

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

CHAMPIONS SPORTS INC
Form 10KSB/A
August 08, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

Mark One

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

For the fiscal year ended April 30, 2003

OR

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

For the transition period from _____ to _____

Commission file number 0-17263

CHAMPIONS SPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware 52-1401755

(State or other jurisdiction of (I.R.S. Employer
organization) Identification No.)

2420 Wilson Blvd., Suite 214, Arlington, VA 22201

(Address of principal executive offices)
(Zip code)

(703) 526-0400

(Registrant's telephone number, including area code)

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$.001 per share

(Title of Class)

Preferred Stock, par value \$10.00 per share

(Title of Class)

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Indicate by check mark whether the Registrant (1) has filed all report required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 X No ___

Check if there is no 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 the registrant's knowledge, in a definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB. [X]

For the year ended April 30, 2003, the revenues of the registrant were \$2,006,406.

The aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant based on the average bid and asked price on July 10, 2003, was approximately \$120,000.

As of July 10, 2003, the Registrant had a total of 8,514,459 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

PART I

Item 1. Business

(a) Development of Business.

CHAMPIONS Sports, Inc. (the "Company" or "CSI") was incorporated under the laws of the State of Delaware on June 4, 1985 under the name "International Group, Inc." In September 1985, the Company completed a public offering of 40,000,000 Units, each Unit consisting of one share of Common Stock and warrants to purchase three shares of Common Stock, at a price of \$0.01 per Unit. The net proceeds of the offering to the Company were approximately \$357,000.

On January 16, 1986, the Company acquired 100% of the outstanding shares of CHAMPIONS Sports International, Inc. ("CSII"), in exchange for 195,555,555 shares of the Company's Common Stock. In February, 1986, International Group, Inc. changed its name to CHAMPIONS Sports, Inc. Between 1987 and 1988, most of the original warrants issued in September 1985 were exercised by stockholders and consequently the Company received additional capital of \$2,356,268. On September 12, 1989, CSII was merged with and into the Company, with the Company as the surviving corporation. In November 1991, the Company effected a reverse split of its outstanding shares on a 1 for 100 basis. In November 1992, the Company completed a public offering of 350,000 Shares of Series A 12% Cumulative Convertible Preferred Stock. In March 1993, the Company completed an exchange offer converting all, except 64,575 preferred shares, into 2,171,657 shares of common stock. Subsequently, an additional 11,450 preferred shares have been

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

converted into 53,930 shares of common stock.

The Company is a licensee of one CHAMPIONS Sports Bar Restaurant and the exclusive supplier of sports memorabilia and consultant to Marriott International, Inc. (Marriott). Effective November, 1997, the Company sold the rights to the CHAMPIONS brand to Marriott and became a licensee of CHAMPIONS Sports Bar Restaurants and an exclusive supplier of sports memorabilia and a consultant to all new managed Marriott and Renaissance Hotel sports bar restaurants worldwide. At April 30, 2003, the Company owns the one CHAMPIONS Sports Bar Restaurant in San Antonio, Texas.

(b) Description of Business.

1. Concept

The Company operates a restaurant in San Antonio, Texas by the name of CHAMPIONS which has a sports theme concept that combines casual dining, sports viewing with strategic marketing and promotions. The CHAMPIONS popularity is defined in the CHAMPIONS motto: "Good Food, Good Times, Good Sports." This concept is based, in large measure, on the format implemented in the first CHAMPIONS location that opened in the Georgetown section of Washington, D.C. in 1983. A strong food component was added to the original concept so that the CHAMPIONS in San Antonio, Texas is a full-fledged restaurant as well as bar. The sports theme of CHAMPIONS is based upon management's belief that sports appeals to most socio-economic, age and gender groups worldwide. The sports atmosphere at CHAMPIONS is created by the presence of hundreds of items of original sports memorabilia such as uniforms, sports equipment, posters, advertising, signs, magazine covers, official programs, film posters, and photographs from local, national and international celebrities and sporting events, past and present. The sports decor seeks to establish a feeling of comfort and belonging for all customers. In addition, CHAMPIONS atmosphere is enhanced by sports programming and viewing which is accomplished through a network of strategically placed TV monitors designed to continuously show local, national and international sporting events without taking away from the casual dining experience. Although sports is a theme in CHAMPIONS restaurants it is not the dominant factor. At the heart of the CHAMPIONS concept is the food. The menu, which attracts guests for lunch and dinner, appeals to those interested in dining at a moderate price. It incorporates traditional American cuisine as well as popular regional items. CHAMPIONS average check is about \$14.25 per person, placing it within the "casual dining" segment of the restaurant industry. This segment seeks to attract customers who want a higher quality of food and service than that commonly provided at "fast food" or "family style" restaurants. Although no element of the CHAMPIONS concept is unique, the combination of food, atmosphere, sports memorabilia, sports viewing, marketing and promotions defines the concept.

2. Operations

As of the end of the fiscal year, the Company was engaged in the following types of operations:

(i) Company-Owned Operation

The Company currently operates one Company-owned restaurant. This location is licensed from Marriott, royalty free, to use the name CHAMPIONS pursuant to a licensing agreement signed in FY 1998. This CHAMPIONS sports bar restaurant has been in operation since 1989 and is located in the River Center Mall in San Antonio, Texas. The San Antonio restaurant provided approximately 95% of the Company's revenues for FY 2003, as reflected in the consolidated financial statements included herein.

(ii) Supplier of Sports Memorabilia and Consulting Services to Marriott

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

In November 1997, the Company sold the rights to the CHAMPIONS brand to Marriott and became a licensee of CHAMPIONS Sports Bar Restaurants and an exclusive supplier of sports memorabilia and a consultant to all new managed Marriott and Renaissance Hotel sports bar restaurants worldwide. Under the terms of this agreement, Marriott is required to purchase sports memorabilia and for the Company to serve as a consultant for each new CHAMPIONS or like sports bar restaurant that opens in a new Marriott or Renaissance Hotel worldwide at the same prescribed prices (with increases pegged to the Consumer Price Index) as paid to the Company by Marriott in its previous agreement, except that Marriott does not pay any annual fees as before. In FY 2003, the Company provided sports memorabilia and consulting services to Champions Sports Bar Restaurant that opened in Marriott hotel in Dead Sea, Jordan.

Marriott hotel locations accounted for about 5% of the Company's revenues for FY 2003, as reflected in the consolidated financial statements included herein.

3. Competition

The food and beverage industry is highly competitive. Food and beverage businesses are affected by changing customer tastes, local and national economic conditions that affect spending habits, population shifts and traffic patterns. Quality of service, attractiveness of facilities and price are also important factors. The popularity of the concept of sports bar restaurants has spawned a number of companies seeking to capitalize on that market. While the Company believes that the Champions concept is superior, there are other "sports" bar restaurants in operation. The sports memorabilia business is also highly competitive.

4. Service Mark

The Company sold the federally registered service mark "Champions" to Marriott pursuant to the November, 1997 agreement and transferred to Marriott all of its international service marks that the Company had registered. .

5. Government Regulation

The Company's CHAMPIONS sports bar restaurant is subject to federal, state and local governmental regulations, including regulations relating to alcoholic beverage control, public health and safety, zoning and fire codes. The failure to retain food, liquor or other licenses would adversely affect the operations of the Company's restaurant. While the Company has not experienced and does not anticipate any problems in retaining required licenses, permits or approvals, any difficulties, delays or failures in retaining such licenses, permits or approvals could adversely affect the restaurant. The license to sell alcoholic beverages must be renewed annually and may be suspended or revoked at any time for cause, including violation by the Company or its employees of any law or regulation pertaining to alcoholic beverage control, such as those regulating the minimum age of patrons or employees, advertising, wholesale purchasing, and inventory control, handling and storage. However, the restaurant is operated in accordance with standardized procedures designed to assure compliance with all applicable codes and regulations.

The Company may be subject to "dram-shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to such person. While the Company carries liquor liability coverage, a judgment against the Company under a dram-shop statute in excess of the Company's liability coverage, or inability to continue to obtain such insurance coverage at reasonable costs, could have a material adverse effect on the Company. The Company is also subject to the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

and various state laws governing such matters as minimum wages, overtime, tip credits and other working conditions. A significant number of the Company's hourly personnel are paid at rates related to the federal minimum wage and, accordingly, increases in the minimum wage or decreases in the allowable tip credit will increase the Company's labor cost.

6. Employees

As of April 30, 2003, the Company had 2 full-time employees in its corporate office in Arlington, Virginia and 46 employees (both management and hourly) at its San Antonio restaurant.

Item 2. Properties.

The Company is leasing, on a month-to-month basis, its corporate office space located at 2420 Wilson Blvd., Suite 214, Arlington, VA 22201. The Company's rental payments are \$500 per month. The Company is leasing 5,289 square feet of space for its restaurant in San Antonio, TX pursuant to a lease, which expires in June 2005. The lease provides monthly rental payments of \$23,536 including CAM charges and real estate taxes. In addition, the lease requires a percentage of the unit's revenues at the location in excess of \$1,745,000 per year.

Item 3. Legal Proceedings.

The Company knows of no material pending legal proceedings as to which the Company is a party or of which its properties are the subject, and no such proceedings are known to the Company to be contemplated by governmental authorities.

Item 4. Submission of Matters to a Vote of Security Holders.

None

PART II

Item 5. Markets for Common Equity & Related Stockholder Matters.

(a) Principal Market or Markets.

The Common Stock was traded on the NASDAQ SmallCap Market until June 24, 1994. At that time, the Common Stock was delisted from the NASDAQ SmallCap Market for falling below the minimum financial requirements. The Common Stock is presently trading on the OTC Bulletin Board under the symbol CSBR. In October 1993, the series A 12% Cumulative Convertible Preferred Stock was delisted from NASDAQ due to lack of the required two market makers necessary for continued listing and has not been trading since.

	Common Stock	
	High	Low
	-----	-----
Fiscal 2003		
	\$	\$
First Quarter	0.06	0.01
Second Quarter	0.04	0.02
Third Quarter	0.04	0.01

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Fourth Quarter	0.03	0.01
----------------	------	------

Fiscal 2002

	\$	\$
First Quarter	0.14	0.07
Second Quarter	0.09	0.06
Third Quarter	0.10	0.05
Fourth Quarter	0.09	0.05

(b) Approximate Number of Holders of Common Stock and the Preferred Stock.

The number of holders of record of the Company's common stock as of July 10, 2003 was 2,140 and the Company estimates that there are approximately 3,000 additional beneficial shareholders. There are about 30 beneficial holders of the Company's preferred stock as of July 10, 2003.

(c) Dividends.

Holders of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors. No dividends have been paid with respect to the Company's common stock and no dividends are anticipated to be paid in the foreseeable future. Since November 1994, the Company's Board of Directors voted each year to defer payment of the annual dividend on the Series A, 12%, Cumulative Preferred Stock, in order to preserve the Company's cash reserves.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(a) Results of Operations for Fiscal Years 2003 and 2002.

1. Revenues

For the fiscal year ended April 30, 2003, the Company's revenues decreased 6.6% to \$2,006,406 from \$2,147,995 in FY 2002.

By component, food and beverage sales decreased 5.7% to \$1,882,118 for FY 2003 compared to \$1,995,226 in FY 2002. The Company's management attributes the decrease in food and beverage sales to an decrease in customer volume, due to the economic slowdown and the residual effects of September 11, 2001, which has curtailed convention and tourist travel in the San Antonio area. The food to beverage ratio for the San Antonio location was approximately 60% to 40% for both comparable years. Food and beverage sales accounted for 93.8% and 92.9% of the Company's total revenue in the comparable periods.

Revenues from merchandise and memorabilia sales and consulting fees accounted for 5.7% of the Company's total revenue in FY 2003 compared to 6.29% in FY 2002. Sales of memorabilia are directly tied to the number of new Champions locations that open during the fiscal year. In FY 2003 and FY 2002, the Company provided sports memorabilia to one Champions location. During FY 2003 and FY 2002, the Company other revenues accounted for less than 1% of its total revenues.

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

2. Expenses

The Company's cost of food and beverage was 24.6% for FY 2003 and 26.0% for FY 2002.

Restaurant payroll and related costs were 35.3% of food and beverage sales in FY 2003 and 34.2% of related sales in FY 2002. Restaurant occupancy costs for FY 2003 were 13.4% of food and beverage sales compared to 12.3% in FY 2002.

Other restaurant costs increased as a percentage of food and beverage sales at 21.5% for FY 2003 compared to 18.2% for FY 2002. General and administrative costs incurred in FY 2003 were \$280,847 and \$309,892 in FY 2002. The primary components of G&A expenses are operating the Company's corporate office, including salaries. Interest expense in both FY 2003 and 2002 was immaterial.

3. Profits / Losses

For FY 2003, the Company's loss was \$145,994 from its operations before dividends accrued on the outstanding preferred stock of \$63,750, producing a net loss for common shareholders of \$209,744, or \$0.02 per common share. The San Antonio Champions location produced a net profit of \$97,519.

For FY 2002, the Company's loss was \$147,312 from its operations before dividends accrued on the outstanding preferred stock of \$63,750, producing a net loss for common shareholders of \$211,062. During FY 2002, the Company wrote off an equity investment in a non-publicly traded company of \$50,000.

(b) Liquidity and Capital Resources for Fiscal Years 2003 and 2002

The Company's cash position on April 30, 2003 was \$195,101 compared to \$449,282 on April 30, 2002, a decrease of \$254,181.

During FY 2003, The Company's operating activities used cash of \$248,117. The Company purchased equipment for its San Antonio Champions location for \$9,135 and repaid a capital lease for \$1,929. The Company's operating activities and cash reserves were sufficient to meet its cash requirement during FY 2003.

During FY 2002, The Company's operating activities used cash of \$32,684. The Company used cash of \$14,390 to purchase replacement equipment for its San Antonio Champions location and repaid a capital lease of \$10,294. In January 2002, the Company entered into an agreement with a private investor, to purchase from the Company 4,000,000 shares of the Company's common restricted stock at a purchase price of \$0.125 per share in the aggregate amount of \$500,000 payable in monthly installments to be used by the Company to provide general working capital. The purchaser has paid a total of \$55,000 at April 30, 2002 and an additional \$5,000 during FY 2003. Subsequently they have not met the payment terms of the agreement. The Company believes that the agreement may not be fulfilled. The Company's operating activities coupled with its cash reserves provided sufficient cash flow for the Company to meet its cash needs in FY 2002.

The Company's working capital as of April 30, 2003 was a negative \$463,353 contrasted to \$294,573 on April 30, 2002.

The Company is facing liquidity problems and is uncertain that it will be able to continue operations without an infusion of cash. The Company continues to review and evaluate its operations and priorities. The Company is actively pursuing merger or acquisition candidates and other financing possibilities to meet its liquidity needs. There is no assurance that the Company will be able to structure a merger or acquisition, or raise additional financing to continue operations on terms satisfactory to the Company.

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Furthermore, The Company's independent auditor has expressed substantial doubt that the Company can continue as a going concern.

(c) Miscellaneous

Stockholders' equity on April 30, 2003 was a negative \$209,749 compared to a negative \$5,005 on April 30, 2002. In FY 2003 and 2002, the Company's Board of Directors voted to defer payment of the 12% annual dividend of the Company's preferred stock, in order to preserve the Company's cash reserves. This dividend is cumulative and has been recorded on the Company's balance sheet as a current liability. In addition, in FY 2003 and 2002, the Board of Directors voted to defer the annual meeting of security holders in order to preserve the Company's cash reserves.

This document contains "forward-looking statements" (within the meaning of the Private Securities Litigation Act of 1995) that inherently involve risk and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of unforeseen external factors. These factors may include, but are not limited to, changes in general economic conditions, the ongoing threat of terrorism, customer acceptance of products offered and other general competitive factors, and the ability to have access to financing sources on reasonable terms. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof.

Item 7. Financial Statements and Supplementary Data.

The Report of Independent Accountants appears at page F-1 and the Consolidated Financial Statements and Notes to the Consolidated Financial Statements appear at pages F-2 through F-14 hereof.

Item 8. Changes In and Disagreements with Accountants on Accounting & Financial Disclosure.

For FY 2003, the Company changed independent auditors from Pannell Kerr Forster PC to Michael F. Moore, CPA (sole practitioner). There have been no disagreements between the Company and its independent accountants on any matter of accounting principles or practices or financial statement disclosure during the last two fiscal years.

Item 9. Directors and Executive Officers.

The Executive Officers and Directors of the Company are as follows:

NAME	POSITION(S) PRESENTLY HELD
James M. Martell	Chairman, President, Chief Executive Officer and Director
James E. McCollam	Controllor, Chief Accounting Officer, Corporate Secretary
Durwood C. Settles	Director
Michael M. Tomic	Director

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

James M. Martell, age 56, has served as President from May 1990 to June 1992 and from January 1993 to September 1993 and from March 1994 to the present and as Chief Executive Officer from May 1990 to June 1992 and from January 1993 to September 1993 and from March 1994 to August 2000 and from June 2001 to the present and as Chairman from November 1991 to August, 2000 and from June 2001 to the present. Mr. Martell served as Director of the Company since its inception on June 4, 1985. Additionally, he served the Company as Vice President from October 1988 to May 1990, as Treasurer from June 1985 to January 1989, and as Secretary from June 1985 to January 1986. Mr. Martell is a director and officer of all of the Company's wholly owned subsidiaries, except for the Been Corporation. From 1983 to 1987, Mr. Martell was a partner along with Mr. Tomic in Tomar Associates, a consulting company specializing in European-American joint ventures, venture capital financing, technology transfer, and corporate finance. From 1981 to 1983, Mr. Martell was a partner in International Group, a partnership involved in promoting national and international business development. From 1973 to 1981, he served in various administrative positions at the U.S. Department of Energy. Mr. Martell received a Bachelor of Science degree in Chemistry in 1968 and a Master of Science degree in Geochemistry in 1973, from George Washington University.

James E. McCollam, age 56, has served as Chief Accounting Officer of the Company since July 1992 and Controller since May 1988. From 1984 to 1987 he was Controller of the Winston Group, Inc., a five-unit food service organization in the Washington D.C. metropolitan area. From 1977 to 1983, he was the Controller of Capitol Hill Cabaret, Inc., an organization that owned and operated two restaurants and nightclubs in the Washington D.C. area. From 1973 to 1977, he was employed by Marriott Corporation in various positions in the corporate accounting department. He earned a Bachelor of Science degree in Finance from the University of Maryland 1970.

Durwood C. Settles, age 60, has served as Director of the Company since March 2001. Mr. Settles is a Certified Public Accountant in individual practice since 1983. From 1973 to 1982, Mr. Settles was with Coopers & Lybrand in Washington, D.C. as a member of the audit staff and as Manager-Special Projects. During the period 1974 to 1986, Mr. Settles served as Controller or Treasurer of the various political campaign organizations of Congressman Richard A. Gephardt of Missouri, Governor Charles S. Robb of Virginia, and Congressman Joseph L. Fisher of Virginia. From 1970 to 1973, Mr. Settles was an owner and executive of a company that manufactured and sold Plexiglas furniture located in Kensington, Maryland. From 1966 to 1969, Mr. Settles was a promoter of popular music concerts in various cities in the Eastern and Southern United States. From 1964 to 1966, Mr. Settles was a Group Pension Management Assistant and Computer Files Service Supervisor with the Mutual of New York Life Insurance Company (MONY) in New York, New York. Mr. Settles received a Bachelor of Arts degree in Economics in 1964 from Davidson College, Davidson, North Carolina and completed accounting studies in 1973 at George Washington University, Washington, D.C.

Michael M. Tomic, age 57, has served as a Director of the Company since its inception on June 4, 1985. From June 1985 to January 1986, he also served as Vice President of the Company. From 1983 to 1987, Mr. Tomic was a partner along with Mr. Martell in Tomar Associates, a consulting company specializing in European-American joint ventures, venture capital financing, technology transfer, and corporate finance. He received a Bachelor of Science degree in International Marketing and Economics in 1969 from the University of Maryland.

The term of office of each Director is until the next annual election of Directors and until a successor is elected and qualified or until the Director's earlier death, resignation or removal.

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Item 10. Executive Compensation.

The following table sets forth cash compensation for services rendered during FY 2003, and 2002 which was paid by the Company to, or accrued by the Company for, each of the Company's most highly compensated executive officers whose cash compensation in such year equaled or exceeded \$100,000:

Name and Principal Position	FY Year	Annual Salary (\$)	Other Compensation (\$)
James M. Martell, President	2003	123,333	0
	2002	148,022	0

In FY 2003, all officers of the Company as a group (2 in number) received cash compensation of \$184,166. The Board of Directors has the right to change and increase the compensation of executive officers at any time. The Company has no arrangement by which any of its directors are compensated for services solely as directors, and these individuals will not receive any additional remuneration for their services as directors. The Company may from time to time pay consulting fees to its officers and directors.

Except as described below, the Company has no compensatory plan or arrangement which would result in executive officers receiving compensation as a result of their resignation, retirement or any other termination of employment with the Company or its affiliates, or from a change in control of the Company or a change in responsibilities following a change in control of the Company.

The Company entered into an employment agreement with Mr. Martell in September 1993, under which Mr. Martell received options to purchase 200,000 shares of the Company's Common Stock at \$1.00 per share at any time prior to September 6, 2001, whether or not Mr. Martell is an employee at such time. If there is a change in the management of the Company and such management acts contrary to the policy of the current Board, or if Mr. Martell's position as an officer or director is terminated, Mr. Martell may resign and become entitled to liquidated damages determined pursuant to a formula prescribed in the contract. .. This agreement was extended for two years in FY 2000 at an annual salary of \$148,000 and further extended for another three years in FY 2002. In FY 2003, Mr. Martell's salary was reduced in the interim to \$74,000 to preserve the Company's cash position. In FY 2001, the Board of Directors reissued the options to purchase the 200,000 shares of Company's Common stock at \$0.11 per share instead of \$1.00 per share as previously granted and extended the expiration of those options to August 22, 2003.

In FY 1996, the Board of Directors granted to Mr. Martell an option to purchase 1,200,000 restricted shares of the Company's Common Stock at \$0.05 per share. Mr. Martell in FY 1996 exercised this option for 1,200,000 restricted shares for \$60,000.

In FY 2001, the Board of Directors, as part of its efforts to diversify into high technology, granted the following options to the Company's Officers, Directors and Advisory Board Members: a three year option to purchase 575,000 restricted shares of the Company's Common Stock at \$0.11 per share to James J. Heigl, then Chairman and CEO in FY 2001; a three year option to purchase 550,000 restricted shares of the Company's Common Stock at \$0.11 per share to Harry Alton Lee, then COO and Director in FY 2001; a three year option to purchase 900,000 restricted shares of the Company's Common Stock at \$0.11 per share to Michael Tomic, Director; a three year option to purchase 100,000 restricted shares of the Company's Common Stock at \$0.11 per share to Durwood Settles,

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Director; a three year option to purchase 50,000 restricted shares of the Company's Common Stock at \$0.11 per share to James McCollam, Chief Accounting Officer and Controller; and three year options to purchase 5,000 restricted shares of the Company's Common Stock at \$0.28 per share to each of its Advisory Board Members.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

As of July 10, 2003, the following were persons known to the Company to own beneficially more than 5% of the Company's outstanding Common Stock:

Name and Address of Common Stock Beneficial Owner	Beneficially Owned (1)	Percentage
James M. Martell 2420 Wilson, Blvd., Suite 214 Arlington, VA 22201	1,548,000	18.2

(1) Beneficial Ownership includes shares for which an individual, directly or indirectly, has or shares, or has the right within 60 days to have or share, voting or investment power or both. Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 of the Exchange Act.

The stock ownership by officers and directors of the Company and all officers and directors as a group are as follows:

Name	Title	Common Stock Beneficially Owned as of July 10, 2003(1)	Percentage
James M. Martell	President & Director	1,548,000	18.2
Michael M. Tomic	Director	225,000	2.6
James E. McCollam	Controller, Chief Accounting Officer & Corporate Secretary	2,000	*
All officers & directors as a group		1,765,000	20.8

*Less than 1.0%

(1) Beneficial Ownership includes shares for which an individual, directly or indirectly, has or shares, or has the right within 60 days to have or share, voting or investment power or both. Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 of the Exchange Act.

Item 12. Certain Relationships and Related Transactions.

During FY 2003 and FY 2002, there were no related party transactions.

Item 13. Exhibits and Reports on Form 8-K.

(a) Index to Financial Statements

PAGE

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Independent Auditors' Reports	F-1
Consolidated Balance Sheets as of April 30, 2003 and 2002	F-2
Consolidated Statements of Operations for the Years Ended April 30, 2003 and 2002	F-3
Consolidated Statements of Stockholder's Equity for the Years ended April 30, 2003 and 2002	F-4
Consolidated Statements of Cash Flows for the Years ended April 30, 2003 and 2002	F-5
Notes to the Consolidated Financial Statements	F-6/F-14

(b) There were no Form 8-K's filed during the last quarter of the period covered by this report.

ITEM 14. CONTROLS AND PROCEDURES

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, such as this Form 10-K is reported in accordance with the Securities and Exchange Commission's rules. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

Within the 90 days prior to the date of this report, the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be in the Company's periodic SEC filings. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Certifications of the Chief Executive Officer and Chief Financial Officer regarding, among other items, disclosure controls and procedures are included immediately after the signature section of this Form 10-K.

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES

Consolidated Financial Statements
For The Year Ended April 30, 2003

Table of Contents

	Page
Independent Auditor's Report	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Stockholders' (Deficiency of Net Assets)	4
Consolidated Statements of Cash Flows	5

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Notes to Consolidated Financial Statements

6

PFK
worldwide

[GRAPHIC OMITTED] [GRAPHIC OMITTED]

PANNELL
KERR
FORSTER PC
10304 Eaton Place
Suite 440
Fairfax, VA 22030
(703) 385-8809

Independent Auditors' Report

To the Stockholders and Board of Directors
Champions Sports, Inc.
Arlington, Virginia

We have audited the accompanying consolidated balance sheet of Champions Sports, Inc. and its subsidiaries as of April 30, 2002, and the related consolidated statement of operations, changes in stockholders' (deficiency) equity, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Champions Sports, Inc. and subsidiaries at April 30, 2002, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

[GRAPHIC OMITTED] [GRAPHIC OMITTED]
/s/ Pannell Kerr Forster PC

June 21, 2002

Michael F. Moore, CPA
Sole Practitioner
1412 Kingsvale Circle

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

Herndon, VA 20170

Independent Auditor's Report

To the Stockholders and Board of Directors
Champions Sports, Inc.
Arlington, Virginia

I have audited the accompanying consolidated balance sheet of Champions Sports, Inc. and its subsidiaries as of April 30, 2003, and the related consolidated statements of operations, changes in stockholders' (deficiency of net assets), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Champions Sports, Inc. and subsidiaries at April 30, 2003, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Michael F. Moore, CPA
Sole Practitioner

July 1, 2003

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

Assets

April 30

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

	2003	
	-----	-----
Current assets		
Cash and cash equivalents	\$ 195,101	\$ 4
Inventories	23,750	
Prepaid expenses	10,836	
	-----	-----
Total current assets	229,687	4
	-----	-----
Property and equipment		
Furniture and equipment	586,506	5
Leasehold improvements	584,772	5
	-----	-----
	1,171,278	1,1
Accumulated depreciation and amortization	(924,851)	(8
	-----	-----
	246,427	2
	-----	-----
Deposits	11,052	
	-----	-----
Total assets	\$ 487,166	\$ 7
	=====	=====
Liabilities and Stockholders' (Deficiency of Net Assets)		
Current liabilities		
Accounts payable	\$ 65,246	\$
Dividend payable on preferred stock (note 6)	575,192	5
Other accrued expenses	49,280	
Deferred revenue	--	1
Current portion of deferred lease concession	3,322	
Current portion of capital lease obligation (note 4)	--	
	-----	-----
Total current liabilities	693,040	7
Deferred lease concession, net of current portion	3,875	
	-----	-----
Total liabilities	696,915	7
	-----	-----
Commitments and contingencies (notes 3, 5, and 8)		
Stockholders' (deficiency of net assets) (notes 6, 7, and 8)		
Preferred stock		
Series A, 12% Convertible Cumulative; \$10 par value; preferred as to dividends and liquidation; 56,075 shares authorized and 53,125 shares issued and outstanding for 2003 and 2002, respectively	531,250	5
Common stock, par value \$.001 per share, 50,000,000 shares authorized and 8,514,459 shares issued and outstanding for 2003 and 2002, respectively	8,514	
Additional paid-in capital	5,397,598	5,3
Accumulated deficit	(6,147,111)	(5,9
	-----	-----
Total stockholders' (deficiency of net assets)	(209,749)	
	-----	-----
Total liabilities and stockholders' (deficiency of net assets)	\$ 487,166	\$ 7
	=====	=====

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

See notes to consolidated financial statements

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES Consolidated Statements of Operations

	Years Ended ----- 2003 -----
Revenue	
Food and beverage	\$ 1,882,118
Merchandise, memorabilia, and consulting fees	113,641
Other income	10,647

	2,006,406

Costs and expenses	
Cost of food and beverage sales	463,074
Cost of merchandise and memorabilia	38,799
Restaurant payroll and related costs	663,947
Restaurant occupancy costs	251,899
Other restaurant costs	405,365
General and administrative	280,847
Depreciation and amortization	48,419
Interest	50
Impairment of investments (note 1)	--

	2,152,400

Net (loss) before income tax expense	(145,994)
Income tax expense (note 2)	--

Net (loss)	(145,994)
Preferred stock dividends	(63,750)

Net (loss) applicable to common stockholders	\$ (209,744)
	=====
Basic (loss) per common share (note 1)	\$ (0.02)
	=====

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

(Loss) per common share - assuming dilution (note 1) \$ (0.02)
 =====

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
 Consolidated Statements of Changes in Stockholders' (Deficiency of Net Assets)
 For The Years Ended April 30, 2003 and 2002

	Common Stock		Series A, 1 Convertible Cu Preferred S		Pa Ca
	Shares	Amount at Par	Shares	Amount at Par	
Balances, April 30, 2001	8,514,459	8,514	53,125	\$531,250	\$ 5,337
For the year ended April 30, 2002					
Dividend on preferred stock accrued and unpaid	--	--		--	
Subscriptions received, stock unissued (note 8)	--	--		--	55
Net (loss)	--	--		--	
-----	-----	-----	-----	-----	-----
Balances, April 30, 2002	8,514,459	8,514	53,125	531,250	5,392
For the year ended April 30, 2003					
Dividend on preferred stock accrued and unpaid	--	--		--	
Subscriptions received, stock unissued (note 8)	--	--		--	5
Net (loss)	--	--		--	
-----	-----	-----	-----	-----	-----
Balances, April 30, 2003	8,514,459	8,514	53,125	\$531,250	\$ 5,397
	=====	=====	=====	=====	=====

See notes to consolidated financial statements

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Net (loss)

Adjustments to reconcile net (loss) to net
 cash (used) by operating activities:

Depreciation and amortization

Impairment of investments

Changes in assets and liabilities:

Inventories

Prepaid expenses

Accounts payable

Other accrued expenses

Deferred revenue

Deferred lease concession

Net cash provided (used) by
 operating activities

Cash flows from investing activities:

Purchases of property and equipment

Cash flows from financing activities:

Subscriptions received, stock unissued (note 9)

Principal payments on capital lease

Net cash provided by financing activities

Net (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Supplemental disclosures of cash flow information:

Cash paid during the year for interest

Supplemental disclosure of non-cash investing and financing activities:

Accrued dividend on preferred stock

See notes to consolidated financial statements

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
 Notes to Consolidated Financial Statements
 April 30, 2003

Note 1 - Organization, operations and summary of significant accounting policies

Organization and operations

Champions Sports, Inc., (Company) a Delaware corporation, promoted a sports theme restaurant bar concept through Company owned and licensed operations. The Company sold the rights to the Champions brand to Marriott International, Inc. (Marriott) and became a licensee of Champions Sports Bar Restaurants (note 5). Substantially all memorabilia sales are to Marriott. At April 30, 2003 and 2002, respectively, the Company, through its subsidiaries, owns and licenses, without any royalty fee, one Champions Sports Bar Restaurant in San Antonio, Texas.

C.S.B.R., Inc., (CSBR) and The Been Corporation (Been) were organized on June 16, 1989 and October 11, 1989, respectively, for the purpose of owning and operating the Champions Sports Bar Restaurant in San Antonio.

A significant portion of the Company's revenues come from the San Antonio restaurant where the Company is subject to the alcoholic beverage laws of the State of Texas and the health regulations of the City of San Antonio. Further this represents a geographic concentration of risk.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material inter-company transactions have been eliminated in consolidation.

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization is computed from the date property is placed in service using the straight-line method over estimated useful lives as follows:

	Life

Furniture and equipment	5-15 years
Leasehold improvements	Remaining term of the lease

Depreciation expense was \$11,150 for each of the years ended April 30, 2003 and 2002. Amortization expense was \$37,269 for each years ended April 30, 2003 and 2002. Fully depreciated assets in the approximate amount of \$110,000 are included in property and equipment at April 30, 2003.

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 1 - Organization and summary of significant accounting policies (continued)

Inventories

Inventories consist of goods and supplies held for sale in the ordinary course of business and are stated at the lower of cost, determined on the first-in first-out basis, or market. The components of inventories at April 30, 2003 and 2002, were as follows:

	2003	2002
	-----	-----
Restaurant food and beverage	\$17,336	\$ 17,535
Promotional merchandise for sale to restaurant customers	6,414	8,020
	-----	-----
	\$23,750	\$ 25,555
	=====	=====

Net (loss) per share

Basic earnings per common share is computed by dividing the net (loss), adjusted for preferred stock dividends, by the weighted average number of common shares outstanding during the period.

The weighted average number of common shares used to compute earnings per share is:

	At April 30, 2003		
	(Loss) Available To	Common	Per
	Common Stockholders	Shares	Share
Basic (loss) per Common Share	\$ (209,744)	8,514,459	\$ (.02)
	=====	=====	
	At April 30, 2002		
	(Loss) Available To	Common	Per
	Common Stockholders	Shares	Share
Basic (loss) per Common Share	\$ (211,062)	8,514,459	\$ (.02)
	=====	=====	

The effect of including the options in diluted (loss) per share would be antidilutive, and, therefore, are not included in the calculation of diluted (loss) per share.

Cash and cash equivalents

The statements of cash flows are prepared on the basis of cash and equivalents. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

less, unless restricted as to use, to be cash equivalents. At various times throughout the year the Company had amounts on deposit at financial institutions in excess of federally insured limits.

8

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 1 - Organization and summary of significant accounting policies (continued)

Income taxes

To the extent that taxable income differs from financial reporting net income due to temporary differences, deferred taxes are recognized. The Company accounts for general business tax credits, if any, by the flow-through method.

Deferred revenue

Deferred revenue consisted of payments received in advance of revenue being earned under memorabilia sales agreements.

Financial statement estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts payable, and accrued expenses, approximate fair values because of the short maturities of these instruments.

During 2002, \$50,000 was expensed representing the Company's investment in two unrelated companies.

Options for Common Stock

The Company uses the intrinsic value method to account for options granted to executive officers, directors and other key employees for the purchase of common stock. No compensation expense is recognized on the grant date, since at that date, the option price equals or is higher than the market price of the underlying common stock. The Company discloses the pro forma effect of accounting for stock options under the fair value method (note 7). The Company uses the fair value method to account for options granted to advisors for the purchase of common stock.

9

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 2 - Income taxes

Income tax expense consists of the following for the years ended April 30, 2003 and 2002:

	2003	2002
	-----	-----
Current	\$ -	\$ -
Deferred	(81,085)	(52,140)
Increase in valuation allowance	81,085	52,140
	-----	-----
Total income tax expense	\$ -	\$ -
	=====	=====

Temporary differences, which give rise to deferred tax assets are as follows:

	2003	2002
	-----	-----
Deferred tax assets		
Deferred rent concessions	\$ -	\$ 4,387
Net operating losses available for carryforward	1,524,000	1,623,515
Depreciation	229,000	44,013
	-----	-----
Total deferred tax assets	1,753,000	1,671,915
Valuation allowance	(1,753,000)	(1,671,915)
	-----	-----
Net deferred tax assets	\$ -	\$ -
	=====	=====

A reconciliation of income taxes computed at Federal statutory rates to income taxes recorded by the Company is as follows:

	Years Ended April 30	
	2003	2002
	-----	-----
Federal income taxes at statutory rate	\$ (70,480)	\$ (44,606)
State income taxes net of Federal income tax benefit	(8,050)	(5,195)
Effect of non-deductible items	(2,555)	(2,339)
Change in valuation allowance	81,085	52,140
	-----	-----
Total income tax expense	\$ -	\$ -
	=====	=====

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 2 - Income taxes (continued)

At April 30, 2003, the Company has net operating loss carryforwards of approximately \$3,910,000 for tax reporting purposes. The net operating loss carryforwards for income tax purposes expire approximately as follows:

2006	\$	137,000
2007		9,000
2008		561,000
2009		1,004,000
2011		1,915,000
2012		11,000
2013		28,000
2020		33,000
2021		106,000
2022		106,000
2023		156,000

		\$ 3,910,000

Note 3 - Commitments and contingencies

Operating leases

The Company leases, as tenant, restaurant space under an operating lease which expires June 30, 2005. The lease escalates for increases in the landlord's expenses or for increases in the Consumer Price Index, and requires additional rentals based on a percentage of restaurant sales over a defined amount. The lease grants the Company certain concessions, which are amortized to lease expense over the term of the lease.

Rental expense charged to expense during the years ended April 30, 2003 and 2002 was \$199,834 and \$214,096, respectively. Included in this expense are contingent rentals of \$7,241 and \$11,949 in 2003 and 2002, respectively. Future minimum payments under the noncancellable restaurant lease as of April 30, 2003 are as follows:

2004	\$140,159
2005	140,159
2006	23,360

Total	\$303,678
	=====

Note 4 - Capital lease obligation

The Company leased equipment under a capital lease. The equipment cost of \$32,286 was amortized over its useful life, and such amortization was included in the depreciation and amortization expense for 2003 and 2002, respectively. During 2003, the lease expired and the Company purchased the equipment.

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 5 - Marriott license

The Company is an exclusive supplier of sports memorabilia and a consultant to all new Champions Sports Bars located in Marriott and Renaissance Hotels worldwide. Total annual license and memorabilia fees under this agreement were \$89,531 and \$89,523 for 2003 and 2002, respectively.

Note 6 - Preferred stock

The Series A preferred stock requires a dividend of 12 percent per annum, and the dividends are cumulative and are to be accrued on the Company's books if not paid. The dividend may be paid in common stock of the Company at the Company's discretion. The number of shares comprising the dividend paid in common stock shall be determined by dividing \$1.20 by the closing bid price for the common stock on the payment date. The Series A preferred stock is preferred in liquidation or dissolution up to the amount of their par value (\$10 per share). The Series A preferred stock is convertible into 4.71 shares of the Company's common stock. There were no conversions in 2003 and 2002.

For each of the eight fiscal years ended April 30, 2003, the Company deferred payment of the annual dividend on the Series A preferred stock. The deferral was \$63,750, in both 2003 and 2002. Preferred stock dividends in arrears at April 30, 2003 and 2002 aggregated \$575,192 (\$10.83 per preferred share) and \$511,442 (\$9.63 per preferred share), respectively.

Note 7 - Common stock options

Options to purchase a total of 725,000 and 2,225,000 shares of common stock in 2003 and 2002, respectively, at an exercise price of \$0.11 and 460,000 shares of common stock in 2001 at an exercise price of \$0.28 were granted to two executive officers, other key employees, directors and advisors of the Company. All options were issued at market price or higher on the date of the grant. These options expire if not exercised by August 2003 and September 2003. None of these options have been exercised as of April 30, 2003.

During fiscal 1993, the Company adopted a compensatory stock option plan for key employees or consultants of the Company and its subsidiaries. The total number of shares of the Company's common stock that may be issued under the plan is 840,000. The plan expired on August 2, 2002. No options were exercised under the plan.

12

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 7 - Common stock options (continued)

Stock option activity is summarized as follows:

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

	Number of Shares	Weighted Average Exercise Price
Outstanding, April 30, 2001	3,265,000	\$ 0.13
Granted	725,000	0.11
Expired	(550,000)	0.11
Exercised	-	
	-----	-----
Outstanding, April 30, 2002	3,440,000	0.13
Granted	-	-
Expired	-	-
Exercised	-	-
	-----	-----
Outstanding, April 30, 2003	3,440,000	\$ 0.13
	=====	=====

The following table summarizes information about stock options outstanding and exercisable at April 30, 2003.

Outstanding				Exercisable	
Option Price Range	Number of Shares	Weighted Average Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
-----	-----	----	-----	-----	-----
\$0.11- \$0.28	3,440,000	4 months	\$0.13	3,440,000	\$0.13

The following table summarizes information about stock options outstanding and exercisable at April 30, 2002.

Outstanding				Exercisable	
Option Price Range	Number of Shares	Weighted Average Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
-----	-----	----	-----	-----	-----
\$0.11- \$0.28	3,440,000	1.3 years	\$0.13	3,440,000	\$0.13

13

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 7 - Common stock options (continued)

The Company's net (loss) and net (loss) per common share for the year ended April 30, 2003, would have been increased to the pro forma amounts indicated below if compensation cost for the Company's stock option plans had been

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

determined based on the fair value at the grant date for awards in accordance with the provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation. 2002

Net (loss):	
As reported	\$(147,312)
Pro forma	\$(232,121)
Basic (loss) per share:	
As reported	\$ (.02)
Pro forma	\$ (.03)
Diluted (loss) per share:	
As reported	\$ (.02)
Pro forma	\$ (.03)

The effect of including the options in diluted (loss) per share would be antidilutive, and, therefore, are not included in the calculation of diluted (loss) per share.

The fair value of the options granted during 2002 was estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used are as follows:

	2002
Expected term	2 years
Expected stock volatility	172%
Risk-free interest rate	2.5%
Dividend	\$0.00

The fair value of the stock options granted to advisors of the Company is immaterial, and has not been included in the financial statements.

Management believes that, due to the financial condition of the Company (note 9), all of the options outstanding at April 30, 2003, have no value and that they will expire unexercised.

14

CHAMPIONS SPORTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (continued)
April 30, 2003

Note 8 - Stock agreement

In January 2002, the Company entered into a subscription agreement to sell 4,000,000 shares of common stock to an unrelated party at \$0.125 per share for a total of \$500,000.

The purchaser paid \$20,000 at the closing of the agreement and provided a promissory note for \$480,000. The note is non-interest bearing and requires twenty-four monthly payments of \$20,000 each. The note is secured by the stock issued and the transfer of such stock is restricted until the note is paid off. Certain other restrictions regarding the transfer of the stock also exist.

The purchaser paid a total of \$55,000 during the year ended April 30, 2002,

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

and \$5,000 during the year ended April 30, 2003, and has defaulted under the payment terms of the note. The stock has not been issued, and management believes the agreement may be cancelled and, therefore, has neither recorded the note nor issued the stock.

Note 9 - Continued existence

The Company has experienced net losses for the past two years and, at April 30, 2002. Current liabilities exceed total assets, which raises substantial doubt about the Company's ability to continue as a going concern. In response to these conditions, management reduced payroll costs at the corporate headquarters and is actively pursuing mergers and acquisitions.

SIGNATURES

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

CHAMPIONS SPORTS, INC

By: /s/ James E. McCollam

James E. McCollam
Chief Accounting Officer
and Controller
Date: July 29, 2003

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ James M. Martell

James M. Martell
Chairman and President
Date: July 29, 2003

By: /s/ Michael M. Tomic

Michael M. Tomic
Director
Date: July 29, 2003

By: /s/ Durwood C. Settles

Durwood C. Settles
Director
Date: July 29, 2003

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Section 302 Certification

I, JAMES M. MARTELL, certify that:

(1) I have reviewed this annual report on Form 10-KSB of CHAMPIONS SPORTS, INC., a Delaware corporation (the "registrant");

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 29, 2003

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

By: /s/ James M. Martell

James M. Martell
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 302 Certification

I, JAMES E. McCOLLAM, certify that:

(1) I have reviewed this annual report on Form 10-KSB of CHAMPIONS SPORTS, INC., a Delaware corporation (the "registrant");

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

Edgar Filing: CHAMPIONS SPORTS INC - Form 10KSB/A

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 29, 2003

By: /s/ James E. McCollam

James E. McCollam
Chief Financial Officer