	18,000	17,000	17,000	17,000	15,000	15,000	99,000
BC Housing	31,620	31,620	-	-	-	-	63,240
Wage Subsidy	-	16,102	2,813	2,813	3,150	3,150	28,028
Insurance Claim Proceeds	3,100						3,100
<b>Total Receipts</b>	<b>52,720</b>	<b>64,722</b>	<b>19,813</b>	<b>19,813</b>	<b>18,150</b>	<b>18,150</b>	<b>193,368</b>
<b>DISBURSEMENTS</b>							
Wages & Benefits / Management	9,813	6,250	6,250	6,250	6,250	6,250	41,063
Source Deductions	563	563	630	630	630	630	3,645
Worksafe BC	-	-	-	-	-	689	689
Overhead Expenses	271	271	271	271	271	271	1,623
Maintenance Expenses	2,700	2,100	3,922	2,100	2,500	4,322	17,644
Admin Expenses	689	3,500	2,436	2,436	2,436	4,686	16,183
Rooms Division Expenses	1,780	1,780	2,423	1,880	1,880	1,880	11,623
<b>Other Expenses</b>							
Appraisal costs	-	7,350		-	-	-	7,350
Capital Repairs	-		70,000				70,000
Pre-receivership Source Deductions	6,404	-					6,404
Pre-receivership Source PST Paid		5,946					5,946
Pre-receivership Source GST Paid	-	2,922	-				2,922
<b>Total Disbursements</b>	<b>\$ 22,219</b>	<b>\$ 30,681</b>	<b>\$ 85,932</b>	<b>\$ 13,567</b>	<b>\$ 13,967</b>	<b>\$ 18,728</b>	<b>185,093</b>
Contingency	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	12,000
<b>Net Cash Flow</b>	<b>28,501</b>	<b>32,041</b>	<b>(68,119)</b>	<b>4,247</b>	<b>2,184</b>	<b>(2,578)</b>	<b>(3,725)</b>
<b>Available Cash</b>	<b>30,501</b>	<b>34,041</b>	<b>(66,119)</b>	<b>6,247</b>	<b>4,184</b>	<b>(578)</b>	<b>8,275</b>
<b>Opening Balance</b>	<b>90,166</b>	<b>120,667</b>	<b>154,708</b>	<b>88,589</b>	<b>94,836</b>	<b>99,019</b>	
<b>Closing Balance</b>	<b>120,667</b>	<b>154,708</b>	<b>88,589</b>	<b>94,836</b>	<b>99,019</b>	<b>98,441</b>	Notes 1 to 8

<b>Notes &amp; Assumptions</b>							
1. This budget is based upon an improvement over the summer with the lockdown and social distancing continuing into the fall and winter, and business not returning to normal, with limited revenue.							
2. Monthly cash flow forecast is before interest, receivership costs, legal costs and repayment of Receiver and Manager's borrowings, plus interest.							
3. Assumes 100% credit card, debit card and direct deposit payment for rooms.							
4. Assumes Government wage subsidy until the end of December with payment within 30 days of submission of claim.							
5. GST & PST is a flow thru and the net is collected on behalf of the government							
6. This monthly operating budget was developed based on the best estimates of the Receiver and Manager in consultation with the owner/operator of the Motel. We have not audited, reviewed or verified the accuracy of this information.							
7. This monthly cash flow forecast is subject to change.							
8. B.C. Housing contract will likely end at the end of September.							

**SCHEDULE "B"**

**MONTHLY OPERATING BUDGET FOR THE PERIOD  
AUGUST 1, 2020 TO JANUARY 31, 2021**

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Diamond Head Motor Inn							
Monthly Operating Budget for the period August 1, 2020 to January 31, 2021							
	AUG	SEPT	OCT	NOV	DEC	JAN	TOTAL
Occupancy	55.4%	47.5%	47.2%	47.5%	44.0%	43.5%	48.5%
Average Daily Rate	\$ 72.23	\$ 75.38	\$ 26.36	\$ 29.82	\$ 27.52	\$ 27.78	\$ 57.49
RevPar	\$ 40.02	\$ 40.52	\$ 13.71	\$ 14.17	\$ 12.10	\$ 12.10	\$ 22.04
REVENUE							
Room Revenue	49,620	48,620	17,000	17,000	15,000	15,000	162,240
Insurance Claim Proceeds	3,100	-	-	-	-	-	3,100
Government Wage Subsidy	2,813	2,813	2,813	3,150			11,588
<b>Total Revenue</b>	<b>55,533</b>	<b>51,433</b>	<b>19,813</b>	<b>20,150</b>	<b>15,000</b>	<b>15,000</b>	<b>176,928</b>
EXPENSES							
Overhead Expenses							
Bank Service Charges & Credit Cards	271	271	271	271	271	271	1,623
<b>Total Overhead Expenses</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>1,623</b>
Maintenance Expenses							
Waste Removal	150	150	150	150	150	150	900
Repairs and Maintenance	750	750	750	750	750	750	4,500
Water & Sewer	-	-	1,822	-	-	1,822	3,644
Utilities Expense	1,200	1,200	1,200	1,200	1,600	1,600	8,000
<b>Total Maintenance Expenses</b>	<b>2,100</b>	<b>2,100</b>	<b>3,922</b>	<b>2,100</b>	<b>2,500</b>	<b>4,322</b>	<b>17,044</b>
Administration Expenses							
Insurance General Liability & Property	2,436	2,436	2,436	2,436	2,436	2,436	14,616
Property Taxes	2,250	2,250	2,250	2,250	2,250	2,250	13,500
Accounting Expenses	-	3,500	-	-	-	-	3,500
<b>Total Administration Expenses</b>	<b>4,686</b>	<b>8,186</b>	<b>4,686</b>	<b>4,686</b>	<b>4,686</b>	<b>4,686</b>	<b>31,616</b>
Payroll Expenses							
Payroll Benefits ~ Front Desk	450	450	450	450	450	450	2,700
Payroll Expense ~ Front Desk	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Payroll Benefits ~ Housekeeping	113	113	180	180	180	180	945
Payroll Expense ~ Housekeeping	750	750	1,200	1,200	1,200	1,200	6,300
Management	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Worksafe BC	-	-	-	-	-	689	689
<b>Total Payroll Expenses</b>	<b>6,813</b>	<b>6,813</b>	<b>7,330</b>	<b>7,330</b>	<b>7,330</b>	<b>8,019</b>	<b>43,634</b>
Rooms Division Expenses							
Office Supplies	40	40	40	40	40	40	240
Guest Amenities	40	40	40	40	40	40	240
Linen	-	-	543	-	-	-	543
Janitorial	500	500	500	500	500	500	3,000
Reservation Costs	-	-	100	100	100	100	400
Cable, Telephone, & Internet	1,200	1,200	1,200	1,200	1,200	1,200	7,200
<b>Total Rooms Division Expenses</b>	<b>1,780</b>	<b>1,780</b>	<b>2,423</b>	<b>1,880</b>	<b>1,880</b>	<b>1,880</b>	<b>11,623</b>
<b>Total Expenses</b>	<b>15,649</b>	<b>19,149</b>	<b>18,631</b>	<b>16,267</b>	<b>16,667</b>	<b>19,178</b>	<b>105,540</b>
<b>Contingency</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>12,000</b>
Other Operating Costs							
Appraisal		7,350	0	0	0	0	7,350
<b>Operational Profit (Loss)</b>	<b>37,884</b>	<b>22,934</b>	<b>(819)</b>	<b>1,884</b>	<b>(3,667)</b>	<b>(6,178)</b>	<b>52,038</b>

Notes 1 to 7

Notes & Assumptions							
1. This budget is based upon continued improvement in the Covid 19 Crisis and social distancing continuing into the fall and winter, and business not return to normal, with limited revenue.							
2. Operating profit/loss is before interest, amortization, receivership costs, legal costs and capital improvements.							
3. GST and PST is treated as a flow through for this budget.							
4. This monthly operating budget was developed based on the best estimates of the Receiver and Manager in consultation with the Operator of the Hotel. We have not audited, reviewed or verified the accuracy of this information.							
5. Based on FirstOnSite Restoration Limited completing repairs and certain rooms reopening by October 2020.							
6. This monthly operating budget is subject to change.							
7. B.C. Housing contract will likely end at the end of September.							