

Financial Statements of

UNIWIN STUDENT PUB INC.

April 30, 2003

UNIWIN STUDENT PUB INC.

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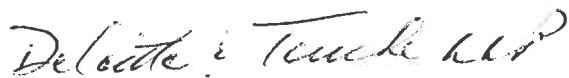
Auditors' Report

To the Shareholder of
Uniwin Student Pub Inc.

We have audited the balance sheet of Uniwin Student Pub Inc. as at April 30, 2003 and the statements of loss and deficit and of 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, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
July 22, 2003

UNIWIN STUDENT PUB INC.

Balance Sheet

April 30, 2003

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	2003	2002
ASSETS		
CURRENT		
Cash	\$ 4,709	\$ 2,938
Accounts receivable	2,705	8,204
Inventories	23,537	23,761
Prepaid expenses	-	2,269
	<u>30,951</u>	<u>37,172</u>
CAPITAL ASSETS (Note 3)	16,583	17,351
	<u>\$ 47,534</u>	<u>\$ 54,523</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 35,396	\$ 34,769
Goods and services tax payable	7,012	3,919
Sales tax payable	4,048	3,920
	<u>46,456</u>	<u>42,608</u>
LONG-TERM		
Due to The University of Windsor Students' Alliance (Note 4)	583,762	470,693
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL		
Authorized (Note 5)		
Issued		
- 100 Class A shares	100	100
CONTRIBUTED SURPLUS (Note 6)	36,262	36,262
DEFICIT	(619,046)	(495,140)
	<u>(582,684)</u>	<u>(458,778)</u>
	<u>\$ 47,534</u>	<u>\$ 54,523</u>

ON BEHALF OF THE BOARD

..... Director

..... Director

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

Year Ended April 30, 2003

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	2003	2002
SALES (Schedule 1)	\$ 588,739	\$ 509,118
COST OF GOODS SOLD (Schedule 1)	324,329	288,393
GROSS PROFIT (Schedule 1)	264,410	220,725
OTHER REVENUE		
Game machine commissions	6,088	11,305
Miscellaneous	10,129	22,743
	280,627	254,773
REVENUE BEFORE EXPENSES	280,627	254,773
EXPENSES		
Salaries, wages and employee benefits	293,776	326,150
Entertainment, advertising and promotion	35,541	41,415
General insurance	13,119	10,730
Police services	11,824	11,510
Bar supplies and laundry	8,483	9,769
Repairs and maintenance	8,357	7,281
Office supplies and miscellaneous	7,623	4,185
Professional fees	6,500	4,300
Bank charges and interest	5,531	4,929
Bad debts	4,372	-
Memberships	2,069	2,517
Telephone	1,541	2,600
Rent	1,470	4,549
Training and travel	1,065	1,634
Equipment rental	486	927
	401,757	432,496
LOSS BEFORE DEPRECIATION	(121,130)	(177,723)
Depreciation	2,776	4,338
NET LOSS	(123,906)	(182,061)
DEFICIT, BEGINNING OF YEAR	(495,140)	(313,079)
DEFICIT, END OF YEAR	\$ (619,046)	\$ (495,140)

UNIWIN STUDENT PUB INC.

Statement of Cash Flows

Year Ended April 30, 2003

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	2003	2002
CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Net loss	\$ (123,906)	\$ (182,061)
Adjustments for non-cash transactions:		
Settlement of account receivable (Note 7)	(2,008)	-
Depreciation	2,776	4,338
	(123,138)	(177,723)
Changes in non-cash working capital components (Note 7)	11,840	18,014
	(111,298)	(159,709)
FINANCING ACTIVITIES		
Advances from shareholder	113,069	93,832
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,771	(65,877)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,938	68,815
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,709	\$ 2,938

See Note 7 for supplemental cash flow information.

1. OPERATING AGREEMENT

The company is run 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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

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.

(b) Inventories

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

(c) Cash and cash equivalents

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

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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, the allowance for doubtful accounts, and certain accrued liabilities. Financial results as determined by actual events could differ from those estimates.

3. CAPITAL ASSETS

	2003		2002	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	\$ 71,763	\$ 55,180	\$ 16,583	\$ 17,351

4. RELATED PARTY TRANSACTIONS

(a) During the year, the University of Windsor Students' Alliance advanced \$113,069 (2002 - \$93,832) 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) Included in accounts receivable is a balance owing from the University of Windsor Students' Alliance totaling \$2,071 (2002 - \$2,370).

(c) Included in accounts payable and accrued liabilities is \$20,150 owing to the University of Windsor Students' Alliance (2002 - \$292).

(d) The company paid a fee of \$1,411 (2002 - \$4,549) for the lease of the building facilities to the University of Windsor Students' Alliance.

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

(f) Equipment with a net book value of \$37,533 (2002- \$37,042) 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.

UNIWIN STUDENT PUB INC.

Notes to the Financial Statements

April 30, 2003

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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

	2003	2002
<i>Decrease (increase) in current assets</i>		
Accounts receivable	\$ 5,499	\$ (494)
Goods and services tax receivable	-	5,053
Prepaid expenses	2,269	(1,620)
Inventories	224	2,443
<i>Increase (decrease) in current liabilities</i>		
Accounts payable and accrued liabilities	627	9,824
Goods and services tax payable	3,093	3,919
Sales tax payable	128	(1,111)
	\$ 11,840	\$ 18,014

During the year, capital assets of \$2,008 were acquired in lieu of payment for outstanding accounts receivable owed by an unrelated third party. This transaction was recorded at the carrying value of the outstanding receivable, with no gain or loss recognized in the financial statements.

8. INCOME TAXES

As of April 30, 2003, the company has income tax losses of \$599,783 (2002 - \$478,653), 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
2009		177,723
2010		121,130
		<hr/>
	\$	599,783

9. FINANCIAL INSTRUMENTS

Fair value

The fair value of current assets and liabilities approximates their carrying value due to the short-term nature of their maturity.

The fair value of the long-term liability owed to the University of Windsor Students' Alliance cannot be determined as it is not practicable to do so.

UNIWIN STUDENT PUB INC.
Schedule of Sales and Cost of Sales
Year Ended April 30, 2003

Schedule 1

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	BEER	LIQUOR	FOOD AND OTHER	TOTAL 2003
SALES	\$ 213,874	\$ 168,148	\$ 206,717	\$ 588,739
COST OF SALES	123,228	62,610	138,491	324,329
GROSS PROFIT	90,646	105,538	68,226	264,410
GROSS PROFIT %	42%	63%	33%	45%

	BEER	LIQUOR	FOOD AND OTHER	TOTAL 2002
SALES	\$ 170,459	\$ 129,331	\$ 209,328	\$ 509,118
COST OF SALES	96,440	46,256	145,697	288,393
GROSS PROFIT	74,019	83,075	63,631	220,725
GROSS PROFIT %	43%	64%	30%	43%