

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

ACCESSTEL INC /UT/  
Form 10KSB  
May 17, 2004

United States Securities and Exchange Commission  
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-24459

ACCESSTEL, INC.

-----  
(Name of small business issuer in its charter)

UTAH

59-2159271

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification Number)

2904 E. Shady Lane, Highland Ranch, CO 80126

-----  
(Address of principal executive offices, including zip code)

Issuer's telephone number, including area code: (720) 404-1302

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act:  
Common Stock, \$0.001 par value

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for  
such shorter period that the registrant was required to file such reports),  
and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Check if disclosure of delinquent filers in response to Item 405 of  
Regulation S-B is not contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-  
KSB or any amendment to this Form 10-KSB.

The Company had no operating revenues for the fiscal year ended December  
31, 2003.

The aggregate market value of the Company's common stock held by non-  
affiliates of the Company as of May 13, 2004, was \$8,281, which represents  
8,281,031 shares at par value of \$0.001.

Transitional Small Business Disclosure Format: Yes  No

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

Securities Litigation Reform Act of 1995:

This Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003, contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements may include, among others, statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003, involve known and unknown risks, uncertainties and other factors that could the cause actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

### PART I.

#### ITEM 1. DESCRIPTION OF BUSINESS

##### Overview:

Shopss.com, Inc., a Utah corporation, changed its name to AccessTel, Inc. (the "Company") effective February 16, 2001, in conjunction with the acquisition of AccessTel, Inc., a Delaware corporation ("AccessTel-Delaware"), in a reverse merger transaction effective December 18, 2000.

Effective December 18, 2000, the Company entered into a Share Exchange Agreement with AccessTel-Delaware and the shareholders of AccessTel-Delaware pursuant to which the Company acquired all of the shares of AccessTel-Delaware in exchange for 22,418,980 shares of common stock, which represented 80% of the issued and outstanding shares of common stock of the Company after giving effect to the transaction. An additional 13,681,560 shares of common stock were reserved for issuance under the Company's stock option plan. At the closing of this transaction, the existing officers and directors of the Company resigned, and new officers and directors were appointed.

Litigation to rescind this transaction was subsequently commenced on May 1, 2001, and a receiver was appointed on May 3, 2001. On May 6, 2003, a settlement was reached whereby the parties to the Share Exchange Agreement surrendered all shares that were issued to them pursuant the Share Exchange Agreement and that all members of management of the Company that had been designated to serve as directors and executive officers of the Company at the closing of the Share Exchange Agreement with the AccessTel-Delaware Parties resign from their respective management positions. 11,356,782 shares of common stock were returned to the treasury and prior to resigning from their respective management positions of the Company, David C. Merrell, a former director and executive officer of the Company, was appointed as an interim officer and director of the Company. See the Company's 8-K Current Report dated May 6, 2003, which has been previously filed with the Securities and Exchange Commission. See Part III, Item 13.

The Company effected a 1:89 reverse split in the shares of its common stock of that were outstanding as of December 12, 2003. The Company had 25,002,309 shares of common stock outstanding immediately prior to the reverse stock split and 280,925 shares of common stock outstanding immediately following the reverse split.

On December 16, 2003, the Company purchased all of the issued and outstanding shares of common stock of Euro Offline pursuant to that certain Stock Purchase Agreement and Plan of Reorganization (the "Agreement and Reorganization") dated December 16, 2003, between the Company and Euro Offline, Inc. ("Euro Offline"), a privately-held, Colorado corporation. As a

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

result of the closing of the Agreement and Plan of Reorganization, 31,000,000 "restricted" shares of common stock were issued to six persons, including Messrs. Randall L. Middleton and Thomas Rowan, executive officers, directors and shareholders of Euro Offline. Messrs. Middleton and Rowan each received 13,750,000 newly-issued, "restricted" shares of common stock of the Company. The aggregate 27,500,000 shares of common stock of the Company owned of record and beneficially by Messrs. Middleton and Rowan as a result of the Agreement and Plan of Reorganization represented approximately 88% of the voting securities of AccessTel. As part of the 31,000,000 "restricted" shares of common stock that were issued pursuant to the Agreement and Plan of Reorganization, 1,000,000 "restricted" shares of common stock were issued to Global Guarantee Corporation ("Global") for which Global agreed to forgive certain indebtedness of the Company to it in consideration of the stock and for a certain amount of cash.

David C. Merrell resigned as the sole executive officer and director of the Company on December 16, 2003, in connection with the Agreement and Plan of Reorganization. Prior to his resignation, Mr. Merrell appointed Messrs. Middleton and Rowan as directors to fill the vacancies in the Board of Directors created by his and prior resignations. In addition, Mr. Middleton was elected to serve as the President, and Mr. Rowan was elected to serve as the Secretary/Treasurer, of the Company. See the Company's 8-K Current Report dated December 16, 2003, which has been previously filed with the Securities and Exchange Commission. See Part III, Item 13.

Global, a former principal shareholder of the Company and shareholder subsequent to the completion of the Euro Offline Agreement and Plan of Reorganization, was a third party beneficiary to the representations and warranties of Euro Offline that were made under the Agreement and Plan of Reorganization that referenced the October 3, 2003, Agreement, between Global and Messrs. Middleton and Rowan that provided for certain payments to be made to Global in connection with the closing of the Agreement and Plan of Reorganization. That Agreement also provided that if the reorganization were not completed as provided in Section 2 of that Agreement by the payment of certain sums and the issuance of certain securities of the Company to Global, that Global would have the right to essentially rescind its Agreement with Messrs. Middleton and Rowan by the return of the consideration received under their Agreement, less reasonable attorney's fees incurred. Global has asserted a claim of rescission and damages in connection with the rescission of the Agreement and Plan of Reorganization with Euro Offline; that claim has not yet been resolved. The effects of that claim may result in a further change in control of the Company, by returning Global to a principal shareholder of the Company. The Company disputes Global's claim, and asserts that the rescission of the Euro Offline Agreement and Plan of Reorganization does not grant Global the right of rescission under its Agreement with Messrs. Middleton and Rowan, but merely asserts the right of payment, which has been made to and received by Global under that Agreement. A copy of the Agreement is attached hereto and incorporated herein by reference. See Part III, Item 13.

On April 9, 2004, which is subsequent to the date of this Annual Report, Mr. Middleton and Mr. Rowan resigned and appointed Kevin Marion as President and director of our Company; and the Company completed a Compromise and Settlement Agreement with Euro Offline that was executed by Messrs. Middleton and Rowan. Each party contended that a substantial, irreconcilable dispute existed among them and each resolved that they should resolve this dispute through this Compromise and Settlement Agreement. by rescinding the Agreement and Plan of Reorganization between the Company and Euro Offline, and with the Company agreeing to pay \$40,000 to Euro Offline and Euro Offline agreeing to cancel the 27,000,000 shares of "restricted" common stock issued to Messrs. Middleton and Rowan back to the Company's treasury. A copy of the Compromise and Settlement Agreement is attached to and incorporated herein. See Part

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

III, Item 13.

History Prior to December 31, 2003:

See the Company's 10-KSB Annual Report for the year ended December 31, 2002, which has been previously filed with the Securities and Exchange Commission and is incorporated herein by reference. See Part III, Item 13.

Business:

Our Company's plan of operation for the next 12 months is to:(i) consider guidelines of industries in which we may have an interest; (ii) adopt a business plan regarding engaging in the business of any selected industry; and (iii) to commence such operations through funding and/or the acquisition of a "going concern" engaged in any industry selected.

Our Company is not currently engaged in any substantive business activity, and we have no plans to engage in any such activity in the foreseeable future. In our present form, we may be deemed to be a vehicle to acquire or merge with a business or company. Regardless, the commencement of any business opportunity will be preceded by the consideration and adoption of a business plan by our Board of Directors. We do not intend to restrict our search for business opportunities to any particular business or industry, and the areas in which we will seek out business opportunities or acquisitions, reorganizations or mergers may include, but will not be limited to, the fields of high technology, manufacturing, natural resources, service, research and development, communications, transportation, insurance, brokerage, finance and all medically related fields, among others. We recognize that the number of suitable potential business ventures that may be available to us may be extremely limited, and may be restricted to entities who desire to avoid what such entities may deem to be the adverse factors related to an initial public offering ("IPO"). The most prevalent of these factors include substantial time requirements, legal and accounting costs, the inability to obtain an underwriter who is willing to publicly offer and sell shares, the lack of or the inability to obtain the required financial statements for such an undertaking, limitations on the amount of dilution to public investors in comparison to the stockholders of any such entities, along with other conditions or requirements imposed by various federal and state securities laws, rules and regulations and federal and state agencies that implement such laws, rules and regulations. Any of these types of transactions, regardless of the particular prospect, would require us to issue a substantial number of shares of our common stock, that could amount to as much as 95% of our outstanding securities following the completion of any such transaction; accordingly, investments in any such private enterprise, if available, would be much more favorable than any investment in our Company.

Management intends to consider a number of factors prior to making any decision as to whether to participate in any specific business endeavor, none of which may be determinative or provide any assurance of success. These may include, but will not be limited to, as applicable, an analysis of the quality of the particular entity's management personnel; the anticipated acceptability of any new products or marketing concepts that it may have; the merit of its technological changes; its present financial condition, projected growth potential and available technical, financial and managerial resources; its working capital, history of operations and future prospects; the nature of its present and expected competition; the quality and experience of its management services and the depth of its management; its potential for further research, development or exploration; risk factors specifically related to its business operations; its potential for growth, expansion and profit; the perceived public recognition or acceptance of its products, services, trademarks and name identification; and numerous other factors which are difficult, if not impossible, to properly or accurately analyze, let alone describe or identify,

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

without referring to specific objective criteria.

Regardless, the results of operations of any specific entity may not necessarily be indicative of what may occur in the future, by reason of changing market strategies, plant or product expansion, changes in product emphasis, future management personnel and changes in innumerable other factors. Further, in the case of a new business venture or one that is in a research and development mode, the risks will be substantial, and there will be no objective criteria to examine the effectiveness or the abilities of its management or its business objectives. Also, a firm market for its products or services may yet need to be established, and with no past track record, the profitability of any such entity will be unproven and cannot be predicted with any certainty.

Management will attempt to meet personally with management and key personnel of the entity providing any potential business opportunity afforded to our Company, visit and inspect material facilities, obtain independent analysis or verification of information provided and gathered, check references of management and key personnel and conduct other reasonably prudent measures calculated to ensure a reasonably thorough review of any particular business opportunity; however, due to time constraints of management, these activities may be limited. See the heading "Business Experience," Part I, Item 5.

We are unable to predict the time as to when and if we may actually participate in any specific business endeavor. Our Company anticipates that proposed business ventures will be made available to us through personal contacts of directors, executive officers and principal stockholders, professional advisors, broker dealers in securities, venture capital personnel, members of the financial community and others who may present unsolicited proposals. In certain cases, we may agree to pay a finder's fee or to otherwise compensate the persons who submit a potential business endeavor in which our Company eventually participates. Such persons may include our directors, executive officers and beneficial owners our securities or their affiliates. In this event, such fees may become a factor in negotiations regarding any potential venture and, accordingly, may present a conflict of interest for such individuals. Management does not presently intend to acquire or merge with any business enterprise in which any member has a prior ownership interest.

Our Company's directors and executive officers have not used any particular consultants, advisors or finders on a regular basis.

Although we currently has no plans to do so, depending on the nature and extent of services rendered, we may compensate members of management in the future for services that they may perform for our Company. Because we currently have extremely limited resources, and we are unlikely to have any significant resources until we have determined a business or enterprise to engage in or have completed a merger or acquisition, management expects that any such compensation would take the form of an issuance of our Company's common stock to these persons; this would have the effect of further diluting the holdings of our other stockholders. There are presently no preliminary agreements or understandings between us and members of management respecting such compensation.

Substantial fees are often paid in connection with the completion of all types of acquisitions, reorganizations or mergers, ranging from a small amount to as much as \$400,000. These fees are usually divided among promoters or founders, after deduction of legal, accounting and other related expenses, and it is not unusual for a portion of these fees to be paid to members of management or to principal stockholders as consideration for their agreement to retire a portion of the shares of common stock owned by them. Management

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

may actively negotiate or otherwise consent to the purchase of all or any portion of their common stock as a condition to, or in connection with, a proposed reorganization, merger or acquisition. It is not anticipated that any such opportunity will be afforded to other stockholders or that such other stockholders will be afforded the opportunity to approve or consent to any particular stock buy-out transaction. In the event that any such fees are paid, they may become a factor in negotiations regarding any potential acquisition or merger by our Company and, accordingly, may also present a conflict of interest for such individuals. We have no present arrangements or understandings respecting any of these types of fees or opportunities.

None of our directors, executive officers, founders or their affiliates or associates has had any negotiations with any representatives of the owners of any business or company regarding the possibility of an acquisition, reorganization, merger or other business opportunity for our Company; nor are there any similar arrangements with us.

### ITEM 2. DESCRIPTION OF PROPERTY

As of December 31, 2003, the Company did not own or lease any property.

### ITEM 3. LEGAL PROCEEDINGS

On May 1, 2001, Reed & Wangsgard, L.C. (formerly Droz, Reed & Wangsgard, L.C.) filed suit in the Third Judicial District Court of Salt Lake County, State of Utah (the "Court"), Civil No. 010903821 (the "Action"), to assert claims, on behalf of its clients, prior management of the Company, against AccessTel and the original shareholders of AccessTel. The complaint in the Action demands rescission of the Share Exchange Agreement, and alleges that the Company was induced to enter into the Share Exchange Agreement through a series of false representations made by AccessTel and its shareholders. The complaint also includes alternative causes of actions for fraud, conversion, injunctive relief, and the issuance of a Writ of Replevin.

On May 3, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable Raymond Uno, Judge of the Court, issued an Order appointing Leonard W. Burningham, Esq., a member of the Utah State Bar, as receiver for the Company. Pursuant to such Order, the receiver is authorized to prepare and file reports with the Securities and Exchange Commission.

On May 16, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable L.A. Dever, Judge of the Court, issued a Temporary Restraining Order prohibiting the transfer of any shares of common stock issued by AccessTel and/or Shopss.com, Inc. which were issued in the name of any defendant (other than the transfer agent) or held for the benefit of any such defendant.

On May 27, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable L.A. Dever, Judge of the Court, issued a Preliminary Injunction enjoining Atlas Stock Transfer Company from registering the transfer of, or reissuing, any shares of common stock issued by the Company and/or Shopss.com, Inc. which were issued in the name of any defendant (other than Atlas Stock Transfer Company) or are held for the benefit of any defendant to the suit.

On January 17, 2002, Reed & Wangsgard, L.C. received written confirmation from an agent of the Board of Directors of the Company that said Board of Directors have come to a unanimous decision to settle the claim for rescission of the Share Exchange Agreement by rescinding the Share Exchange Agreement. However, the Board of Directors of the Company failed and/or refused to follow through with their agreement to rescind the Share Exchange Agreement. As a result, Reed & Wangsgard, L.C. filed a Motion to Enforce Settlement with respect to the agreement to rescind the Share Exchange Agreement.

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

During February 2002, pursuant to the motion of counsel for AccessTel and the original shareholders of AccessTel, the Honorable L.A. Dever, Judge of the Court, issued an order limiting the Court's jurisdiction over certain of the defendants to the Action. As a result, the Court continued to have jurisdiction over the corporate defendants and through it, plaintiffs may assert claims arising from the allegedly wrongful conduct of current management.

On May 1, 2003, a settlement was reached between the remaining parties to the Action. The material terms of the settlement include the requirement that the corporate defendants surrender all right, title and interest in and to those shares of common stock of the Company issued to them pursuant to the Exchange Agreement, and that all members of management of the Company that had been designated to serve as directors and executive officers of the Company at the closing of the Exchange Agreement resign from their respective management positions. As a result of the settlement, on May 6, 2003, prior management of the Company that had filed the complaint, caused to be filed with the Court a Motion to Dismiss the complaint. An 8-K Current Report with the Order to Dismiss as an exhibit was filed with the Securities and Exchange Commission on June 6, 2004. Pursuant to the Order to Dismiss the complaint, of the 16,718,763 shares issued to the corporate defendants, 11,356,782 of the common shares have been canceled and returned to the authorized but unissued common stock of the Company, and 5,361,981 shares will be transferred to a private third party unrelated to the AccessTel parties pursuant to a confidential settlement of a separate legal action involving a legal debt owed by one of the AccessTel parties to the private third party. The current officers and directors of the Company resigned, and David C. Merrell, a former director and executive officer of the Company, was appointed as an interim officer and director of the Company.

Lawrence Liang, the Company's Chief Executive Officer, President and a director, and Stuart Bockler, the Company's Chief Financial Officer, Secretary and a director as of December 31, 2002, were named as defendants in the Complaint, and resigned as officers and directors of the Company effective April 24, 2003.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the fourth quarter of the fiscal year ended December 31, 2002.

However, on February 20, 2004, which is subsequent to the date of this Report; we filed a Definitive Information Statement with the Securities and Exchange Commission regarding changing the name of our Company and approval for us to take action pursuant to written consent of the majority stockholders. See Part III, Item 13.

### PART II.

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

##### (a) Market Information

Since February 27, 2001, the common stock of the Company has been traded on the OTC Bulletin Board under the symbol "ATEL." The following table sets forth the range of reported closing bid prices of the Company's common stock during the periods indicated. Such quotations reflect prices between dealers in securities and do not include any retail mark-up, mark-down or commission, and may not necessarily represent actual transactions. Trading in the Company's common stock has been limited and sporadic, and should not be deemed to constitute an "established trading market". The information set forth below reflects the 1-for-8 reverse stock split effective May 29, 1998, the

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

5.435034 forward stock split effective October 27, 1999 and a 1 for 89 reverse stock split effective December 12, 2004.

	Low ---	High ---
Fiscal Year Ended December 31, 2002:		
Three months ended		
March 31, 2002	\$0.03	\$0.11
June 30, 2002	0.03	0.14
September 30, 2002	0.02	0.08
December 31, 2002	0.02	0.08

Fiscal Year Ended December 31, 2003:

Three months ended		
March 31, 2003	\$0.035	\$0.01
June 30, 2003	0.085	0.02
September 30, 2003	0.045	0.02
October 1, 2003 through December 11, 2003	0.045	0.013
December 12, 2003 through December 31, 2003**	0.61	0.30

\*\* 1 for 89 reverse split

(b) Holders

As of May 14, 2004, the Company had 149 common shareholders of record, excluding shares held in "street name" by brokerage firms and other nominees who hold shares for multiple investors.

(c) Dividends

Holders of common stock are entitled to receive dividends if, as and when declared by the Board of Directors out of funds legally available for distribution, subject to the dividend and liquidation rights of any preferred stock that may be issued and outstanding. The Company has not paid cash dividends on its common stock and has no present intention of paying cash dividends in the foreseeable future. It is the present policy of the Board of Directors to retain all earnings to provide for the future growth and development of the Company's business operations.

(d) Sales of Unregistered Securities

Name	Shares	Consideration
Ron Girardi	1,000,000	Agreement and Plan
Largess, Inc.	1,000,000	Agreement and Plan
Lyons Capital Group LLP	1,000,000	Agreement and Plan
Pagentry Place Investments, LTD.	500,000	Agreement and Plan
Professional Traders fund, LLC	200,000	Agreement and Plan
Thomas Rowan	13,750,000*	Agreement and Plan
Randall Middleton	13,550,000*	Agreement and plan
Pagentry Place	500,000	\$18,000

\*All of the 13,750,000 shares issued to Thomas Rowan and 13,250,000 of the shares issued to Randall Middleton, for a total of 27,000,000, are to be



## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

cancelled pursuant to the Compromise and Settlement Agreement dated April 9, 2004.

### Securities Authorized for Issuance under Equity Compensation Plans

Plan category	Number of shares of common stock to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options warrants and rights	Number of shares of common stock remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders:	-	-	-
Equity compensation plans not approved by stockholders:	3,500,000	\$0.32	-
	-----	-----	-----
Total	3,500,000	\$0.32	-

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The Company's plan of operation subsequent to the settlement of the AccessTel litigation outlined in Part I, Item 3, is to: (i) consider guidelines of industries in which the Company may have an interest; (ii) adopt a business plan regarding engaging in the business of any selected industry; and (iii) commence such operations through funding and/or the acquisition of a "going concern" engaged in any industry selected.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses, has no operations and has a deficiency in working capital and shareholders' equity at December 31, 2003 and 2002. These factors raise 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 the outcome of this uncertainty. The Company's independent certified public accountants have included a modification paragraph in their report on the Company's financial statements for the year ended December 31, 2003 with respect to this matter.

The Company is currently insolvent and has no business operations. The Company's current efforts are focused on maintaining the corporate entity. As a result of the matters described herein, the Company may have to file for protection under the United States Bankruptcy Code. Accordingly, there can be no assurances that the Company will be able to continue in existence.

#### Results of Operations:

During the years ended December 31, 2003 and 2002, the Company incurred general and administrative expenses of \$908,492 and \$166,335, which consisted mainly of legal and accounting expenses, and interest expense of \$2,493 and \$3,266, respectively, related to advances by a shareholder to or on behalf of the Company.

#### Liquidity and Capital Resources December 31, 2003:

##### Operating Activities -

At December 31, 2003, the Company had no cash resources and a working

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

capital deficit of \$1,136,644, as a result of which the Company was insolvent. The Company utilized \$908,492 of cash in operating activities during the year ended December 31, 2003, as compared to utilizing \$166,335 of cash during the year ended December 31, 2002.

### Financing Activities -

During the years ended December 31, 2003 and 2002, a shareholder made advances to or on behalf of the Company aggregating \$9,863 and \$52,335, respectively, pursuant to a line of credit with interest at 1% below the prime rate. These advances have been used to fund general and administrative expenses, consisting primarily of legal and accounting fees. There can be no assurances that the shareholder will continue to make such advances to or on behalf of the Company. The Company also incurred fees to the shareholder for services rendered of \$85,500 and \$114,000 for the years ended December 31, 2003 and 2002.

### ITEM 7. FINANCIAL STATEMENTS

#### ACCESSTEL, INC.

#### INDEX TO FINANCIAL STATEMENTS

#### YEARS ENDED DECEMBER 31, 2003 AND 2002

Independent Auditors' Report Radin, Glass & Co., LLP

#### Financial Statements:

Balance Sheets December 31, 2003 and 2002

Statements of Operations Years Ended December 31, 2003 and 2002

Statements of Cash Flows Years Ended December 31, 2003 and 2002

Statements of Stockholders' Deficiency Years Ended December 31, 2003 and 2002

Notes to Financial Statements Years Ended December 31, 2003 and 2002

#### INDEPENDENT AUDITORS' REPORT

Shareholders and Directors  
AccessTel, Inc.

We have audited the accompanying balance sheets of AccessTel, Inc. as of December 31, 2003 and 2002, and the related statements of operations, shareholders' deficiency and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AccessTel, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered from recurring losses from operations, including net losses of \$910,985 and \$169,601 for the years ended December 31, 2003 and 2002, respectively, and had a deficit in working capital and a deficiency in stockholders' equity as of December 31, 2003. These factors raise substantial doubt the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On May 1, 2001, the Company was sued by the former shareholders of Shopss.com, Inc., which had been merged with the Company on December 18, 2000 as described at Note 1. The complaint alleged that AccessTel, Inc. and its former shareholders made false representations, inducing Shopss.com, Inc. to enter into the merger. The complaint demanded rescission. On May 3, 2001, the Court issued an order appointing a receiver for the Company to perform certain duties. This litigation was resolved during May 2003. The financial statements as of December 31, 2003 and 2002 and for the years then ended include the assets and liabilities of Shopss.com, Inc.'s operations and exclude the assets and liabilities of AccessTel, Inc.'s operations due to the rescission litigation.

In December 16, 2003, the Company issued shares to acquire Euro Offline, Inc. As described in Note 1, the acquisition was rescinded, with Euro Offline, Inc. due to certain material irreconcilable differences by both parties by April 2004, all but 4 million shares were returned to treasury. The financial statements as of December 31, 2003 and for the year then ended include the assets and liabilities of Shopss.com, Inc.'s operations and exclude the assets and liabilities of Euro Offline, Inc.'s operations due to a subsequent Comprise and Settlement Agreement.

/S/Radin, Glass & Co.  
Radin, Glass & Co., LLP  
Certified Public Accountants

New York, New York  
May 14, 2004

ACCESSTEL, INC.  
BALANCE SHEETS  
DECEMBER 31, 2003 AND 2002

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

	2003 ----	2002 ----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
	-----	-----
Total current assets	-	-
	-----	-----
Property and equipment	-	-
Less: accumulated depreciation	-	-
	-----	-----
	-	-
	-----	-----
Deposits	-	-
	-----	-----
Total assets	\$ -	\$ -
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and accrued liabilities	\$700,643	\$1,087,764
Due to stockholder	428,434	333,071
Accrued interest payable	7,567	5,074
	-----	-----
Total current liabilities	1,136,644	1,425,909
	-----	-----
Stockholders' deficiency:		
Preferred stock, \$1.00 par value; authorized 20,000,000 shares; issued and outstanding none	-	-
Common stock, \$0.001 par value; authorized - 100,000,000 shares; issued and outstanding 34,781,031 and 374,871 shares, respectively	34,781	375
Additional paid-in capital	2,423,914	358,070
Accumulated deficit	(3,595,339)	(1,784,354)
	-----	-----
Total stockholders' deficiency	(1,136,644)	(1,425,909)
	-----	-----
Total liabilities and stockholders' deficiency	\$ -	\$ -
	=====	=====

See accompanying notes to financial statements.

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

ACCESSTEL, INC.  
STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
	----	----
Revenues	\$ -	\$ -
Cost of revenues	-	-
	-----	-----
Gross profit	-	-
	-----	-----
General and administrative expenses	908,492	166,335
Aborted acquisition costs	900,000	0
Interest expense	2,493	3,266
	-----	-----
Net loss	\$ (1,810,985)	\$ (169,601)
	=====	=====
Net loss per common share (basic and diluted)	\$ (0.60)	\$ (0.45)
	=====	=====
Weighted average common shares outstanding (basic and diluted)	2,995,984	374,871
	=====	=====

See accompanying notes to financial statements.

ACCESSTEL, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
	----	----
Cash flows from operating activities:		
Net loss	\$ (1,810,985)	\$ (169,601)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in:		
Value of common shares released in conjunction with legal settlement	150,250	
Stock based compensation	1,050,000	
Aborted acquisition costs	900,000	
Accounts payable and		

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

accrued expenses	(387,121)	-
Accrued interest payable	2,493	3,266
	-----	-----
Net cash used in operating activities	(95,363)	(166,335)
	-----	-----
Cash flows from financing activities:		
Increase in due to shareholder	95,363	166,335
	-----	-----
Net cash provided by financing activities	95,363	166,335
	-----	-----
Cash and cash equivalents:		
Net increase (decrease)	-	-
At beginning of period	-	-
	-----	-----
At end of period	\$ -	\$ -
	=====	=====
Supplemental Disclosures of Cash Flow Information:		
Interest paid	-	-
Taxes paid	-	-

See accompanying notes to financial statements.

ACCESSTEL, INC.  
STATEMENT OF STOCKHOLDERS' DEFICIENCY  
YEARS ENDED DECEMBER 31, 2003 AND 2002

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
	-----	-----	-----	-----
Balance, December 31, 2001	-	-	374,871	375
Net loss for the year	-	-	-	-
	-----	-----	-----	-----
Balance, December 31, 2002	-	-	374,871	\$ 375
Release of stock held in dispute			33,764	34
Cancellation of shares issued			(127,604)	(128)
Issuance of stock*			31,000,000	31,000
Stock based compensation			3,500,000	3,500
Net loss for the year				
	-----	-----	-----	-----
Balance, December 31, 2003			34,781,031	34,781

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

\*Includes 27 million shares returned to treasury April 2004.

[CONTINUED]

ACCESSTEL, INC.  
STATEMENT OF STOCKHOLDERS' DEFICIENCY  
YEARS ENDED DECEMBER 31, 2003 AND 2002

	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficiency
	-----	-----	-----
Balance, December 31, 2001	358,070	(1,614,753)	(1,256,308)
Net loss for the year	-	(169,601)	(169,601)
	-----	-----	-----
Balance, December 31, 2002	\$ 358,070	\$ (1,784,354)	\$ (1,425,909)
Release of stock held in dispute	150,216		150,250
Cancellation of shares issued	128		
Issuance of stock*	869,000	-	-
Stock based compensation	1,046,500		1,050,000
Net loss for the year		(1,810,985)	(910,985)
	-----	-----	-----
Balance, December 31, 2003	2,423,914	(3,595,339)	(1,136,644)
	=====	=====	=====

\*Includes 27 million shares returned to treasury in April 2004.

See accompanying notes to financial statements.

ACCESSTEL, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2003 AND 2002

1. Business

Shopss.com, Inc., a Utah corporation, changed its name to AccessTel, Inc. (the "Company") effective February 16, 2001, in conjunction with the acquisition of AccessTel, Inc., a Delaware corporation ("AccessTel"), in a reverse merger transaction effective December 18, 2000.

Effective December 18, 2000, the Company entered into a Share Exchange Agreement with AccessTel and the shareholders of AccessTel pursuant to which the Company acquired all of the shares of AccessTel in exchange for 22,418,980 shares of common stock, which represented 80% of the issued and outstanding shares of common stock of the Company after giving effect to the transaction. An additional 13,681,560 shares of common stock were reserved for issuance under the Company's stock option plan. At the closing of this transaction, the existing officers and directors of the Company resigned, and new officers and directors were appointed.

Litigation to rescind this transaction was subsequently commenced on May 1, 2001, and a receiver was appointed on May 3, 2001.

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

The information contained herein is based on the information available to the receiver, but due to the commencement of litigation and the appointment of a receiver, such information may not be complete or accurate. Information provided herein is given to the best knowledge of the receiver, and where it is indicated herein that "management believes" or similar references to management's knowledge, this information is provided to the best knowledge of the receiver, and not management.

The financial statements for the years ended December 31, 2002 and 2003 exclude the operations of AccessTel. The balance sheets as of December 31, 2002 and 2003 include the assets and liabilities of Shopss.com, Inc.'s operations and excludes the assets and liabilities of AccessTel's operations due to the rescission litigation.

In December 2003, the Company entered into a "Stock Purchase Agreement and Plan of Reorganization" to issue 30,000,000 shares for all of the outstanding common stock of Euro Offline, Inc., a privately held entity. Prior to the closing and condition to the closing, the Company effectuated a reverse stock split of 89 shares for 1 share. In addition a shareholder / related party debt holder was to receive \$100,000 for consideration to forgive amounts due from the Company currently recorded and shown as "due to major shareholder of \$428,434 plus interest of \$7,567 as of the closing date" plus 1,000,000 shares of post split common stock of the Company. The Company and certain of its shareholders have negotiated a "Compromise and Settlement" with the former shareholders of Euro Offline, Inc. Each party contends that a substantial, irreconcilable dispute exists among them for the failure of not consummating the merger with Euro OffLine, Inc., therefore 27 million shares will be returned to treasury with the former Euro Offline shareholders to receive \$40,000 in April 2004. The 3 million shares of common stock issued with the aforementioned transaction with Euro Offline, Inc. not under an agreement to be returned to treasury as of the date of this audit report will be recorded as a \$900,000 cost of the aborted transaction with Euro Offline, Inc.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses, has no operations and has a deficiency in working capital and shareholders' equity at December 31, 2002 and 2003. These factors raise 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 the outcome of this uncertainty. The Company's independent certified public accountants have included a modification paragraph in their report on the Company's financial statements for the year ended December 31, 2003 with respect to this matter.

The Company is currently insolvent and has no business operations. The Company's current efforts are focused on maintaining the corporate entity and pursuing litigation against management. As a result of the matters described herein, the Company may have to file for protection under the United States Bankruptcy Code. Accordingly, there can be no assurances that the Company will be able to continue in existence.

### 2. Summary of Significant Accounting Principles

#### Cash and Cash Equivalents

The Company classifies highly liquid temporary investments with an original maturity of three months or less when purchased as cash equivalents.

#### Property and Equipment



## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

Property and equipment are stated at cost. Maintenance and repairs are charged to expenses as incurred. Depreciation is provided for over the estimated useful lives of the individual assets using the straight-line method.

### Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash, receivables, and accrued expenses approximate fair value based on the short-term maturity of these instruments.

### Stock-Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation", establishes a fair value method of accounting for stock-based compensation plans and for transactions in which an entity acquires goods or services from non-employees in exchange for equity instruments. SFAS No. 123 also encourages, but does not require, companies to record compensation cost for stock-based employee compensation. The Company has chosen to continue to account for stock-based compensation utilizing the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", with pro forma disclosures of net income (loss) as if the fair value method had been applied. Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair market price of the Company's common stock at the date of grant over the amount an employee must pay to acquire the stock.

### Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in SFAS No. 109, "Accounting for Income Taxes." Under the liability method, deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. As of December 31, 2003, the Company had federal net operating loss carryforwards of approximately \$2.5 million, which expire beginning in 2021. A 100% valuation allowance has been provided with respect to the deferred tax assets as the Company cannot determine that it is more likely than not that it will be able to realize the deferred tax assets.

Due to restrictions imposed by the Internal Revenue Code regarding substantial changes in ownership of companies with loss carryforwards, the utilization of the Company's federal net operating loss carryforwards will be limited as a result of changes in the Company's stock ownership in prior years.

### Loss Per Share

The Company has adopted SFAS No. 128, "Earnings Per Share". SFAS No. 128 provides for the calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution relating to outstanding stock options, warrants and convertible debt. The loss per common share does not include the exercise of outstanding stock options and warrants, since their effect would be anti-dilutive.

### Accounting for Long-Lived Assets

SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", establishes guidelines regarding when impairment losses on long-lived assets, which include plant and equipment and

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

certain identifiable intangible assets, should be recognized and how impairment losses should be measures. The Company periodically reviews such assets for impairment whenever circumstances and situations indicate that the carrying amounts may not be recoverable, and records any such losses in the period in which such determination is made.

### Accounting Estimates and Assumptions

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

### 3. Transactions with Shareholder

During the years ended December 31, 2003 and 2002, pursuant to a line of credit with interest at 1% below the prime rate, a shareholder made advances to or on behalf of the Company aggregating \$9,863 and \$52,335, respectively. Related interest expense recorded during the years ended December 31, 2003 and 2002 was \$2,493 and \$3,266, respectively. These advances have been used to fund general and administrative expenses, consisting primarily of legal and accounting fees. There can be no assurances that the shareholder will continue to make such advances to or on behalf of the Company. The Company also incurred fees to the shareholder for services rendered of \$85,500 and \$114,000 for the years ended December 31, 2003 and 2002.

This shareholder sold his right to amounts due from the Company of \$428,434 as part of the "Stock Purchase Agreement and Plan of Reorganization" with Euro Offline, Inc in December 2003. This shareholder was to receive \$100,000 and one million shares of post split common stock. The shareholder also had a right of return, should the Euro Offline, Inc reorganization or a similar transaction does not occur. The shareholder was also entitled to reimbursement of certain expenses should the reorganization not occur. Although the shareholder was paid the one million shares and a substantial portion of the \$100,000, the shareholder has asserted a material breach of contract in May 2004. The Company is in active negotiations to settle such dispute.

In an unrelated matter, on April 14, 2003, the Securities and Exchange Commission (the "SEC") filed a civil action in the United States District Court for the Southern District of Ohio, case number CV-03-326, against eight individuals and four entities. Global Guarantee Corporation, including its Chairman and President, were named defendants in this civil action, whom are the entity and individual discussed in the aforementioned transactions with shareholder.

### 4. Stockholders' Deficiency

On January 16, 2001, the Board of Directors of the Company unanimously adopted and a majority of the shareholders approved a stock option plan that provides for the issuance of up to 20,000,000 shares of common stock of the Company.

On January 24, 2001, the Board of Directors of the Company unanimously adopted and a majority of the shareholders approved an amendment to the Articles of Incorporation to increase the total authorized number of shares of capital stock from 50,000,000 to 120,000,000, of which 100,000,000 shares are common stock and 20,000,000 shares are preferred stock.

On February 16, 2001, the Company filed Articles of Amendment to its Articles

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

of Incorporation with the State of Utah to change the name of the Company from Shopss.com, Inc. to AccessTel, Inc., and to increase the Company's equity capitalization to 100,000,000 shares of common stock and 20,000,000 shares of preferred stock.

Pursuant to the settlement of a legal action described hereafter, 11,356,782 shares were returned to treasury and recorded as a reduction to stockholders deficit at par value. There was an additional 3,005,000 shares recorded as issued and expensed at fair market value of \$150,250 as of the legal settlement date.

In December 2003, the Company effectuated a 89 for 1 reverse stock split. All of such share data has been retroactively adjusted for such reverse split.

In December 2003, the Company issued 31 million shares pursuant to the Stock Purchase Agreement and Plan of Reorganization with Euro Offline, Inc.

In December 2003, the Company issued 3,500,000 shares of common stock to various consultants under a "Non-employee, directors and consultants retainer stock plan". These shares were valued at \$.30 per share or \$1,050,000 and expensed in December 2003.

In April 2004, the Company agreed to a "Compromise and Settlement Agreement" whereby 27 million shares are to be returned to treasury as part of the aborted transaction with Euro Offline, Inc. The 3 million shares not under an agreement yet to be returned to the Company has been recorded as a cost of the aborted Euro Offline, Inc. at \$.30 per share or \$900,000, the fair market value of the stock at issuance date.

### 5. Legal Proceedings

On May 1, 2001, Reed & Wangsgard, L.C. (formerly Droz, Reed & Wangsgard, L.C.) filed suit in the Third Judicial District Court of Salt Lake County, State of Utah (the "Court"), Civil No. 010903821 (the "Action"), to assert claims, on behalf of its clients, prior management of the Company, against AccessTel and the original shareholders of AccessTel. The complaint in the Action demands rescission of the Share Exchange Agreement, and alleges that the Company was induced to enter into the Share Exchange Agreement through a series of false representations made by AccessTel and its shareholders. The complaint also includes alternative causes of actions for fraud, conversion, injunctive relief, and the issuance of a Writ of Replevin.

On May 3, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable Raymond Uno, Judge of the Court, issued an Order appointing Leonard W. Burningham, Esq., a member of the Utah State Bar, as receiver for the Company. Pursuant to such Order, the receiver is authorized to prepare and file reports with the Securities and Exchange Commission.

On May 16, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable L.A. Dever, Judge of the Court, issued a Temporary Restraining Order prohibiting the transfer of any shares of common stock issued by AccessTel and/or Shopss.com, Inc. which were issued in the name of any defendant (other than the transfer agent) or held for the benefit of any such defendant.

On May 27, 2001, pursuant to the motion of Reed & Wangsgard, L.C., the Honorable L.A. Dever, Judge of the Court, issued a Preliminary Injunction enjoining Atlas Stock Transfer Company from registering the transfer of, or reissuing, any shares of common stock issued by the Company and/or Shopss.com, Inc. which were issued in the name of any defendant (other than Atlas Stock Transfer Company) or are held for the benefit of any defendant to the suit.

On January 17, 2002, Reed & Wangsgard, L.C. received written confirmation from

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

an agent of the Board of Directors of the Company that said Board of Directors have come to a unanimous decision to settle the claim for rescission of the Share Exchange Agreement by rescinding the Share Exchange Agreement. However, the Board of Directors of the Company failed and/or refused to follow through with their agreement to rescind the Share Exchange Agreement. As a result, Reed & Wangsgard, L.C. filed a Motion to Enforce Settlement with respect to the agreement to rescind the Share Exchange Agreement.

During February 2002, pursuant to the motion of counsel for AccessTel and the original shareholders of AccessTel, the Honorable L.A. Dever, Judge of the Court, issued an order limiting the Court's jurisdiction over certain of the defendants to the Action. As a result, the Court continued to have jurisdiction over the corporate defendants and through it, plaintiffs may assert claims arising from the allegedly wrongful conduct of current management.

On May 1, 2003, a settlement was reached between the remaining parties to the Action. The material terms of the settlement include the requirement that the corporate defendants surrender all right, title and interest in and to those shares of common stock of the Company issued to them pursuant to the Exchange Agreement, and that all members of management of the Company that had been designated to serve as directors and executive officers of the Company at the closing of the Exchange Agreement resign from their respective management positions. As a result of the settlement, on May 6, 2003, prior management of the Company that had filed the complaint, caused to be filed with the Court a Motion to Dismiss the complaint. Subject to the granting of the Motion to Dismiss the complaint, of the 16,718,763 shares issued to the corporate defendants, 11,356,782 of the surrendered shares have been delivered to counsel for prior management of the Company and will be duly canceled and returned to the authorized but unissued common stock of the Company, and 5,361,981 shares will be transferred to a private third party unrelated to the AccessTel parties pursuant to a confidential settlement of a separate legal action involving a legal debt owed by one of the AccessTel parties to the private third party. The current officers and directors of the Company resigned, and David C. Merrell, a former director and executive officer of the Company, was appointed as an interim officer and director of the Company.

Lawrence Liang, the Company's Chief Executive Officer, President and a director, and Stuart Bockler, the Company's Chief Financial Officer, Secretary and a director as of December 31, 2002, were named as defendants in the Complaint, and resigned as officers and directors of the Company effective April 24, 2003.

As a result of this settlement, the Company will record the cancellation of 11,356,782 shares of common stock during May 2003. As the settlement did not result in the Company gaining control of the assets or operations of AccessTel, the Company will not reflect such assets or operations in its financial statements subsequent to the settlement date.

The Company has also been sued by several creditors for non-payment of debts, and judgments have been entered for the payment of such debts, plus interest and legal fees, in some cases.

### 6. New Accounting Pronouncements

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB 51". FIN No. 46 requires that the primary beneficiary in a variable interest entity consolidate the entity even if the primary beneficiary does not have a majority voting interest. The consolidation requirements of FIN No. 46 are required to be implemented for any variable interest entity created on or after January 31, 2003. In

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

addition, FIN No. 46 requires disclosure of information regarding guarantees or exposures to loss relating to any variable interest entity existing prior to January 31, 2003 in financial statements issued after January 31, 2003. FIN No. 46 is effective for the Company on January 31, 2003, and is not expected to have a significant impact on the Company's financial statement presentation or disclosures.

In April 2003, the FASB issued Statements of Financial Accounting Standards No. 149 ("SFAS No. 149"), an amendment to SFAS No. 133. SFAS No. 149 clarifies under what circumstances a contract with initial investments meets the characteristics of a derivative and when a derivative contains a financing component. This SFAS is effective for contracts entered into or modified after June 30, 2003.

In May 2003, the FASB issued Statements of Financial Accounting Standards No. 150 ("SFAS No. 150"), SFAS No. 150 established standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. This SFAS is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of SFAS No. 150 will not have a material effect on the financial statements. We will adopt SFAS No. 150 in the first quarter of fiscal 2004.

In December 2003, the FASB revised SFAS No. 132 Employers' Disclosures about Pensions and Other Post Retirement Benefits. This revision requires additional disclosures to those in the original SFAS No. 132 about assets, obligations, cash flows and net periodic benefit cost of deferred benefit pension plans and other deferred benefit post-retirement plans. The required information should be provided separately for pension plans and for other post-retirement benefit plans. This statement revision is effective for fiscal year ending after December 14, 2003 and interim periods beginning after December 15, 2003. The adoption of this revision is not expected to have a material impact on our results of operations, financial position or disclosures

### 7. SUBSEQUENT EVENTS

In May 2004, the Company and certain of its shareholders are have negotiated a "Compromise and Settlement" with the former shareholders of Euro Offline, Inc. Each party contends that a substantial, irreconcilable dispute exists among them for the failure of not consummating the merger with Euro OffLine, Inc., therefore 27 million shares will be returned to treasury with the former Euro Offline shareholders to receive \$40,000.

In May 2004, a shareholder and creditor has asserted a material breach of contract relating to the Euro Offline, Inc. merger. The Company is currently negotiating with the shareholder / creditor relating to this matter. See Note 3.

### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

None.

### ITEM 8(a). CONTROLS AND PROCEDURES.

Within 90 days prior to the date of this Annual Report and as of the period covered thereby or December 31, 2003, we carried out an evaluation, under the supervision and with the participation of our President of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our President concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission reports. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

### PART III.

#### ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table and text set forth the names and ages of all directors and executive officers of the Company as of May 14, 2004. The Board of Directors is comprised of only one class. All of the directors will serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Officers are elected at the Annual Meeting of the Board of Directors, which immediately follows the Annual Meeting of Stockholders. There are no family relationships among directors and executive officers. Also provided herein is a brief description of the business experience of each director and executive officer during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	Age	Positions	Date Appointed
----	---	-----	-----
Kevin Marion		President, and Director	April 9, 2004

David C. Merrell, the Company's President, Chief Financial Officer, Secretary and director since April 24, 2003, resigned as officer and director of the Company effective December 12, 2003.

Randall Middleton, the Company's President and director since December 12, 2003, and Thomas Rowan, the Company's Secretary, Treasurer and director since December 12, 2003, both resigned as officers and directors of the Company effective April 9, 2004.

#### Biographies of Directors and Executive Officers:

Kevin Marion, president, chief financial officer, secretary and director. Mr. Marion received his bachelor of Science in Forensic Psychology from the John Jay College of Criminal Justice. He served one year as a New York City Police Officer and 4 1/2 years with the New York State Police where he achieved the rank of Sargent.

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

In 1995 he left the Fraternal Order of Police to become Vice President and Operations Director of a national retail business. He owned and operated 4 franchises personally and assisted the company's growth to achieve 20 stores nationwide. Mr. Marion was very instrumental in assisting the company to be listed on the Nasdaq Small Cap market

Involvement in Certain Legal Proceedings.

Except as stated below, during the past five years, no director, person nominated to become a director, executive officer, promoter or control person of our Company:

(1) was a general partner or executive officer of any business against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;

(2) was convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) was found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Compliance with Section 16(a) of the Securities Exchange Act of 1934, as Amended:

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file various reports with the Securities and Exchange Commission concerning their holdings of, and transactions in, securities of the Company. Copies of these filings must be furnished to the Company.

The Company believes that all individual filing requirements applicable to the Company's directors and executive officers were complied with under Section 16(a) during the year ended December 31, 2003.

Audit Committee

Our Company does not have an Audit Committee due to the lack of operations. If our Company does start to have revenues then we will appoint an audit committee.

Code of Ethics

The Company has not yet adopted a Code of Ethics due to our Company's lack of operations. But, when we do adopt a Code of Ethics we will attach it as an exhibit to a periodic report.

### ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information as to the Company's officers whose total compensation exceeded \$100,000 during the years ended December 31, 2001, 2002 and 2003. This information below is presented to the best of the Company's knowledge.

## Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

### Summary Compensation Table

Name and Principal Position(s)	Year	Salary	Other Annual Compensation	All Other Compensation
Lawrence Liang Chief Executive Officer and President	2002	\$0	\$0	\$0
	2001	0	0	0
Stuart Bockler Chief Financial Officer and Secretary	2002	\$0	\$0	\$0
	2001	0	0	0
David C. Merrell President, Chief Financial Officer	2003	\$0	\$0	\$0

The Company did not have any deferred compensation or long-term incentive plans during the years ended December 31, 2001, 2002 and 2003, nor did the Company issue any stock options or stock appreciation rights during such periods.

#### Compensation of Directors:

The Company's directors are not compensated for their services as a member of the Board of Directors or for their serving on any committee of the Board of Directors.

#### Independent Public Accountants:

Radin, Glass & Co., LLP has served as the Company's independent auditors since 1999. Services provided to the Company by Radin, Glass & Co., LLP during the years ended December 31, 2001 and 2002 included audits of the Company's consolidated financial statements and limited reviews of interim financial statements included in quarterly reports, and an audit of financial statements included in a Current Report on Form 8-K. During the years ended December 31, 2001 and 2002, payments to Radin, Glass & Co., LLP were \$20,500 and \$13,073 for such services.

#### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As used in this section, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934, as amended, as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose of or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, subject to community property laws where applicable.

As of May 13, 2004, the Company had a total of 35,281,031 shares of common stock issued and outstanding, which is the only issued and outstanding voting equity security of the Company. The information set forth below reflects the 1-for-8 reverse stock split effective May 29, 1998, the 5.435034 forward stock split effective October 27, 1999 and the 1 for 89 reverse stock split effective December 12, 2003.

The following table sets forth, as of May 13, 2004: (a) the names and addresses of each beneficial owner of more than five percent (5%) of the



Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

Company's common stock known to the Company, the number of shares of common stock beneficially owned by each such person, and the percent of the Company's common stock so owned; and (b) the names and addresses of each director and executive officer, the number of shares of common stock beneficially owned, and the percentage of the Company's common stock so owned, by each such person, and by all directors and executive officers of the Company as a group. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

Name and Address of Beneficial Owner -----	Amount and Nature of Beneficial Ownership -----	Percent of Shares of Common Stock Outstanding -----
Kevin Marion 2904 E. Shady Lane Highland Ranch, CO 80126	-	- %
Randall L. Middleton	13,250,000*	37.55%
Thomas Rowan -----	13,750,000*	38.97%

\* These shares are to be cancelled pursuant to the Compromise and Settlement Agreement dated April 9, 2004, but have not yet been cancelled.

Changes in Control:

The Stock Purchase Agreement and Plan of Reorganization dated December 16, 2003, resulted in a change of control of our Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits:

- 10.1 Compromise and Settlement Agreement dated April 9, 2004.
- 10.2 October 2, 2003, Agreement between Global Guarantee Corporation and Messrs. Middleton and Rowan.
- 31.1 302 Certification of Kevin Marion
- 32 906 Certification

Reports on Form 8-K:

8-K Current Report dated May 6, 2003, regarding the Order for Dismissal and filed May 12, 2003.

8-K/A Current Report dated May 6, 2003, regarding the Motion to Dismiss and filed June 6, 2003.

8-K Current Report dated December 16, 2003, regarding the Stock Purchase Agreement and Plan of Reorganization and filed January 6, 2004.

10-KSB Annual Report for the year ended December 31, 2002 and filed

Edgar Filing: ACCESSTEL INC /UT/ - Form 10KSB

May 21, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following is a summary of the fees billed to Accesstel by its principal accountants during the calendar years ended December 31, 2003 and 2002:

Fee category -----	2003 ----	2002 ----
Audit fees	\$14,500	\$9,500
Audit-related fees	\$ 0	\$ 0
Tax fees	\$ 0	\$ 0
All other fees	\$ 0	\$ 0
Total fees	----- \$14,500	----- \$9,500

Audit fees. Consists of fees for professional services rendered by our principal accountants for the audit of our annual financial statements and the review of financial statements included in our Forms 10-QSB Quarterly Reports or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related fees. Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of Accesstel's financial statements and are not reported under "Audit fees."

Tax fees. Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees. Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACCESSTEL, INC.

-----

(Registrant)

Date: May 17, 2004

By: /s/ Kevin Marion

-----  
Kevin Marion