

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

E & S HOLDINGS INC
Form 10QSB
April 13, 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 February 28, 2006

☐ 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: 15,100,000

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

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E AND S HOLDINGS, INC.
(A Development Stage Company)
BALANCE SHEETS
FEBRUARY 28, 2006 AND MAY 31, 2005

	February 28, 2006 ----- (Unaudited)	May 31, ----- (Audited)
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 656	\$ 1
Accounts receivable	672	2,2
Inventory	22,628	24,2
	-----	-----
Total Current Assets	23,956	26,6
	-----	-----
OTHER ASSETS		
Patent - net of amortization of \$3,711 at February 28, 2006 and \$2,969 at May 31, 2005	8,988	9,7
	-----	-----
Total Assets	\$ 32,944 =====	\$ 36,3 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	\$ 38,060	\$ 23,5
Accounts payable - stockholder	20,503	18,5
Note payable - stockholder	9,000	
Accrued wages - officer and stockholder	0	25,0
Accrued royalties	13	1
Accrued interest	387	
Accrued warranty	136	1
	-----	-----
Total Liabilities	68,099	67,3
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock - 100,000,000 shares authorized, 15,100,000 outstanding as of Feb 28, 2006 and 15,000,000 outstanding at May 31, 2005 at .001 par value	15,100	15,0
Additional paid-in capital	237,999	211,0
Deficit accumulated during the development stage	(288,254)	(257,0
	-----	-----
Total Stockholders' Equity	(35,155)	(30,9
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 32,944 =====	\$ 36,3 =====

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

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States of America for complete financial statements.

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 NINE MONTHS ENDED FEBRUARY 28, 2006
AND THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO FEBRUARY 28, 2006

	Three Months Ended February 28, 2006 (Unaudited)	Nine Months Ended February 28, 2006 (Unaudited)	June 20 (Incepti February (Unaud
SALES - NET	\$ 933	\$ 2,764	\$ 12
COST OF SALES			
Purchases	477	1,542	5
GROSS PROFIT	456	1,222	6
OPERATING EXPENSES			
Wage expense	2,000	2,000	118
Advertising	362	385	17
Legal and Accounting	4,962	20,269	96
Product development	0	0	
Bank Charges	100	340	
Rent - Stockholder	0	0	11
License and permits	0	0	1
Amortization	247	742	3
Franchise tax	50	50	
Commission	0	16	
Royalty expense	25	104	
Office and administrative expense	1,500	2,020	17
Travel	224	1,252	4
Freight and delivery	0	0	
Transfer agent expense	1,080	3,221	3
Postage	80	80	1
Payroll taxes	10	20	
Insurance	0	0	1
Supplies	0	0	2
Telephone	120	347	2
Trade shows	0	176	3
UCC code and filing expense	480	760	1
Dues, subscriptions and membership fees	75	196	
Warranty expense	19	55	
	(11,334)	(32,033)	(291)
NET INCOME (LOSS) FROM OPERATIONS	(10,878)	(30,811)	(285)
OTHER INCOME (EXPENSE)			
Miscellaneous income	0	0	
Bad debts	0	0	

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Miscellaneous expense	0	0	
Interest expense	(194)	(387)	(2)
	-----	-----	-----
	(194)	(387)	(2)
NET INCOME (LOSS) BEFORE INCOME TAXES	(11,072)	(31,198)	(288)
PROVISION FOR INCOME TAXES	0	0	
	-----	-----	-----
NET INCOME (LOSS)	\$ (11,072)	\$ (31,198)	\$ (288)
	=====	=====	=====
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 NINE MONTHS ENDED FEBRUARY 28, 2005

	Three Months Ended February 28, 2005	Nine Months Ended February 28, 2005
	-----	-----
	(Unaudited)	(Unaudited)
SALES - NET	\$ 1,194	\$ 6,832
COST OF SALES		
Purchases	547	2,995
	-----	-----
GROSS PROFIT	647	3,837
OPERATING EXPENSES		
Wage expense	0	10,800
Payroll taxes	19	19
Insurance	0	0
Commissions	40	59
Freight and delivery	393	512
Legal and accounting	4,041	12,091
Bank charges	14	64
Rent - stockholder	0	2,500
UCC code	0	150
Franchise tax	50	50
Workers' compensation	19	99
Amortization	247	742
Advertising	0	903
Marketing	958	958
Royalty expense	28	310
Telephone, fax, and internet	62	403
Trade show expense	200	1,023
Office supplies and expense	1,175	6,163
	-----	-----
	7,246	36,846
	-----	-----
NET LOSS FROM OPERATIONS	(6,599)	(33,009)

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OTHER INCOME (EXPENSE)		
Interest expense	0	0
	-----	-----
NET LOSS BEFORE INCOME TAXES	(6,599)	(33,009)
PROVISION FOR INCOME TAXES	0	0
	-----	-----
NET LOSS	\$ (6,599)	\$ (33,009)
	=====	=====
NET 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 NINE MONTHS ENDED FEBRUARY 28, 2006 AND FEBRUARY 28, 2005 AND THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO FEBRUARY 28, 2006

	Nine Months Ended February 28, 2006	Nine Months Ended February 28,
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (31,198)	\$ (33,009)
Adjustments to reconcile net income to net Cash provided by operating activities:		
Amortization	742	742
Wages capitalized	2,000	0
Interest capitalized	0	0
Decrease (Increase) in accounts receivable	1,537	(1,949)
Decrease (Increase) in inventory	1,653	2,995
(Decrease) Increase in accounts payable	14,511	13,785
(Decrease) Increase in accounts payable-stockholder	1,983	1,000
(Decrease) Increase in accrued wages-officer and stockholder	0	11,800
(Decrease) Increase in accrued payroll taxes	0	(379)
(Decrease) Increase in accrued other taxes	0	(88)
(Decrease) in accrued director's fees	0	0
(Decrease) Increase in accrued royalties	(97)	156
(Decrease) Increase in accrued interest	387	0
(Decrease) Increase in accrued rent	0	1,500
(Decrease) Increase in accrued warranty	2	0
	-----	-----
Net Cash From (Used By) Operating Activities	(8,480)	(3,447)
	-----	-----
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of patent	0	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from (repayments to) stockholders	9,000	0
Proceeds from issuance of common stock, Net of issuance costs of \$2,500	0	0
	-----	-----

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Net Cash Provided By Financing Activities	9,000	0
	-----	-----
NET INCREASE (DECREASE) IN CASH	520	(3,447)
CASH AT BEGINNING OF PERIOD	136	3,760
	-----	-----
CASH AT END OF PERIOD	\$ 656	\$ 313
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Interest paid	\$ 0	\$ 0
	=====	=====
Taxes paid	\$ 0	\$ 0
	=====	=====

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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.

In Feb. of 2006, a shareholder of the company forgave accrued wages of \$17,000. This transaction is reflected as an increase to paid-in capital. In addition, the shareholder acquired 100,000 shares of stock in exchange for accrued wages of \$8,000. Wage expense in the amount of \$2,000 was also recognized on the difference between the exchange price of the stock and the price at fair value.

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC. (A DEVELOPMENT STAGE COMPANY) NOTES TO FINANCIAL STATEMENTS FEBRUARY 28, 2006

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

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

NOTE C - FORGIVENESS OF DEBT

During the three months ended February 28, 2006, an officer - shareholder of the company forgave accrued wages of \$17,000. This amount is reflected as an increase to additional paid-in capital.

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

E & S Holdings (E & S) is a developmental stage company that has received revenues of approximately \$933 during the three-month period ending February 28, 2006. E & S has received no significant revenues since its inception.

As of February 28, 2006, E & S has cash assets of \$656 and accounts receivable of \$672. The inventory of the company is \$22,628. 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. 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 \$11,072. Of this amount, \$4,962 involves costs for legal and accounting fees incurred during the last quarter. As of February 28, 2006, E & S has total liabilities of \$68,099. There has been a reduction in the total liabilities since the last calendar quarter due to a reduction in accrued wages to officers and stockholders. This reduction was accomplished by a forgiveness of the debt by the corporation's Vice President and Secretary, Mr. Eugene

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Swearengen. At the last shareholder's meeting, the shareholders voted a stock option to Mr. Swearengen which enabled him to convert his accrued wages into a maximum of 100,000 shares of the corporation's common stock. Mr. Swearengen exercised this option and converted \$8,000 of the \$25,000 in accrued wages into 100,000 shares of the corporation's common stock. The balance of accrued wages, of \$17,000, were then forgiven by Mr. Swearengen.

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.

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

The annual meeting of shareholders was held on January 17, 2006. Three proposals were submitted for approval to the shareholders. The first proposal concerned the election of directors. Mr. Edward A. Barth and Mr. Eugene H. Swearengen were reelected as the directors of the company.

The second proposal, which was passed by the shareholders, appointed Hobe & Lucas Certified Public Accountants, Inc. as the company's independent auditors for the year ending May 31, 2006. The third proposal approved by the shareholders was to grant a non-qualified stock option to Mr. Eugene H. Swearengen. This option would permit Mr. Swearengen the right to convert a portion of his accrued wages into common stock of the company. The option permitted Mr. Swearengen the right to obtain a maximum of 100,000 shares of common stock at a conversion rate of \$0.25 per share. The option was later revised by an action without meeting of the shareholders (pursuant to Nevada law). The revised option decreased the exercise price of the conversion to \$0.08 per share.

ITEM 5 - OTHER INFORMATION

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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
Reports on Form 8-K - 2/10/2006

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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: April 13, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Financial Officer

Date: April 13, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Executive Officer

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