

Financial Statements of

UNIWIN STUDENT PUB INC.

April 30, 2001

Auditors' Report

To the Shareholder of
Uniwin Student Pub Inc.

We have audited the balance sheet of Uniwin Student Pub Inc. as at April 30, 2001 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
July 3, 2001

Page 2 of 10

UNIWIN STUDENT PUB INC.

Balance Sheet

April 30, 2001

Page 3 of 10

	2001	2000
ASSETS		
CURRENT		
Cash	\$ 68,815	\$ 34,005
Accounts receivable	7,710	2,460
Goods and services tax recoverable	5,053	-
Inventories	26,204	7,728
Prepaid expenses	649	649
	108,431	44,842
CAPITAL ASSETS (Note 3)	21,689	27,708
	\$ 130,120	\$ 72,550
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 24,945	\$ 5,855
Goods and services tax payable	-	4,564
Sales tax payable	5,031	2,054
	29,976	12,473
LONG-TERM		
Due to The University of Windsor Students' Alliance (Note 4)	376,861	250,093
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL		
Authorized (Note 5)		
Issued		
- 100 Class A shares	100	100
CONTRIBUTED SURPLUS (Note 6)	36,262	36,262
DEFICIT	(313,079)	(226,378)
	(276,717)	(190,016)
	\$ 130,120	\$ 72,550

ON BEHALF OF THE BOARD

..... Director

..... Director

UNIWIN STUDENT PUB INC.**Statement of Loss and Deficit**

Year Ended April 30, 2001

Page 4 of 10

	(Note 1)	
	2001	2000
SALES (Schedule 1)	\$ 167,580	\$ 385,688
COST OF GOODS SOLD (Schedule 1)	84,716	200,975
GROSS PROFIT (Schedule 1)	82,864	184,713
OTHER REVENUE		
Game machine commissions	4,259	11,918
Donations and miscellaneous	12,263	19,778
	99,386	216,409
EXPENSES		
Bad debt	225	11
Bank charges and interest	1,623	2,413
Bar supplies and laundry	13,370	6,913
Entertainment, advertising and promotion	11,747	34,724
Equipment rental	79	115
General insurance	7,663	9,302
Memberships	3,171	2,521
Office supplies and miscellaneous	4,140	3,548
Police services	2,824	5,144
Professional fees	5,754	7,225
Rent	9,755	39,255
Repairs and maintenance	1,054	8,664
Salaries, wages and employee benefits	116,127	150,714
Telephone	1,775	959
Training and travel	1,537	720
	180,844	272,228
LOSS BEFORE DEPRECIATION	(81,458)	(55,819)
Depreciation	5,243	6,906
NET LOSS	(86,701)	(62,725)
DEFICIT, BEGINNING OF YEAR	(226,378)	(163,653)
DEFICIT, END OF YEAR	\$ (313,079)	\$ (226,378)

UNIWIN STUDENT PUB INC.**Statement of Cash Flows**

Year Ended April 30, 2001

Page 5 of 10

	2001	2000
CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Net loss	\$ (86,701)	\$ (62,725)
Adjustments for:		
Gain on sale of capital asset	-	(140)
Depreciation	5,243	6,906
	(81,458)	(55,959)
Changes in non-cash working capital components (Note 7)	(11,276)	9,841
	(92,734)	(46,118)
INVESTING ACTIVITIES		
Proceeds on sale of capital assets	1,495	140
Purchase of capital assets	(719)	-
	776	140
FINANCING ACTIVITIES		
Advances from shareholder	126,768	64,836
NET CHANGE IN CASH AND CASH EQUIVALENTS	34,810	18,858
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	34,005	15,147
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 68,815	\$ 34,005

See Note 7 for supplemental cash flow information.

1. OPERATING AGREEMENT

The company is operated under an operating agreement with the University of Windsor Students' Alliance and the University of Windsor which is subject to renewal June 30, 2004 at which time it may be renewed for an additional five years.

The company distributes any net earnings for the year to the University of Windsor Students' Alliance as consideration for management services.

Effective August 31, 1999 The University of Windsor assigned its shares in the UNIWIN Student Pub Inc. to the University of Windsor Students' Alliance in exchange for forgiveness of all monies owed by or to the UNIWIN Student Pub Inc., under specified terms. The established terms of the agreement are in effect until June 30, 2004. At that time it may be renewed for an additional five years.

During the year, the company's facilities underwent extensive renovations. Accordingly, the company only actively operated from March 7 to April 30, 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventories

Inventories are valued at the lower of cost and net realizable value.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks with maturities of 90 days or less.

(c) Capital assets and depreciation

Capital assets are stated at cost. Depreciation on furniture and equipment is calculated on the diminishing-balance basis at 20% per annum.

(d) Use of significant accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements. Significant areas requiring the use of management estimates relate to the determination of the useful lives for depreciation and income taxes. Financial results as determined by actual events could differ from those estimates.

(e) Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a "going-concern", which assume that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The company has accumulated a deficit which has been funded by advances from the University of Windsor Students' Alliance.

The ability of the company to finance its ongoing operations is dependent upon the continued support of the University of Windsor Students' Alliance to provide the necessary working capital when required, until such point when profitable operations can be achieved in order to repay advances.

These financial statements do not reflect adjustments that would be necessary if the "going-concern" assumption was not appropriate because management believes that the actions already taken, or planned, will mitigate the adverse conditions and events which raise doubts about the validity of the "going-concern" assumption used in preparing these financial statements.

3. CAPITAL ASSETS

	2001		2000	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	\$ 69,755	\$ 48,066	\$ 21,689	\$ 27,708

4. RELATED PARTY TRANSACTIONS

(a) During the year, the University of Windsor Students' Alliance advanced \$126,768 (2000 - \$64,837) to the company in order to meet payroll obligations and other operating expenses. The outstanding balances are interest free and there are no terms of repayment.

(b) The company paid a fee of \$9,755 (2000 - 39,255) for the lease of the building facilities to the University of Windsor.

(c) The company has granted general security agreements over all the assets of the company to the University of Windsor Students' Alliance.

(d) Equipment with a net book value of \$41,786 owned by the University of Windsor Students' Alliance was provided to the company for its use. The University of Windsor Students' Alliance has not charged any rent to the company for the use of this equipment.

5. SHARE CAPITAL

Authorized

- An unlimited number of Class A, voting, common shares
- An unlimited number of Class B shares, non-voting, redeemable and retractable at the paid up capital plus declared and unpaid dividends, non-cumulative dividends at an annual rate of 10%
- An unlimited number of Class C shares, non-voting, fully participating

Issued

- 100 Class A shares

6. CONTRIBUTED SURPLUS

Effective August 31, 1999, the University of Windsor assigned its shares in the company to the University of Windsor Students Alliance in exchange for a forgiveness of all monies owed to or by the company to the University of Windsor. Accordingly, the balance due to the University of Windsor has been converted to contributed surplus

7. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital components

	2001	2000
<i>Decrease (increase) in current assets</i>		
Accounts receivable	\$ (5,250)	\$ (2,459)
Goods and services tax receivable	(5,053)	-
Prepaid expenses	-	(649)
Inventories	(18,476)	10,179
<i>Increase (decrease) in current liabilities</i>		
Accounts payable and accrued liabilities	19,090	767
Goods and services tax payable	(4,564)	1,751
Sales tax payable	2,977	252
	\$ (11,276)	\$ 9,841

8. INCOME TAXES

As of April 30, 2001, the Company has income tax losses of \$300,930, which may be used to reduce future years' taxable income. The potential benefits resulting from these tax losses have not been recognized in the accounts. These losses expire as follows:

2005	\$	47,117
2006		116,535
2007		55,820
2008		81,458
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	\$	300,930
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UNIWIN STUDENT PUB INC.
Schedule of Sales and Cost of Sales
Year Ended April 30, 2001

Schedule 1
Page 10 of 10

		BEER	LIQUOR	FOOD AND OTHER	TOTAL 2001
SALES	\$	64,809	\$ 46,590	\$ 56,181	\$ 167,580
COST OF SALES		36,196	16,414	32,106	84,716
GROSS PROFIT		28,613	30,176	24,075	82,864
GROSS PROFIT %		44%	65%	43%	49%

		BEER	LIQUOR	FOOD AND OTHER	TOTAL 2000
SALES	\$	174,672	\$ 130,548	\$ 80,468	\$ 385,688
COST OF SALES		94,346	45,517	61,112	200,975
GROSS PROFIT		80,326	85,031	19,356	184,713
GROSS PROFIT %		46%	65%	24%	48%