

RAY ENGINEERING COMPANY LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

These financial statements have not been audited as the company is exempt under s249A of the Companies Act 1985 from the requirement to obtain an audit of its financial statements

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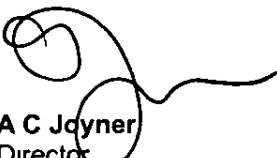
RAY ENGINEERING COMPANY LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	£	2007 £	2006 £
FIXED ASSETS				
Tangible fixed assets	2		98,989	63,923
CURRENT ASSETS				
Stocks		351,389		252,035
Debtors		563,909		446,871
Cash at bank and in hand		14,846		35,701
		<u>930,144</u>		<u>734,607</u>
CREDITORS: amounts falling due within one year		<u>(1,215,487)</u>		<u>(943,732)</u>
NET CURRENT LIABILITIES			<u>(285,343)</u>	<u>(209,125)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(186,354)</u>	<u>(145,202)</u>
CREDITORS: amounts falling due after more than one year	3		<u>(202,160)</u>	<u>(224,888)</u>
NET LIABILITIES			<u><u>(388,514)</u></u>	<u><u>(370,090)</u></u>
CAPITAL AND RESERVES				
Called up share capital	4		222,000	222,000
Profit and loss account			<u>(610,514)</u>	<u>(592,090)</u>
SHAREHOLDERS' DEFICIT			<u><u>(388,514)</u></u>	<u><u>(370,090)</u></u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2007 and of its loss for the year then ended in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to the financial statements so far as applicable to the company.

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved and authorised for issue by the board and were signed on its behalf on 14/10/2008


A C Joyner
Director

The notes on pages 2 to 5 form part of these financial statements

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

S/Term Leasehold Property	-	20% straight line
Plant & machinery	-	10% to 25% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20% to 33 3% straight line

1.4 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1 ACCOUNTING POLICIES (continued)

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.10 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

RAY ENGINEERING COMPANY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

2 TANGIBLE FIXED ASSETS

	£
COST	
At 1 January 2007	693,401
Additions	78,710
Disposals	(72,936)
At 31 December 2007	699,175
DEPRECIATION	
At 1 January 2007	629,478
Charge for the year	42,355
On disposals	(71,647)
At 31 December 2007	600,186
NET BOOK VALUE	
At 31 December 2007	98,989
At 31 December 2006	63,923

3. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The bank overdraft facility is secured by the company

4. SHARE CAPITAL

	2007 £	2006 £
SHARES CLASSIFIED AS CAPITAL		
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
222,000 Ordinary shares shares of £1 each	222,000	222,000
SHARES CLASSIFIED AS DEBT		
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
453,000 10 5% Cumulative redeemable preference shares shares of £1 each	453,000	453,000

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

4 SHARE CAPITAL (continued)

Under the Articles of Association the 10 5% Cumulative Preference Shares are redeemable at par in four annual instalments of £113,250 commencing 31 December 2001. No shares have been redeemed to date.

The Preference Shares which were issued at par do not carry any voting rights except on the occurrence of Special Circumstances as set out in Articles of Association. The company failing to redeem the Preference Shares in accordance with the Articles of Association has resulted in there being a variation of rights attached to the Preference Shares. The holders of the Preference Shares currently have 51% of the total votes capable of being exercised at a general meeting, such voting rights being exercisable solely to block the payment of a dividend, to compel the payment of the Preference Dividend, the Minimum Ordinary Dividend or the redemption of the Preference Shares.

Preference Shareholders are entitled to receive dividends of 10 5% per annum on the par value of these shares on a cumulative basis, the dividends are payable on 31 March and 30 September each year. On winding up, the Preference Shareholders rank above Ordinary Shareholders.

At the year end the company owed cumulative Preference Dividends of £447,184 (2006 £399,619) relating to unpaid dividends. The company was in arrears due to insufficient reserves out of which to make the payments.

