

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

E & S HOLDINGS INC
Form 10QSB
April 15, 2005

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, 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: 1,500,000

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, 2005 AND MAY 31, 2004

	February 28, 2005	May 31, 2004
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 313	\$ 3,760
Accounts receivable	1,949	0
Inventory	25,898	28,893
	-----	-----
Total Current Assets	28,160	32,653
	-----	-----
OTHER ASSETS		
Patent - net of amortization of \$2,721 at February 28, 2005 and \$1,979 at May 31, 2004	9,978	10,720
	-----	-----
Total Assets	\$ 38,138	\$ 43,373
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	\$ 18,340	\$ 4,555
Accounts payable - stockholder	17,500	16,500
Accrued wages - stockholder	25,000	102,400
Accrued payroll taxes	0	379
Accrued other taxes	0	88
Accrued directors' fees	0	5,000
Accrued royalties	156	0
Accrued rent - stockholder	0	1,000
	-----	-----
Total Liabilities	60,996	129,922
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock - 100,000,000 shares authorized, .001 par value, 1,500,000 outstanding at February 28, 2005 and May 31, 2004	1,500	1,500
Additional paid-in capital	224,599	127,899
Deficit accumulated during the development stage	(248,957)	(215,948)
	-----	-----
Total Stockholders' Equity	(22,858)	(86,549)
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 38,138	\$ 43,373
	=====	=====

Note: The balance sheet at May 31, 2004 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, 2004
AND THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO FEBRUARY 28, 2005

	Three Months Ended February 28, 2005 ----- (Unaudited)	Nine Months Ended February 28, 2005 ----- (Unaudited)	June (Incep Februar ----- (Unau
SALES - NET	\$ 1,194	\$ 6,761	\$
COST OF SALES			
Purchases	547 -----	2,995 -----	-----
GROSS PROFIT	647	3,766	
OPERATING EXPENSES			
Wage expense	0	10,800	11
Payroll taxes	19	19	
Insurance	0	0	
Commissions	40	59	
Freight and delivery	393	441	
Legal and accounting	4,041	12,091	6
Professional fees	0	0	
Product development	0	0	
Bank charges	14	64	
Rent - Stockholder	0	2,500	1
License and permits	0	0	
UCC code	0	150	
Franchise tax	50	50	
Workers' compensation	19	99	
Amortization	247	742	
Advertising	0	903	1
Marketing	958	958	
Royalty expense	28	310	
Telephone	62	403	
Trade show expense	200	1,023	
Travel and lodging	0	0	
Office supplies and expense	1,175 -----	6,163 -----	1
	7,246 -----	36,775 -----	25 -----
NET INCOME (LOSS) FROM OPERATIONS	(6,599)	(33,009)	(24
OTHER INCOME (EXPENSE)			
Interest expense	0 -----	0 -----	(
NET INCOME (LOSS) BEFORE INCOME TAXES	(6,599)	(33,009)	(24

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PROVISION FOR INCOME TAXES	0	0	-----
NET INCOME (LOSS)	\$ (6,599)	\$ (33,009)	\$ (24,000)
NET INCOME (LOSS) PER COMMON SHARE - BASIC	\$ (.00)	\$ (.02)	\$ (.02)

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 29, 2004

	Three Months Ended February 29, 2004	Nine Months Ended February 29, 2004
	----- (Unaudited)	----- (Unaudited)
SALES - NET	\$ 0	\$ 0
COST OF SALES		
Purchases	0	0
GROSS PROFIT	0	0
OPERATING EXPENSES		
Advertising	924	1,449
Legal and accounting	3,403	10,272
Professional fees	3,061	3,061
Bank charges	17	93
Rent - stockholder	500	500
License and permits	25	375
Marketing expenses	8,139	8,139
Amortization	247	742
Franchise tax	50	50
Insurance	10	20
Telephone, fax, and internet	374	374
Travel	400	400
Meals and entertainment	347	347
Office supplies and expense	1,797	2,514
	-----	-----
	19,294	28,336
	-----	-----
NET LOSS FROM OPERATIONS	(19,294)	(28,336)
OTHER INCOME (EXPENSE)		
Interest expense	0	(680)
	-----	-----
NET LOSS BEFORE INCOME TAXES	(19,294)	(29,016)

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PROVISION FOR INCOME TAXES	0	0
	-----	-----
NET LOSS	\$ (19,294)	\$ (29,016)
	=====	=====
NET LOSS PER COMMON SHARE - BASIC	\$ (.01)	\$ (.02)
	=====	=====

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, 2005
AND FEBRUARY 29, 2004, AND THE PERIOD
FROM JUNE 20, 2001 (INCEPTION) TO FEBRUARY 28, 2005

	Nine Months Ended February 28, 2005	Nine Months Ended February 29, 2004
	----- (Unaudited)	----- (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (33,009)	\$ (29,016)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	742	742
(Increase) in accounts receivable	(1,949)	0
(Increase) Decrease in inventory	2,995	0
(Increase) in Deposits	0	(6,525)
(Increase) in prepaid expenses	0	(1,975)
Increase (Decrease) in accounts payable	13,785	(23,720)
Increase in accrued wages - officer and stockholder	11,800	0
(Decrease) in accrued payroll taxes	(379)	0
Increase in accrued director's fees	0	0
(Decrease) in accrued other taxes	(88)	0
Increase (Decrease) in accrued interest	0	(276)
Increase (Decrease) in accrued rent	1,500	(4,500)
Increase in accrued royalties	156	0
Increase (Decrease) in stockholder payable	1,000	16,000
	-----	-----
Net Cash From (Used By) Operating Activities	(3,447)	(49,270)
	-----	-----
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of patent	0	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from (repayments to) stockholders	0	(12,096)
Proceeds from issuance of common stock,		
Net of issuance costs of \$2,500	0	100,000
	-----	-----
Net Cash Provided By Financing Activities	0	87,904
	-----	-----
NET INCREASE (DECREASE) IN CASH	(3,447)	38,634

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CASH AT BEGINNING OF PERIOD	3,760	86
	-----	-----
CASH AT END OF PERIOD	\$ 313	\$ 38,720
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Interest paid	\$ 0	\$ 0
	=====	=====
Taxes paid	\$ 0	\$ 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.

During the three months ended November 30, 2004, certain officers and 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
FEBRUARY 28, 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, 2004.

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.

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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 \$1,194 during the three-month period ending February

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28, 2005. E & S has received no significant revenues since its inception.

As of February 28, 2005, E & S has cash assets of \$313. However, it also had accounts receivable of \$1,949 and inventory of \$25,898. Because E & S' cash balance is extremely low, the management of E & S is contemplating the sale of additional shares of common stock of the company through a private placement during the next twelve months. E & S has begun 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. As a result of the direct mailing, E & S has, over the last month, established a new major retail account and has received orders from that account for 144 units. 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 is currently notifying its representatives that unless the representatives commence producing orders for E & S, their contracts will not be renewed.

The Portable Pipe Vise is currently placed in the catalog of a nationally recognized tool retailer and in the Black Book of Tools catalog. Management is currently working on multiple rounds of direct mailing to retail outlets for direct sales of the Portable Pipe Vise through the company. It is also seeking contacts to make direct sales to multiple outlet retail establishments so that volume orders can be obtained. E & S is maintaining its merchant website to permit direct sales to the public at www.portablepipevise.com.

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 continues in its efforts to list the shares of E & S on the OTC Bulletin Board. It is currently consulting with a new broker/dealer in order to establish a market and obtain clearance from NASD for trading.

Over the last three months, E & S has sustained operating losses in the amount of \$6,599. Of this amount, \$4,041 involves costs for legal and accounting fees incurred during the last quarter. As of February 28, 2005, E & S has total liabilities of \$60,996.

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

ITEM 3 - CONTROLS AND PROCEDURES

Due to the fact that E & S is a corporation in its development stages and has only two individuals involved in all facets of E & S, it is the conclusion of E & S' principal executive officer that E & S' disclosure controls and procedures are effective, since all significant matters are within the personal knowledge of E & S' principal executive officer.

During this reporting, there were no significant changes in E & S internal controls or in other factors that could significantly affect these controls subsequent with the date that the effectiveness of E & S' internal controls were evaluated by its principal executive officer.

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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 quarterly statement for the quarter ending November 30, 2004.

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 - None

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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 12, 2005

By: /s/ Edward A. Barth

Edward A. Barth, Principal Financial Officer

Date: April 12, 2005

By: /s/ Edward A. Barth

Edward A. Barth, Principal Executive Officer

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