

Our File: 172068

January 11, 2019

***Via Courier***

The Supreme Court of Newfoundland and Labrador  
PO Box 937  
309 Duckworth Street  
St. John's, NL A1C 5M3

**Attention: Application Registry**

Dear Sir/Madam:

**RE: The Proposal of British Bazaar Company Limited and British Confectionary  
Company Limited  
Court Nos. 22375 and 22376  
Our Client: Bank of Montreal**

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With respect to the above-noted matter, please find enclosed the affidavit of Anna Graham for filing today with respect to British Confectionary Company Limited and British Bazaar Company Limited.

We trust this is in order.

Yours truly,

  
Geoffrey Spencer  
Regional Lead Partner

GS/tly  
Encl.

cc. Creditors

Estate No: 51-2440231  
Court No. 22376  
District: Newfoundland & Labrador  
Division: 01-Newfoundland & Labrador

AND

Estate No: 51-2440230  
Court No. 22375  
District: Newfoundland & Labrador  
Division: 01-Newfoundland & Labrador

**2018 01G 22375  
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION  
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF the Bankruptcy  
& Insolvency Act, RSC, 1985, c. B-3  
as amended

AND IN THE MATTER OF the Proposal  
Of British Confectionary Company Limited

AND IN THE MATTER OF the Proposal  
Of British Bazaar Company Limited

**AFFIDAVIT of ANNA GRAHAM**

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**SUMMARY OF CURRENT DOCUMENT**

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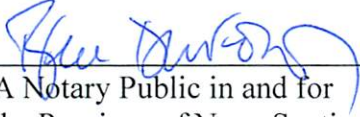
Court File Number(s):	201801G 22375
Date of Filing of Document:	January , 2019
Name of Party Filing or Person:	Bank of Montreal
Application to which Document being filed relates:	Interlocutory Application for an Order pursuant to section 50.4(9) of the <i>Bankruptcy and Insolvency Act</i> ("BIA")
Statement of Purpose in filing:	Affidavit in response to the Interlocutory Application

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I, Anna Graham, of the City of Halifax in the Province of Nova Scotia, make oath and say that:

1. I am a senior account manager with the special accounts management unit of Bank of Montreal (“BMO”) and as such I have personal knowledge of facts deposed to herein except as otherwise stated.
2. This Affidavit is supplemental to my previous affidavit dated November 30, 2018 filed with this court in this matter.
3. BMO objects to the requested \$100,000.00 administrative charge. The Companies’ cashflow statement shows that such a charge is unnecessary even after the allocated payments for professional fees. Moreover, in paragraph 8.6 of its Report, the Trustee states that, based on the cashflow statement, the Administrative Charge may not be required.
4. At the time of the filing of the Notices of Intention to Make a Proposal (the “Notices”), British Confectionary Company Limited (“Confectionary”) had a margin deficit of \$1,193,000.00. Since the filing of the Notices, there has been a deterioration in Confectionary’s accounts receivables, an increase in prior claims against Confectionary and a determination that Confectionary’s US inventory is unmarginable (due to no movement in the US inventory for six months and potential liens against the US inventory by the landlord).
5. Based on Confectionary’s latest Margin Reports as of November 30, 2018, Confectionary’s operating margin deficiency has increased to \$1,381,000.00, which is an increase of \$188,000.00 since the date of filing of the Notices. BMO is already experiencing prejudice as a result of these proceedings. The proposed Administrative Charge would further prejudice BMO by negatively impacting BMO’s ability to recover this deficiency due to the proposed \$100,000.00 charge in priority over BMO’s security.
6. I make this affidavit in response to the interlocutory application filed by the Companies on January 8, 2019.

SWORN TO at Halifax  
in the Province of  
Nova Scotia on the 10<sup>th</sup> day  
of January, 2019, before me:



A Notary Public in and for  
the Province of Nova Scotia



ANNA GRAHAM

BENJAMIN R. DURNFORD  
Notary Public in and for the  
Province of Nova Scotia

