

**UNIWIN STUDENT PUB INC.**

**REVIEW ENGAGEMENT REPORT AND  
FINANCIAL STATEMENTS**

**APRIL 30, 2006**

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## REVIEW ENGAGEMENT REPORT

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To the Shareholder of  
Uniwin Student Pub Inc.

We have reviewed the balance sheet of Uniwin Student Pub Inc. as at April 30, 2006 and the statements of income, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

July 21, 2006

*Collins Barrow Windsor LLP*

**UNIWIN STUDENT PUB INC.**

**FINANCIAL STATEMENTS**  
(Unaudited)

**APRIL 30, 2006**

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## UNIWIN STUDENT PUB INC.

## STATEMENT OF INCOME

(Unaudited)

YEAR ENDED APRIL 30, 2006

	2006	2005
<b>REVENUE</b>		
Beer	\$ 213,433	\$ 219,155
Food and other	182,169	163,346
Liquor	<u>155,283</u>	<u>163,457</u>
	<u>550,885</u>	<u>545,958</u>
<b>COST OF SALES</b>		
	<u>273,740</u>	<u>275,756</u>
<b>GROSS PROFIT</b>		
	<u>277,145</u>	<u>270,202</u>
<b>EXPENSES</b>		
Advertising and promotion	35,567	28,340
Bad debts	521	-
Bar supplies and laundry	309	4,693
Equipment rental	1,063	360
Insurance	25,706	20,884
Interest and bank charges	5,329	5,052
Memberships	423	4,189
Office and sundry	4,874	4,568
Police services	11,424	11,219
Professional fees	3,548	6,063
Production costs	5,806	2,352
Repairs and maintenance	8,238	4,986
Salaries and benefits	176,423	194,422
Telephone	1,677	1,035
Training and travel	<u>2,884</u>	<u>1,225</u>
	<u>283,792</u>	<u>289,388</u>
	(6,647)	(19,186)
<b>OTHER INCOME</b>		
	<u>10,197</u>	<u>15,784</u>
<b>NET INCOME (LOSS)</b>		
	<u>\$ 3,550</u>	<u>\$ (3,402)</u>

**UNIWIN STUDENT PUB INC.****STATEMENT OF RETAINED EARNINGS**  
(Unaudited)**YEAR ENDED APRIL 30, 2006**

	<b>2006</b>	<b>2005</b>
<b>DEFICIT, BEGINNING</b>	\$ (744,098)	\$ (740,696)
<b>NET INCOME (LOSS)</b>	<u>3,550</u>	<u>(3,402)</u>
<b>DEFICIT, ENDING</b>	<u>\$ (740,548)</u>	<u>\$ (744,098)</u>

**UNIWIN STUDENT PUB INC.**

**BALANCE SHEET**  
(Unaudited)

**APRIL 30, 2006**

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 19,302	\$ 31,182
Accounts receivable	13,147	5,210
Inventories	8,362	7,145
Prepaid expenses	<u>3,076</u>	<u>1,476</u>
	<u>\$ 43,887</u>	<u>\$ 45,013</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 20,905	\$ 44,166
Due to the University of Windsor Students' Alliance (note 7)	<u>696,514</u>	<u>677,929</u>
	<u>717,419</u>	<u>722,095</u>
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>CAPITAL STOCK</b> (note 4)	100	100
<b>CONTRIBUTED SURPLUS</b>	66,916	66,916
<b>DEFICIT</b>	<u>(740,548)</u>	<u>(744,098)</u>
	<u>(673,532)</u>	<u>(677,082)</u>
	<u>\$ 43,887</u>	<u>\$ 45,013</u>
<b>ON BEHALF OF THE BOARD</b>		
<hr/>	<hr/>	<hr/>
Director		Director

**UNIWIN STUDENT PUB INC.****STATEMENT OF CASH FLOWS**  
(Unaudited)**YEAR ENDED APRIL 30, 2006**

	<b>2006</b>	<b>2005</b>
<hr/>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 553,666	\$ 558,493
Cash paid to suppliers and employees	(560,217)	(549,086)
Interest paid	<u>(5,329)</u>	<u>(5,052)</u>
<b>INCREASE (DECREASE) IN CASH POSITION</b>	(11,880)	4,355
<b>CASH POSITION, BEGINNING</b>	<u>31,182</u>	<u>26,827</u>
<b>CASH POSITION, ENDING</b>	<u>\$ 19,302</u>	<u>\$ 31,182</u>

**UNIWIN STUDENT PUB INC.****NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**APRIL 30, 2006**

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**1. NATURE OF ACTIVITIES**

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

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**2. SIGNIFICANT ACCOUNTING POLICIES**

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**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.

**INVENTORIES**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

**REVENUE RECOGNITION**

The company recognizes revenue when persuasive evidence of an arrangement exists, services are performed, the price to the customer is fixed or determinable, and collection is reasonably assured.



**UNIWIN STUDENT PUB INC.****NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**APRIL 30, 2006****2. SIGNIFICANT ACCOUNTING POLICIES-continued****USE OF ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**3. OPERATING AGREEMENT**

The company is run under an operating agreement with the University of Windsor Students' Alliance and the University of Windsor which was subject to an additional five year renewal on June 30, 2004. As of July 21, 2006 the expired operating agreement had not been renewed.

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. Accordingly, the balance due to the University of Windsor has been converted to contributed surplus.

**4. CAPITAL STOCK****2006****2005****AUTHORIZED**

Unlimited Class A, voting, common shares

Unlimited Class B, non-voting, redeemable and retractable at the paid up capital plus declared and unpaid dividends, non-cumulative dividends at an annual rate of 10%

Unlimited Class C shares, non-voting, fully participating

**ISSUED**

100 Class A common shares

\$ 100 \$ 100

**UNIWIN STUDENT PUB INC.****NOTES TO FINANCIAL STATEMENTS**  
(Unaudited)**APRIL 30, 2006****5. COMPARATIVE FIGURES**

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

The comparative figures for 2005 have been reviewed by another public accountant.

**6. TAX BENEFITS AVAILABLE**

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income tax. These losses expire as follows:

## Expiry Date

2007	\$ 55,820
2008	81,458
2009	177,723
2010	121,130
2011 and beyond	<u>108,473</u>
	<u>\$ 544,604</u>

**UNIWIN STUDENT PUB INC.****NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

**APRIL 30, 2006**

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**7. RELATED PARTY TRANSACTIONS**

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Amounts due to the University of Windsor Students' Alliance are unsecured, interest free and with no specific terms of repayment.

Included in accounts receivable is a balance owing from the University of Windsor Students' Alliance totaling \$1,305 (2005 - \$2,893).

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

Equipment with a net book value of \$48,344 (2005 - \$61,090) 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.

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**8. FINANCIAL INSTRUMENTS**

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Fair value estimates are made as of a specific point in time, using available information about the instrument. These estimates are subjective in nature and often cannot be determined with precision.

The company has determined that the carrying value of cash, accounts receivable and accounts payable approximate their fair value at the balance sheet date because of the short-term maturity of those instruments.

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.

The company's earnings are exposed to financial risk that arises from fluctuations in interest rates on the bank indebtedness and the degree of volatility of these rates. The company does not use derivative instruments to reduce its exposure to interest rate risk.

Credit risk arises from the potential that a customer will fail to perform its obligation. The company has a sufficient number of diverse customers so the concentration of risk is minimized.