

Financial Statements of

UNIWIN STUDENT PUB INC.

April 30, 2004

UNIWIN STUDENT PUB INC.

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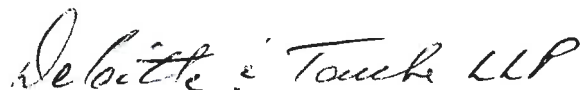
Auditors' Report

To the Shareholder of
Uniwin Student Pub Inc.

We have audited the balance sheet of Uniwin Student Pub Inc. as at April 30, 2004 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, 2004 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
August 23, 2004

UNIWIN STUDENT PUB INC.**Balance Sheet**

April 30, 2004

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	2004	2003
ASSETS		
CURRENT		
Cash	\$ 26,827	\$ 4,709
Accounts receivable	1,961	2,705
Inventories	12,853	23,537
Prepaid expenses	1,079	-
	<u>42,720</u>	<u>30,951</u>
CAPITAL ASSETS (Note 5)	-	16,583
	<u>\$ 42,720</u>	<u>\$ 47,534</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 30,099	\$ 35,396
Goods and services tax payable	6,397	7,012
Sales tax payable	1,975	4,048
	<u>38,471</u>	<u>46,456</u>
LONG-TERM		
Due to The University of Windsor Students' Alliance (Note 6)	708,583	583,762
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL		
Authorized (Note 7)		
Issued		
- 100 Class A shares	100	100
CONTRIBUTED SURPLUS (Note 8)	36,262	36,262
DEFICIT	(740,696)	(619,046)
	<u>(704,334)</u>	<u>(582,684)</u>
	<u>\$ 42,720</u>	<u>\$ 47,534</u>

ON BEHALF OF THE BOARD

..... Director

..... Director

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

Year Ended April 30, 2004

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	2004	2003
SALES (Schedule 1)	\$ 552,619	\$ 588,739
COST OF GOODS SOLD (Schedule 1)	306,901	324,329
GROSS PROFIT (Schedule 1)	245,718	264,410
OTHER REVENUE		
Game machine commissions	2,184	6,088
Miscellaneous	12,518	10,129
REVENUE BEFORE EXPENSES	260,420	280,627
EXPENSES		
Salaries, wages and employee benefits	252,051	293,776
Entertainment, advertising and promotion	32,433	35,541
General insurance	14,885	13,119
Police services	14,854	11,824
Bar supplies and laundry	7,041	8,483
Repairs and maintenance	8,452	8,357
Office supplies and miscellaneous	7,557	7,623
Professional fees	5,000	6,500
Bank charges and interest	5,958	5,531
Bad debts	2,282	4,372
Memberships	2,068	2,069
Telephone	1,478	1,541
Rent	8,326	1,470
Training and travel	2,043	1,065
Equipment rental	1,059	486
	365,487	401,757
LOSS BEFORE OTHER EXPENSES	(105,067)	(121,130)
Depreciation	-	2,776
Writedown of capital assets (Note 5)	16,583	-
NET LOSS FOR THE YEAR	(121,650)	(123,906)
DEFICIT, BEGINNING OF YEAR	(619,046)	(495,140)
DEFICIT, END OF YEAR	\$ (740,696)	\$ (619,046)

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

Year Ended April 30, 2004

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	2004	2003
CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Net loss	\$ (121,650)	\$ (123,906)
Adjustments for non-cash transactions:		
Settlement of account receivable	-	(2,008)
Depreciation	-	2,776
Writedown of capital assets (Note 5)	16,583	-
	(105,067)	(123,138)
Changes in non-cash working capital components (Note 9)	2,365	11,840
	(102,702)	(111,298)
FINANCING ACTIVITIES		
Advances from shareholder	124,821	113,069
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,119	1,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,709	2,938
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 26,828	\$ 4,709

1. DESCRIPTION OF BUSINESS

The company, incorporated under the Business Corporations Act (Ontario), operates an on-campus restaurant and bar in the basement of the CAW Student Centre at the University of Windsor.

2. 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. As of August 23, 2004 the expired operating agreement had not been renewed.

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.

3. CHANGES IN ACCOUNTING POLICIES

Impairment of long-lived assets

The company prospectively adopted the recommendations of CICA Handbook Section 3063 "Impairment of long-lived assets" as of May 1, 2003. These recommendations require that an impairment loss of long-lived assets to be held and used to be recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

4. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

(f) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(g) Revenue recognition

The company recognizes revenue when delivery has occurred and the price to the buyer is fixed or determinable.

5. CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	\$ -	\$ -	\$ -	\$ 16,583

During the year, furniture and equipment with a net book value of \$16,583 were written off to reflect their discontinued use and/or previous disposal.

6. RELATED PARTY TRANSACTIONS

(a) During the year, the University of Windsor Students' Alliance advanced \$124,821 (2003 - \$113,069) to the company in order to meet payroll obligations and other operating expenses. The outstanding balances are interest free and with no specific repayment terms.

(b) Included in accounts receivable is a balance owing from the University of Windsor Students' Alliance totaling \$160 (2003 - \$2,071).

(c) Included in accounts payable and accrued liabilities is \$18,533 (2003 - \$20,150) owing to the University of Windsor Students' Alliance.

(d) The company paid a fee of \$8,326 (2003 - \$1,411) for the lease of the building facilities to the University of Windsor Students' Alliance.

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

(f) Equipment with a net book value of \$66,391 (2003 - \$37,533) 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.

7. 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

8. 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.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital components

	2004	2003
<i>Decrease (increase) in current assets</i>		
Accounts receivable	\$ 744	\$ 5,499
Goods and services tax receivable	-	-
Prepaid expenses	(1,079)	2,269
Inventories	10,685	224
<i>Increase (decrease) in current liabilities</i>		
Accounts payable and accrued liabilities	(5,297)	627
Goods and services tax payable	(615)	3,093
Sales tax payable	(2,073)	128
	\$ 2,365	\$ 11,840

10. INCOME TAXES

As of April 30, 2004, the company has cumulative income tax losses of \$704,850 (2003 - \$599,783), 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 and beyond	226,197
	\$ 704,850

11. FINANCIAL INSTRUMENTS

Fair value

The fair value of current financial 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. The loan payable bears no fixed rate of interest and no specific terms of repayment.

UNIWIN STUDENT PUB INC.

Schedule 1

Schedule of Sales and Cost of Sales

Year Ended April 30, 2004

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	<u>BEER</u>	<u>LIQUOR</u>	<u>FOOD AND OTHER</u>	<u>TOTAL 2004</u>
SALES	\$ 192,791	\$ 152,117	\$ 207,711	\$ 552,619
COST OF SALES	116,513	56,391	133,997	306,901
GROSS PROFIT	\$ 76,278	\$ 95,726	\$ 73,714	\$ 245,718
GROSS PROFIT %	40%	63%	35%	44%

	<u>BEER</u>	<u>LIQUOR</u>	<u>FOOD AND OTHER</u>	<u>TOTAL 2003</u>
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%