

UNIVERSAL BEVERAGE INC.
(A development Stage Company)

BALANCE SHEET
AS AT MARCH 31, 2005
(Unaudited)

	<u>2005</u>
ASSETS	
CURRENT	
Cash	2,150
Accounts Receivable	<u>0</u>
	2,150
OTHER ASSETS	
Machinery and Equipment	0
Organizational costs	<u>1,773</u>
	<u><u>3,923</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	0
Loans payable	<u>2,500</u>
	2,500
SHAREHOLDERS EQUITY	
COMMON STOCK	
Unlimited authorized shares, no par value , issued and outstanding 30,142,699	301
PAID IN CAPITAL	205,142
RETAINED EARNINGS (LOSS)	<u>-204,020</u>
Total Shareholders' Equity	<u><u>1,423</u></u>
	<u><u>3,923</u></u>

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by Sandy Winick, President, Secretary, Treasurer and Director for UNIVERSAL BEVERAGE INC.

The accompany notes form a integral part of these financial statements

UNIVERSAL BEVERAGE INC.
(A development Stage Company)

STATEMENT OF CASH FLOWS
AS AT MARCH 31, 2005
(Unaudited)

	<u>2005</u>
Net Income (Loss)	<u>0</u>
Adjustments to income	
Change in Accounts Receivable	0
Change in Accounts payable	-500
Change in Loan Payable	<u>0</u>
Cash Used in Operations	-500
Investing Activities	0
Financing Activities	0
Sale of Common Stock	0
Cash Provided by Financing	<u>0</u>
Net Cash	-500
Beginning Cash	<u>2,650</u>
Ending Cash	<u><u>2,150</u></u>
Supplemental Information	
Taxes	<u>0</u>
Interest	<u>0</u>

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UNIVERSAL BEVERAGE INC.
(A development Stage Company)

STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2005
(Unaudited)

	<u>2005</u>
REVENUES	
Revenues	<u>0</u>
TOTAL REVENUES	<u>0</u>
EXPENSES	
General & Administrative	0
Consulting	0
Officer Contributed Services	<u>0</u>
TOTAL EXPENSES	<u>0</u>
NET INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(0)
Provision for income taxes	<u>0</u>
NET (LOSS)	(0)
Basic and Diluted Earnings per Share	<u><u>\$0.00</u></u>
Weighted Average Number of Common Shares	<u><u>30,142,699</u></u>

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UNIVERSAL BEVERAGE INC.
(A development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three Months Ended March 31, 2005
(Unaudited)

	Shares	Amount	Additonal Paid -In Capital	Accumulated Deficit	Total Stockholders' Equity/(Deficit)
Opening Balance, January 1, 2005	30,142,699	301	205,142	-204,020	1,423
Net Loss for the period				-0	-0
	30,142,699	301	205,142	-204,020	1,423

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by Sandy Winick, President, Secretary, Treasurer and Director for UNIVERSAL BEVERAGE INC.

The accompany notes form an integral part of these financial statements.

UNIVERSAL BEVERAGE INC.
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

1. General Organization and Business

UNIVERSAL BEVERAGE INC. (the Company), was organized under the laws of the Province of Ontario on January 9, 1998. The Company is in a development stages.

2. Summary of Significant Accounting Practices

The relevant accounting policies and procedures are listed below.

Accounting Basis

The statements were prepared following generally accepted accounting principles of the United States of America consistently applied.

Management Certification

The financial statements herein are certified by the officer of the Company to present fairly, in all material respects, the financial position, results of operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States of America, consistently applied.

Earnings per Share

The basic earnings (loss) per share are calculated by dividing the Company's net income (loss) available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basis weighted average number of shares adjusted as of the first of the year for any potentially dilutive debt or equity. The Company has not issued any options warrants or similar securities since inception.

Dividends

The Company has not yet adopted any dividend policy regarding payment of dividends. No dividends have been paid during the periods shown.

UNIVERSAL BEVERAGE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Accounts Receivable

The trade accounts receivable and allowances for bad debts are shown below:

	As At 03/31/05
Trade Accounts Receivable	\$ 0
Less: Allowances	<u>0</u>
Trade Accounts Receivable, net	\$ 0 =====

Machinery and Equipment

Machinery and equipment will be stated at cost. Depreciation will be computed using the straight-line method over the estimated useful lives. Maintenance and repairs are charged to expense as incurred. As of the balance sheet dates, there was no Machinery and Equipment.

	As At 03/31/05
Machinery and Equipment	\$ 0
Less; Accumulated Depreciation	<u>0</u>
Machinery and Equipment, net	\$ 0 =====

UNIVERSAL BEVERAGE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

Revenue Recognition

The company recognizes revenues when earned.

Advertising

Advertising is expensed when incurred. There has been no advertising since inception.

Income Taxes

The provision for incomes taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred incomes taxes where differences exist between the period in which transactions affect current income and the period in which they enter into the determination of net income in the financial statements.

3. Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. However, the Company has accumulated a loss and is in its development stage. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

4. Stockholders' Equity

Common Stock – The Company was organized under the laws of the Province of Ontario on January 9, 1998, it has authorized shares of unlimited common stock with no par value.

UNIVERSAL BEVERAGE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

5. Provision for Income Taxes

The Company provides for income taxes under Statement of Financial Accounting Standards No. 109 accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rate in effect when these differences are expected to reverse.

SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is \$30,603 which is calculated multiplying a 15% estimated tax rate by the items making up the deferred tax account, the Net Operating Loss (NOL) of \$204,020. The total valuation allowance is a comparable \$30,603.

The provision for income taxes is comprised of the net changes in deferred taxes less the valuation account plus the current taxes payable as shown in the chart below. For the year ended MARCH 31, 2005 it is as follows:

Net changes in Deferred Tax Benefit	
Less valuation account	0
Current Taxes Payable	<u>0</u>
Net Provision for Income Taxes	<u>0</u>

UNIVERSAL BEVERAGE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

The federal NOL is due to expire 20 years from the date of its creation. The chart below shows the year of creation, the amount of each estimated years' NOL and the year of expiration if not utilized.

<u>Year Created</u>	<u>Amount</u>	<u>Year to Expire</u>
1998-2002	\$203,020	2018 - 2022
2003	\$ 500	2023
2004	<u>\$ 500</u>	2024
Total NOL Carry forward	\$204,020 =====	

The Company has not filed any federal income tax returns since inception.

6. Segment Information

Segment information is presented in accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. The standard is based on a management approach, which requires segmentation based upon the Company's internal organization and disclosure of revenue based upon internal accounting methods. For the period(s) shown there have been no revenues in which to segment.

7. Operating Leases and other Commitments

The Company also has no lease obligations.

8. The Effect of Recently issued Accounting Standards

Below is a listing of the most recent accounting standards and their effect on the Company.

SFAS 148 – Accounting for Stock-Based Compensation-Transition and Disclosure

Amends FASB 123 to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation.

UNIVERSAL BEVERAGE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

SFAS 149 – Amendment of Statement 133 on Derivative Instruments and Hedging Activities

This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities.

SFAS 150 – Financial Instruments with Characteristics of both Liabilities and Equity

This Statement requires that such instruments be classified as liabilities in the balance sheet. SFAS 150 is effective for financial instruments entered into to modified after May 31, 2003.

Interpretation No. 46 (FIN 46)

Effective January 31, 2003, The Financial Accounting Standards Board requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a continuing financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Company has not invested in any such entities, and does not expect to do so in the foreseeable future. The adoption of these new Statements is not expected to have a material effect on the Company's financial position, results or operations, or cash flows.

9. Long Term Debt

The Company has no long term debt or similar contingencies.