

SURREY BANCORP  
Form 10-K/A  
October 20, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20429

**Form 10-K/A**

**Amendment No. 2**

(MARK ONE)

**ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2007

**TRANSITION REPORT UNDER SECTION 13 OR 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0000-50313

**SURREY BANCORP**

(Exact Name of Registrant as Specified in Its Charter)

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**NORTH CAROLINA**  
(State or Other Jurisdiction of

**59-3772016**  
(IRS Employer

incorporation or organization)

Identification No.)

**145 North Renfro Street (P.O. Box 1227); Mount Airy, NC 27030**

(Address of Principal Executive Office)

**(336) 783-3900**

(Issuer's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**NONE**

**Securities registered pursuant to Section 12(g) of the Act:**

**COMMON STOCK, NO PAR VALUE**

(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer (1) filed all reports 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  No

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-K is contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

The aggregate market value of the voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second quarter was \$31.1 million.

3,166,174 shares of the Issuer's common stock were issued and outstanding as of March 14, 2008.

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### DOCUMENTS INCORPORATED BY REFERENCE

The annual report to security holders for fiscal year ended December 31, 2007, is incorporated by reference into Form 10-K Part II, Items 6, 7 and 8, and Part IV, Item 15. The issuer's Proxy Statement dated March 31, 2008, is incorporated by reference into Form 10-K Part III, Items 10, 11, 12, 13 and 14.

**PART I**

**EXPLANATORY NOTE**

Surrey Bancorp has made a second amendment to its Annual Report on Form 10-K. The annual report is for the year ended December 31, 2007, and was originally filed with the Commission on March 27, 2008. The first amendment to the Annual Report on Form 10-K was to correct the inadvertent omission of Management's Report on Internal Control over Financial Reporting, as required by Exchange Act Rules 13a-15 and 15d-15 and our assessment and conclusion as to the effectiveness of the Company's internal control over financial reporting, as required by Item 308T(a) of Regulation S-K; and to revise the Principal Executive Officer and Principal Financial Officer certifications to include corrected introductory language of paragraph 4(b) under Item 601(b)(31) of Regulation S-K.

This second amendment is to revise management's assessment of disclosure controls and procedures due to the omission of management's report on internal controls over financial reporting. Management originally concluded that the disclosure controls and procedures were effective. Due to the omission of Management's Annual Report on Internal Control over Financial Reporting in its originally filed Annual Form 10-K, management has revised that conclusion to state that disclosure controls and procedures were not effective.

The amended certification do not include item (3), which refers to financial information not included in this amendment. We have not undertaken to update all the information in this Annual Report, but instead have only updated those areas related to the amendments. Please read all of our filings with the Commission in conjunction with this Form 10 K/A.

**FORM 10-K, ITEM 9A. CONTROLS AND PROCEDURES**

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer initially concluded that the design and operation of these disclosure controls and procedures were effective. Based on the subsequent review of our 10-K filing, which failed to include Management's Annual Report on Internal Control over Financial Reporting, management is revising its conclusion to be that, as of December 31, 2007, Surrey Bancorp's disclosure controls and procedures were not effective. We continue to evaluate our internal controls each year.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goal under every potential condition, regardless of how remote. In addition, the operation of any system of controls and procedures is dependent upon the employees responsible for executing it. While we have put in place corrective measures to improve the effectiveness of our disclosure controls and procedures, there can be no assurance that they will succeed in every instance to achieve their objective.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of the inherent limitations in any internal control, no matter how well designed, misstatements may occur and not be prevented or detected. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

Management conducted an evaluation of the effectiveness of our system of internal control over financial reporting as of December 31, 2007, based on the framework set forth in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management concluded that, as of December 31, 2007, Surrey Bancorp's internal control over financial reporting was effective.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

**Changes in Internal Control over Financial Reporting**

There were not any changes in the Company's internal controls over financial reporting during the fourth fiscal quarter of the fiscal year covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on behalf by the undersigned, thereunto duly authorized

SURREY BANCORP

10/20/08  
Date

/s/ Edward C. Ashby, III  
Edward C. Ashby, III  
President and Chief Executive Officer

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

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Edward C. Ashby, III Edward C. Ashby, III	Director, President and Chief Executive Officer	10/20/08
/s/ Mark H. Towe Mark H. Towe	Sr. Vice President and Chief Financial Officer	10/20/08
/s/ Hylton Wright Hylton Wright	Chairman of the Board	10/20/08
/s/ William A. Johnson William A. Johnson	Director	10/20/08
/s/ Elizabeth Johnson Lovill Elizabeth Johnson Lovill	Director	10/20/08
/s/ Robert H. Moody Robert H. Moody	Director	10/20/08
/s/ Tom G. Webb Tom G. Webb	Director	10/20/08
/s/ Gene Rees Gene Rees	Director	10/20/08
/s/ Buddy Williams Buddy Williams	Director	10/20/08