

Edgar Filing: E & S HOLDINGS INC - Form 10QSB

E & S HOLDINGS INC
Form 10QSB
January 17, 2006

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended November 30, 2005

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

For the transition period from _____ to _____

Commission file number 000-50101

E and S Holdings, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

91-2135425
(IRS Employer Identification No.)

5046 E. Boulevard, NW, Canton, OH 44718
(Address of principal executive officer)

(330) 966-8120
(Issuer's telephone number)

(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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 15,000,000

Transitional Small Business Disclosure Format (Check One): Yes ☐ No ☐

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E AND S HOLDINGS, INC.
(A Development Stage Company)
BALANCE SHEETS
NOVEMBER 30, 2005 AND MAY 31, 2005

	November 30, 2005	May 31, 2005
	----- (Unaudited)	----- (Audited)
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 1,144	\$ 136
Accounts receivable	238	2,209
Inventory	23,140	24,281
	-----	-----
Total Current Assets	24,522	26,626
	-----	-----
OTHER ASSETS		
Patent - net of amortization of \$3,463 at November 30, 2005, \$2,969 at May 31, 2005	9,236	9,730
	-----	-----
Total Assets	\$ 33,758	\$ 36,356
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	\$ 34,961	\$ 23,549
Accounts payable - stockholder	20,520	18,520
Note payable-stockholder	4,000	0
Accrued wages - officer and stockholder	25,000	25,000
Accrued royalties	46	110
Accrued interest	197	0
Accrued warranty	117	134
	-----	-----
Total Liabilities	84,841	67,313
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock - 100,000,000 shares authorized, 15,000,000 outstanding as of November 30 and May 31, 2005 at .001 par value	15,000	15,000
Additional paid-in capital	211,099	211,099
Deficit accumulated during the development stage	(277,182)	(257,056)
	-----	-----
Total Stockholders' Equity	(51,083)	(30,957)
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 33,758	\$ 36,356
	=====	=====

Note: The balance sheet at May 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

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See accompanying notes to financial statements.

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E AND S HOLDINGS, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2005
AND THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO NOVEMBER 30, 2005

	Three Months Ended November 30, 2005 ----- (Unaudited)	Six Months Ended November 30, 2005 ----- (Unaudited)	(No -----
SALES - NET	\$ 282	\$ 1,831	
COST OF SALES	111	1,065	
GROSS PROFIT	171	766	
OPERATING EXPENSES			
Wage expense	0	0	
Advertising	23	23	
Legal and accounting	3,561	15,307	
Product development	0	0	
Bank charges	138	240	
Rent-stockholder	0	0	
License and permits	0	0	
Amortization	248	495	
Franchise tax	0	0	
Commission	3	16	
Royalty expense	2	79	
Office and administrative expense	0	520	
Travel	1	1,028	
Freight and delivery	0	0	
Transfer agent expense	2,141	2,141	
Postage	96	0	
Payroll taxes	0	10	
Insurance	0	0	
Supplies	0	0	
Telephone	113	227	
Trade shows	0	176	
UCC code and filing expense	280	280	
Dues, subscriptions and membership fees	121	121	
Warranty expense	5	36	
	----- (6,732) -----	----- (20,699) -----	
NET INCOME (LOSS) FROM OPERATIONS	(6,561)	(19,933)	
OTHER INCOME (EXPENSE)			
Miscellaneous income	0	0	
Interest expense	100	193	
Bad debts	0	0	
Miscellaneous expense	0	0	
	-----	-----	

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	(100)	(193)
	-----	-----
Net Income (Loss) before income taxes	(6,661)	(20,126)
Provision for income taxes	0	0
	-----	-----
NET INCOME (LOSS)	\$ (6,661)	\$ (20,126)
	=====	=====
Net income (loss) per common share - basic	\$.00	\$.00
	=====	=====

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC. (A Development Stage Company) STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2004

	Three Months Ended November 30, 2004	Six Months Ended November 30, 2004
	-----	-----
	(Unaudited)	(Unaudited)
SALES - NET	\$ 3,506	\$ 5,638
COST OF SALES		
Purchases	1,768	2,448
	-----	-----
GROSS PROFIT	1,738	3,190
OPERATING EXPENSES		
Wage expense	3,000	10,800
Payroll taxes	(65)	--
Insurance	--	--
Commissions	6	18
Freight & delivery	(8)	119
Legal and accounting	1,000	8,050
Professional fees	--	--
Product development	--	--
Bank charges	24	40
Rent - stockholder	1,000	2,500
License and permits	--	--
UCC code	150	150
Franchise tax	--	--
Workers' compensation	--	89
Amortization	248	495
Advertising	300	903
Royalty expense	234	282
Telephone	45	341
Trade show expense	--	823
Travel and lodging	--	--
Office supplies and expense	1,684	4,990
	-----	-----

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	7,618	29,600
NET INCOME (LOSS) FROM OPERATIONS	(5,880)	(26,410)
OTHER INCOME (EXPENSE)		
Interest expense	--	--
	-----	-----
Net Income (Loss) before income taxes	(5,880)	(26,410)
Provision for income taxes	--	--
	-----	-----
NET INCOME (LOSS)	\$ (5,880)	\$ (26,410)
	=====	=====
Net income (loss) per common share - basic	\$ (.00)	\$ (.00)
	=====	=====

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC. (A Development Stage Company) STATEMENTS OF CASH FLOWS FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2005, AND THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO NOVEMBER 30, 2005

	Three Months Ended November 30, 2005 ----- (Unaudited)	Six Mon Ended November 30 ----- (Unaudite
Cash Flows From Operating Activities		
Net Income (Loss)	\$ (6,661)	\$ (20,12
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	247	49
Interest added to note payable	0	
Decrease (Increase) in accounts receivable	931	1,97
Decrease (Increase) decrease in inventory	152	1,14
(Decrease) Increase in accounts payable	3,716	11,41
(Decrease) Increase in accounts payable-stockholder	2,000	2,00
(Decrease) Increase in accrued wages - officer & stockholder	0	
(Decrease) in other accrued taxes	(88)	-
(Decrease) in accrued director's fees	0	
(Decrease) Increase in accrued royalties	(25)	(6
(Decrease) Increase in accrued interest	104	19
(Decrease) Increase in accrued rent	0	
(Decrease) Increase in accrued warranty	(12)	(1
	-----	-----
Net Cash From (Used By) Operating Activities	452	(2,99
	-----	-----
Cash Flows Used by Investing Activities		
Purchase of patent	0	
	-----	-----

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Cash Flows From Financing Activities		
Loans from (repayments to) stockholders	0	4,00
Proceeds from issuance of common stock,		
Net of issuance costs of \$2,500	0	
	-----	-----
Net Cash Provided By Financing Activities	0	4,00
	-----	-----
Net Increase (Decrease) In Cash	452	1,00
Cash At Beginning Of Period	692	13
	-----	-----
Cash At End of Period	\$ 1,144	\$ 1,14
	=====	=====
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 0	\$
Taxes paid	\$ 0	\$

Supplemental Disclosure of Non-cash Investing and Financing Activities

On September 27, 2001, 700,000 shares of stock were issued at a value of \$1,899 in return for contribution of the patent option. The patent was subsequently purchased for \$10,800 in March 2002.

In March of 2003, interest accrued on stockholder loans payable in the amount of \$1,296 was added to the outstanding loan balance when the stockholder notes due March, 2003 were renewed.

In November of 2004, certain officers, directors, and shareholders of the company forgave accrued wages, director's fees and rents totaling \$96,700. These transactions are reflected as increases to paid-in capital.

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC. (A Development Stage Company) NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and item 310(b) of Regulation S-B. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the financial statements and footnotes thereto included in the E and S Holdings, Inc. Form 10-KSB filing for the year ended May 31, 2005.

NOTE B - DEVELOPMENT STAGE COMPANY

E and S Holdings, Inc. (a Nevada corporation) has been in the development stage since its formation on June 20, 2001. It is primarily engaged in the development and marketing of new products on which it holds the patent. Realization of a major portion of its assets is dependent upon the Company's ability to successfully develop and market the patent, meet its future financing

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requirements, and the success of future operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

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ITEM 2 - MANagements Discussion and Analysis or Plan of Operation

E & S Holdings (E & S) is a developmental stage company that has received revenues of approximately \$259 during the three-month period ending November 30, 2005. E & S has received no significant revenues since its inception.

As of November 30, 2005, E & S has cash assets of \$1,144. However, it also had accounts receivable of \$238 and inventory of \$23,140. Because the liquid assets of the company are low, management is contemplating increasing needed capital through a private offering of additional shares, although no definite plans have been formulated at this time. E & S continues to receive small orders for its Portable Pipe Vise. In order to promote additional sales, management has continued to do direct mailing as funds permit. E & S has previously secured the services of seven independent sales representatives in various parts of the United States to promote the sale of its Portable Pipe Vise. Unfortunately, management efforts to obtain dealers/representatives have not produced any substantial sales. Management has notified its representatives that unless the representatives commence producing orders for E & S, their contracts will not be renewed. Management has altered its marketing strategy and now is emphasizing direct sales to large retail outlets and direct sales through its WEBSITE, WWW.PORTABLEPIPEVISE.COM. These moves have been initiated to reduce costs of sales. The Portable Pipe Vise is currently placed in the catalog of a nationally recognized tool retailer and in the Black Book of Tools catalog. Recently, E & S has sent samples of its product to established national marketing representatives in an effort to secure a national account in a major retail chain. In addition, in an effort to expand exposure of its product, E & S has secured a booth for the 2006 National Hardware Show in Las Vegas, Nevada that runs between May 9th and May 11th.

Management is attempting to focus on specific industries in which the Portable Pipe Vise would be most useful. Therefore, its first marketing effort is focused toward the welding equipment suppliers. Its second round of direct marketing will focus on plumbing suppliers and retailers of heating, ventilating and air conditioning supplies. Management intends to increase its marketing efforts at such time as additional funds are made available through sales of the product.

E & S has succeeded in its efforts to list the shares of E & S on the OTC Bulletin Board. The shares were listed effective December 16, 2005 under the symbol ESHI.

Over the last three months, E & S has sustained operating losses in the amount of \$6,661. Of this amount, \$3,561 involves costs for legal and accounting fees incurred during the last quarter. As of November 31, 2005, E & S has total liabilities of \$84,841.

There are no off balance sheet arrangements involving E & S at this time.

ITEM 3 - Controls and Procedures

The management of E & S recognize its responsibility for establishing and maintaining adequate internal controls over financial reporting for E & S. Due to the small size of E & S, the company's Chief Executive Officer and Chief Operating Officer is aware of all matters pertaining to the operations of E & S Holdings, Inc and has reviewed all aspects of the financial information included in the company's financial reporting. At the present time, management is of the opinion that the company's internal controls over financial reporting for the

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past fiscal year is adequate. However, management has identified a material weakness in its procedures in that the small size of management causes a lack of segregation of duties and limits management's ability to recognize potential inadequacies of the internal controls over the financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

To the best of its knowledge, management of E & S is not aware of any legal proceedings in which E & S is currently involved.

ITEM 2 - CHANGES IN SECURITY

There are no changes in security since the last annual statement for the year ending May 31, 2005.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There are no defaults upon any senior securities.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no submissions of any matters to security holders to vote upon during this reporting period.

ITEM 5 - OTHER INFORMATION

There are no items of information required to be disclosed pursuant to this item at this time.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. The following are filed as Exhibits to this quarter of the report. The numbers refer to the exhibit table of Item 601 of regulation S-K: Reference is hereby made to the exhibits contained in the registration statement (Form SB-2) filed by E & S.

Exhibit 31 - Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

Exhibit 32 - Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002

B. Reports on Form 8-K - 9/21/2005
Reports on Form 8-K - 12/16/2005

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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.

E & S HOLDINGS, INC.

Date: January 17, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Financial Officer

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Date: January 17, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Executive Officer