

SAMPLE COMPANY INC.

FINANCIAL STATEMENTS

(Unaudited)

SUNDAY, NOVEMBER 30, 2003

SAMPLE COMPANY INC.

SUNDAY, NOVEMBER 30, 2003

CONTENTS

	<u>Page</u>
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Income and Retained Earnings	3
Notes to Financial Statements	4 - 5

REVIEW ENGAGEMENT REPORT

To the Directors of
Sample Company Inc.

We have reviewed the balance sheet of Sample Company Inc. as at Sunday, November 30, 2003 and the statements of income, retained earnings and changes in financial position for the year then ended. Our review was made in accordance with 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 generally accepted accounting principles.

Choquette & Company Accounting Group Inc.

SAMPLE COMPANY INC.

BALANCE SHEET (Unaudited)

AS AT SUNDAY, NOVEMBER 30, 2003

ASSETS

2003

CURRENT

Accounts receivable	\$ 58,244
Inventory	33,624
Prepaid expenses and deferred charges	597

92,465

CAPITAL ASSETS (Note 2)

42,170

FRANCHISE FEES (Note 3)

18,535

LIABILITIES

CURRENT

Bank indebtness	\$ 11,537
Accounts payable and accrued liabilities	16,215
Provincial Sales Tax payable	1,216
Goods & Services Tax payable	6,302
Corporate Tax payable	(9,675)
Withholding tax payable	1,242

26,837

Shareholders loans payable

61,656

Term debt obligations

1,194

89,687

SHAREHOLDER'S EQUITY

CAPITAL STOCK (Note 4)

1

RETAINED EARNINGS

63,482

63,483

\$ 153,170

SAMPLE COMPANY INC.

STATEMENT OF INCOME AND RETAINED EARNINGS (Unaudited)

FOR THE YEAR ENDED SUNDAY, NOVEMBER 30, 2003

	2003	%
SALES	\$ 590,093	\$ 100.00
COST OF SALES	393,701	66.72
GROSS PROFIT	196,392	33.28
EXPENSES		
Advertising and promotion	56,986	9.66
Automobile expenses	7,388	1.25
Bad Debt	3,333	0.56
General and administrative	9,884	1.67
Insurance	3,593	0.61
Interest and bank charges	14,390	2.44
Legal and accounting	4,577	0.78
Management compensation	36,000	6.10
Rent	42,544	7.21
Telephone	4,537	0.77
Travel	6,971	1.18
	190,203	32.23
INCOME FROM OPERATIONS	6,189	
OTHER INCOME	1,180	
AMORTIZATION	18,208	
PROVISION FOR INCOME TAXES	-	
NET (LOSS) INCOME	(10,839)	
RETAINED EARNINGS (DEFICIT), beginning of year	74,321	
RETAINED EARNINGS, end of year	\$ 63,482	

SAMPLE COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

SUNDAY, NOVEMBER 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Indebtness

The company has elected to reflect all debt as long term debt as current debt obligations permit flexible repayment options.

(b) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Leaseholds	- 20% straight line
Machinery, equipment, furniture and fixtures	- Various rates diminishing balance

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2003
Leaseholds	\$ 2,696	\$ 2,150	\$ 546
Machinery, equipment, furniture and fixtures	130,221	88,597	41,624
	\$ 132,917	\$ 90,747	\$ 42,170

3. FRANCHISE FEES

	Cost	Accumulated Amortization	Net 2003
Franchise fee	\$ <u>27,741</u>	\$ <u>9,206</u>	\$ <u>18,535</u>

The cost of the franchise is amortized straight-line over 20 years.

4. CAPITAL STOCK

	2003
Stated capital 120 common shares	\$ 1

SAMPLE COMPANY INC.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

SUNDAY, NOVEMBER 30, 2003

5. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.