ACCESSTEL INC /UT/
Form 10QSB
November 04, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2003

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

For the transition period from _________ to _________

Commission File Number: 0-24459

ACCESSTEL, INC.

(Exact name of small business issuer as specified in its charter)

Utah	59-2159271
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

9005 Cobble Canyon Lane, Sandy, Utah 84093

(Address of principal executive offices)

Issuer's telephone number: (801) 942-0555

5201 Great American Parkway, Suite 320-3102
Santa Clara, California 95054

(Former name, former address and former fiscal year, if changed since last report.)

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

As of September 30, 2003, the Company had 25,002,309 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

Documents incorporated by reference: None.

ACCESSTEL, INC.

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PART I. FINANCIAL INFORMATION

AccessTel, Inc.
Balance Sheets

	September 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$	$
Other receivables		
Total current assets		
Property and equipment		
Less: Accumulated depreciation		
Other assets		
Total assets	$	$
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and		

accrued expenses (Note 4)	$ 700,643	$1,087,764
Due to major shareholder (Note 3)	428,434	333,071
Accrued interest payable (Note 3)	7,567	5,074
Total current liabilities	1,136,644	1,425,909
Stockholders' deficiency (Note 2):		
Common stock, $0.001 par value Authorized - 100,000,000 shares Issued and Outstanding 25,002,309 shares at September 30, 2003 and 33,354,091 shares at December 31, 2002	25,002	33,354
Additional paid-in capital	483,693	325,091
Accumulated deficit	(1,645,339)	(1,784,354)
Total stockholders' deficiency	(1,136,644)	(1,425,909)
Total liabilities and stockholders' deficiency	$	$

See accompanying notes to financial statements.

AccessTel, Inc.
Statements of Operations (Unaudited)

	Three Months Ended September 30,	
	2003	2002
Revenues	$	$
Cost of revenues		
Gross profit		
General and administrative expenses	30,243	21,240
Fees to major shareholder (Note 3)	28,500	28,500
Reversal of reserve for contingent liabilities (Note 4)	(413,678)	
Interest expense (Note 3)	848	926
Net income (loss)	$ 354,087	$ (50,666)
Net income (loss) per common share - basic and diluted	$ 0.01	$ -
Weighted average common shares outstanding - basic and diluted	25,002,309	33,354,091

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See accompanying notes to financial statements.

AccessTel, Inc.
Statements of Operations (Unaudited)

	Nine Months Ended September 30,	
	2003	2002
Revenues	$	$
Cost of revenues		
Gross profit		
General and administrative expenses	36,420	50,512
Fees to major shareholder (Note 3)	85,500	85,500
Value of common shares released in conjunction with legal settlement (Note 2)	150,250	
Reversal of reserve for contingent liabilities (Note 4)	(413,678)	
Interest expense (Note 3)	2,493	2,224
Net income (loss)	$ 139,015	$(138,236)
Net income (loss) per common share - basic and diluted	$ -	$ -
Weighted average common shares outstanding - basic and diluted	29,642,188	33,354,091

See accompanying notes to financial statements.

AccessTel, Inc.
Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2003	2002
Cash flows from operating activities:		
Net income (loss)	$ 139,015	$(138,236)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		

Value of common shares released in conjunction with legal settlement	150,250	
Reversal of reserve for contingent liabilities	(413,678)	
Changes in operating assets and liabilities:		
Increase in:		
Accounts payable and accrued expenses	26,557	
Accrued interest payable	2,493	2,224
Net cash used in operating activities	(95,363)	(136,012)
Cash flows from financing activities:		
Increase in accrued fees to major shareholder	85,500	85,500
Amounts advanced by major shareholder to or on behalf of the Company	9,863	50,512
Net cash provided by financing activities	95,363	136,012
Cash and cash equivalents:		
Net increase (decrease)	-	-
At beginning of period	-	-
At end of period	$ -	$ -

See accompanying notes to financial statements.

AccessTel, Inc.
Notes to Financial Statements (Unaudited)
Three Months and Nine Months Ended September 30, 2003 and 2002

1. Organization and Basis of Presentation

Organization - 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. This litigation was settled during June 2003 (see Note 2).

Basis of Presentation - The accompanying financial statements as of December 31, 2002 and for the three months and nine months ended September 30, 2003 and 2002 exclude the assets and liabilities of AccessTel's operations due to the rescission litigation.

The information contained herein is based on the information available to current management, but due to the commencement of litigation and the appointment of a receiver, such information may not necessarily be complete or accurate.

Comments - The accompanying interim financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at September 30, 2003, the results of operations for the three months and nine months ended September 30, 2003 and 2002, and the cash flows for the nine months ended September 30, 2003 and 2002. The balance sheet as of December 31, 2002 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been presented in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission with respect to interim financial statements, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002, as filed with the Securities and Exchange Commission.

The results of operations for the three months and nine months ended September 30, 2003 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2003.

Reclassification - Certain amounts have been reclassified in 2002 to conform to the current year's presentation.

Going Concern - 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 September 30, 2003 and December 31, 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, 2002 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 until recently, pursuing litigation against former 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.

Use of Estimates - 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.

Net Income (Loss) Per Common Share - Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share reflects the potential dilution that would occur if dilutive stock options and warrants were exercised. There were no potentially dilutive securities outstanding during the periods presented, and accordingly, basic and diluted income (loss) per common share is the same for all periods presented.

Income Tax Returns - The Company has not filed federal or state income tax returns for the last several years. The Company does not believe that such failure to file these returns will have a material effect on its continued existence, financial statements or results of operations.

2. Legal Proceedings

On May 1, 2001, prior management of the Company filed a complaint (the "Complaint") in the Third Judicial District Court of Salt Lake County, State of Utah (the "Court"), Civil No. 010903821, asserting claims against AccessTel, Inc. a Delaware corporation ("AccessTel"), and certain of the original shareholders of AccessTel (collectively, the "AccessTel Parties"). The Complaint was filed in regard to the December 18, 2000 Share Exchange Agreement (the "Exchange Agreement") by and between the Company and the AccessTel Parties. The Complaint alleged that the Company was induced to enter into the Exchange Agreement with the AccessTel Parties through a series of false representations made by the AccessTel Parties. The AccessTel Parties included, among others, Lawrence Liang, the Company's former Chief Executive Officer, President and a director, and Stuart Bockler, the Company's former Chief Financial Officer, Secretary and a director.

A settlement was reached between the parties to the Complaint. The material terms of the settlement include the requirement that the AccessTel Parties surrender all right, title and interest in and to those shares of common stock of the Company (the "Surrendered Shares") 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 with the AccessTel Parties resign from their respective management positions. As a result of the settlement, on May 6, 2003, prior management of the Company who had filed the Complaint filed with the Court a Motion to Dismiss the Complaint. An Order of Dismissal was signed by the Court on June 2, 2003.

Lawrence Liang and Stuart Bockler resigned as officers and directors of the Company effective April 24, 2003. Prior to their resignation, David C. Merrell, a former director and executive officer of the Company, was appointed as an interim officer and director of the Company.

As a result of such settlement, the AccessTel Parties returned 11,356,782 shares of common stock to the Company for cancellation. Separately, Global Guarantee Corporation received an aggregate of 5,600,981 shares of common stock issued to or on behalf of Stuart Bockler pursuant to a confidential settlement of a separate legal action involving a legal debt owed by Mr. Bockler to Global Guarantee Corporation. As a result, at the conclusion of the legal settlement, Global Guarantee Corporation owned an aggregate of 5,979,150 shares of the Company's common stock, equivalent to 23.9% of the Company's issued and outstanding shares of common stock. Global Guarantee Corporation has also periodically provided working capital advances to the Company (see Note 3). In conjunction with the legal settlement, the Company also released its claims on 3,005,000 shares that had been previously issued to or on behalf of Mr. Bockler, but had been in dispute and had not been recorded to date, as a result of which the Company's outstanding shares of common stock were increased by such amount. As a result of the aforementioned transactions, the Company's outstanding shares of common stock decreased by a net of 8,351,782 shares during the nine months ended September 30, 2003, to 25,002,309 shares outstanding at September 30, 2003, as compared to 33,354,091 shares at December 31, 2002.

The return and cancellation of the 11,356,782 shares has been recorded as a decrease to common shares outstanding and a corresponding increase to additional paid-in capital at the par value of $0.001 per share (aggregate amount $11,357). The 3,005,000 shares were recorded as an expense at the fair market value of $0.05 per share at the date of the legal settlement (aggregate amount $150,250).

As the legal settlement did not result in the Company gaining control of the assets or operations of AccessTel, the Company did not reflect such assets or operations in its financial statements subsequent to the settlement date.

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 as defendants in this civil action. The Company does not believe that this matter will have any effect on it.

3. Transactions with Global Guarantee Corporation

Global Guarantee Corporation made advances to or on behalf of the Company aggregating $3,686 and $9,863 for the three months and nine months ended September 30, 2003, respectively, and $21,240 and $50,512 for the three months and nine months ended September 30, 2002, respectively. Such advances bear interest at 1% below the prime rate. Related interest expense for the three months and nine months ended September 30, 2003 was $848 and $2,493, respectively, and $926 and $2,224 for the three months and nine months ended September 30, 2002, 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 such shareholder will continue to make such advances to or on behalf of the Company. The Company also incurred fees to such shareholder for services rendered of $28,500 and $85,500 for the three months and nine months ended September 30, 2003 and 2002, respectively. As of September 30, 2003 and December 31, 2002, the Company owed an aggregate of $436,001 and $338,145, respectively, to Global Guarantee Corporation.

4. Reserve for Contingent Liabilities

During September 2003, the Company reviewed its reserve for contingent liabilities and determined that it had an excess reserve relating to accounts payable and accrued liabilities recorded in 2000 and early 2001. Accordingly, the Company reduced its reserve for contingent liabilities by $413,678, which was recorded as income during the three months and nine months ended September 30, 2003. The Company will continue to review the fair value of its reported payables, and will adjust such payables periodically as necessary.

5. Recent Accounting Pronouncements

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements

No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 rescinds the provisions of SFAS No. 4 that requires companies to classify certain gains and losses from debt extinguishments as extraordinary items, eliminates the provisions of SFAS No. 44 regarding transition to the Motor Carrier Act of 1980 and amends the provisions of SFAS No. 13 to require that certain lease modifications be treated as sale leaseback transactions. The provisions of SFAS No. 145 related to classification of debt extinguishments are effective for fiscal years beginning after May 15, 2002. Earlier application is encouraged. The adoption of SFAS No. 145 did not have a significant effect on the Company's financial statement presentation or disclosures.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Such costs covered by SFAS No. 146 include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. SFAS No. 146 replaces the previous accounting guidance provided by the EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The adoption of SFAS No. 146 did not have a significant effect on the Company's financial statement presentation or disclosures.

In October 2002, the FASB issued SFAS No. 147, "Acquisitions of Certain Financial Acquisitions of Financial Institutions, Except Transactions Between or More Mutual Enterprises". The Company does not expect that SFAS No. 147 will have any effect on its financial statement presentation or disclosures.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation Transition and Disclosure". SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for fiscal years beginning after December 15, 2002. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. The adoption of SFAS No. 148 did not have a significant effect on the Company's financial statement presentation or disclosures.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies under what circumstances a contract with an initial net investment meets the characteristics of a derivative and when a derivative contains a financing component. The clarification provisions of SFAS No. 149 require that contracts with comparable characteristics be accounted for similarly. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. The Company does not expect that the adoption of SFAS No. 149 will have a significant effect on the Company's financial statement presentation or disclosures.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 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. SFAS No. 150 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. SFAS No. 150 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 Company does not expect that the adoption of SFAS No. 150 will have a significant effect on the Company's financial statement presentation or disclosures.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of FIN 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002. The Company implemented the disclosure provisions of FIN 45 in its December 31, 2002 consolidated financial statements, and the measurement and recording provisions of FIN No. 45 effective January 1, 2003.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities (and Interpretation of ARB No. 51)" ("FIN 46"). FIN 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 46 are required to be implemented for any variable interest entity created on or after January 31, 2003. In addition, FIN 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. The implementation of the provisions of FIN 46 effective January 31, 2003 did not have any effect on the Company's consolidated financial statement presentation or disclosures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 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 Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 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.

Overview:

The information contained herein is based on the information available to current management, but due to the commencement of litigation and the appointment of a receiver, such information may not necessarily be complete or accurate.

The Company is currently insolvent and has no business operations. The Company's current efforts are focused on maintaining the corporate entity, and until recently, pursuing litigation against former 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.

Legal Proceedings:

On May 1, 2001, prior management of the Company filed a complaint (the "Complaint") in the Third Judicial District Court of Salt Lake County, State of Utah (the "Court"), Civil No. 010903821, asserting claims against AccessTel, Inc. a Delaware corporation ("AccessTel"), and certain of the original shareholders of AccessTel (collectively, the "AccessTel Parties"). The Complaint was filed in regard to the December 18, 2000 Share Exchange Agreement (the "Exchange Agreement") by and between the Company and the AccessTel Parties. The Complaint alleged that the Company was induced to enter into the Exchange Agreement with the AccessTel Parties through a series of false representations made by the AccessTel Parties. The AccessTel Parties included, among others, Lawrence Liang, the Company's former Chief Executive Officer, President and a director, and Stuart Bockler, the Company's former Chief Financial Officer, Secretary and a director.

A settlement was reached between the parties to the Complaint. The material terms of the settlement include the requirement that the AccessTel Parties surrender all right, title and interest in and to those shares of common stock of the Company (the "Surrendered Shares") 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 with the AccessTel Parties resign from their respective management positions. As a result of the settlement, on May 6, 2003, prior management of the Company who had filed the Complaint filed with the Court a Motion to Dismiss the Complaint. An Order of Dismissal was signed by the Court on June 2, 2003.

Lawrence Liang and Stuart Bockler resigned as officers and directors of the Company effective April 24, 2003. Prior to their resignation, David C. Merrell, a former director and executive officer of the Company, was appointed as an interim officer and director of the Company.

As a result of such settlement, the AccessTel Parties returned 11,356,782 shares of common stock to the Company for cancellation. Separately, Global Guarantee Corporation received an aggregate of 5,600,981 shares of common stock issued to or on behalf of Stuart Bockler pursuant to a confidential

settlement of a separate legal action involving a legal debt owed by Mr. Bockler to Global Guarantee Corporation. As a result, at the conclusion of the legal settlement, Global Guarantee Corporation owned an aggregate of 5,979,150 shares of the Company's common stock, equivalent to 23.9% of the Company's issued and outstanding shares of common stock. Global Guarantee Corporation has also periodically provided working capital advances to the Company (see "Liquidity and Capital Resources June 30, 2003 Financing Activities" below). In conjunction with the legal settlement, the Company also released its claims on 3,005,000 shares that had been previously issued to or on behalf of Mr. Bockler, but had been in dispute and had not been recorded to date, as a result of which the Company's outstanding shares of common stock were increased by such amount. As a result of the aforementioned transactions, the Company's outstanding shares of common stock decreased by a net of 8,351,782 shares during the nine months ended September 30, 2003, to 25,002,309 shares outstanding at September 30, 2003, as compared to 33,354,091 shares at December 31, 2002.

The return and cancellation of the 11,356,782 shares has been recorded as a decrease to common shares outstanding and a corresponding increase to additional paid-in capital at the par value of $0.001 per share (aggregate amount $11,357). The 3,005,000 shares were recorded at the fair market value of $0.05 per share at the date of the legal settlement (aggregate amount $150,250) and charged to operations.

As the legal settlement did not result in the Company gaining control of the assets or operations of AccessTel, the Company did not reflect such assets or operations in its financial statements subsequent to the settlement date.

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 as defendants in this civil action. The Company does not believe that this matter will have any effect on it.

Results of Operations:

Three Months Ended September 30, 2003 and 2002 -

During the three months ended September 30, 2003, the Company incurred general and administrative expenses of $30,243, fees to a major shareholder of $28,500 for services rendered, and interest expense of $848 related to previous advances by the major shareholder for legal and accounting expenses. During the three months ended September 30, 2003, the major shareholder advanced $3,686 primarily for legal and accounting expenses.

During the three months ended September 30, 2002, the Company incurred general and administrative expenses of $21,240, fees to a major shareholder of $28,500 for services rendered, and interest expense of $926 related to previous advances by the major shareholder for legal and accounting expenses. During the three months ended September 30, 2002, the major shareholder advanced $21,240 primarily for legal and accounting expenses.

During September 2003, the Company reviewed its reserve for contingent liabilities and determined that it had an excess reserve relating to accounts payable and accrued liabilities recorded in 2000 and early 2001. Accordingly, the Company reduced its reserve for contingent liabilities by $413,678, which was recorded as income during the three months ended September 30, 2003.

As a result of the aforementioned factors, during the three months ended September 30, 2003, the Company recorded net income of $354,087, as compared to a net loss of $50,666 for the three months ended September 30, 2002.

Nine Months Ended September 30, 2003 and 2002 -

During the nine months ended September 30, 2003, the Company incurred general and administrative expenses of $36,420, fees to a major shareholder of $85,500 for services rendered, and interest expense of $2,493 related to previous advances by the major shareholder for legal and accounting expenses. During the nine months ended September 30, 2003, the major shareholder advanced $9,863 primarily for legal and accounting expenses.

During the nine months ended September 30, 2002, the Company incurred general and administrative expenses of $50,512, fees to a major shareholder of $28,500 for services rendered, and interest expense of $2,224 related to previous advances by the major shareholder for legal and accounting expenses. During the nine months ended September 30, 2002, the major shareholder advanced $50,512 primarily for legal and accounting expenses.

During the nine months ended September 30, 2003, in conjunction with the legal settlement described above, the Company recorded a charge to operations of $150,250 with respect to its release of claims on 3,005,000 shares that had been previously issued but had been in dispute and had not been recorded to date. The 3,005,000 shares were recorded as an expense at the fair market value of $0.05 per share at the date of the legal settlement (aggregate amount $150,250).

During September 2003, the Company reviewed its reserve for contingent liabilities and determined that it had an excess reserve relating to accounts payable and accrued liabilities recorded in 2000 and early 2001. Accordingly, the Company reduced its reserve for contingent liabilities by $413,678, which was recorded as income during the nine months ended September 30, 2003.

As a result of the aforementioned factors, during the nine months ended September 30, 2003, the Company recorded net income of $139,015, as compared to a net loss of $138,236 for the nine months ended September 30, 2002.

Liquidity and Capital Resources - September 30, 2003:

Operating Activities -

At September 30, 2003, the Company had no cash resources and a working capital deficit of $1,136,644, as a result of which the Company was insolvent.

Financing Activities -

Global Guarantee Corporation made advances to or on behalf of the Company aggregating $3,686 and $9,863 for the three months and nine months ended September 30, 2003, respectively, and $21,240 and $50,512 for the three months and nine months ended September 30, 2002, respectively. Such advances bear interest at 1% below the prime rate. Related interest expense for the three months and nine months ended September 30, 2003 was $848 and $2,493, respectively, and $926 and $2,224 for the three months and nine months ended September 30, 2002, 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 such shareholder will continue to make such advances to or on behalf of the Company. The Company also incurred fees to such shareholder for services rendered of $28,500 and $85,500 for the three months and nine months ended September 30, 2003 and 2002, respectively. As of September 30, 2003 and December 31, 2002, the Company owed an aggregate of $436,001 and $338,145, respectively, to Global Guarantee Corporation.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act of 1934 is accumulated and communicated to the Company's management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its principal executive and financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal quarter. Based upon and as of the date of that evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

(b) Changes in Internal Controls

There were no changes in the Company's internal controls or in other factors that could have significantly affected those controls subsequent to the date of the Company's most recent evaluation.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) Reports on Form 8-K

Three Months Ended September 30, 2003: None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AccessTel, Inc.
(Registrant)

Date: November 1, 2003

By: /s/ DAVID C. MERRELL
David C. Merrell
President and Chief
Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description of Document
31	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002