

Syfer Technology Limited
Directors' report and financial statements
for the year ended 31 December 2011

Registered number: 02092166



Syfer Technology Limited

Directors' report and financial statements for the year ended 31 December 2011

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Syfer Technology Limited

Directors and advisors

Directors

H G Ingleson

J M Shreeve

J W Smith

P J Marshall

D W Wightman

Company secretary

D J Cook

Registered number

02092166

Registered office

Old Stoke Road

Arminghall

Norwich

Norfolk

NR14 8SQ

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Atrium

St Georges Street

Norwich

NR3 1AG

Syfer Technology Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and audited financial statements for the year ended 31 December 2011

Principal activities and results and dividends

The company's principal activity is the manufacture of multilayer ceramic capacitors and filters. The results for the company show a profit on ordinary activities before taxation for the financial year of £5,604,000 (2010 £6,982,000) and turnover of £22,028,000 (2010 £22,065,000). The company had net assets of £17,663,000 as at 31 December 2011 (2010 £13,627,000). No dividends were paid or proposed during the financial year (2010 £nil).

Business environment

The company operates in a highly competitive global market. Approximately 51.0% (2010 44.1%) of the company's turnover is made within Europe, 19.1% (2010 20.4%) within the North American Free Trade Agreement ("NAFTA") and 28.2% (2010 33.3%) within the Far East. Syfer utilises the global sales force of the Ceramic Microwave Products ("CMP") division within the group headed by the Dover Corporation (the "Dover group"), the company's parent undertaking.

Within this competitive environment the company seeks to differentiate itself from its competitors by offering innovative application specific products of the highest possible quality, with low lead times.

Strategy

The company's overriding objective is to achieve sustainable rates of growth and returns through organic growth and enhanced profitability. There are five key elements to the company's strategy for growth:

- New product development,
- Further expansion into the Far East and NAFTA markets,
- Improvements in manufacturing efficiency through the adoption of lean principles,
- Use of lower cost labour areas where appropriate,
- Exploiting synergies within the Dover group.

Future outlook

The company expects steady expansion with some loss of high volume, low margin product being compensated by an increase in more application specific products. The higher rate of new product introduction is projected to allow a more aggressive sales expansion. Late in 2011 the Protecticap range was launched which adds significant high voltage capability.

Research and development

Increased emphasis has been placed on research and development activities with the introduction of specific goals and timeframes to ensure the company remains ahead of the competition. The company continues an active programme of research and development into new materials and technology, and customer product development. The company has also encouraged partnership projects both within the Dover group and with academic and industrial organisations.

The main areas of focus have been:

- Product enhancements in terms of range extensions,
- Material development,
- Process improvements.

Syfer Technology Limited

Directors' report for the year ended 31 December 2011 (continued)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below.

Supply chain

The effect of the closure of one of our key dielectric supplier's plants has been mitigated and future sources have now been approved and secured. Success has been achieved in bringing on lower cost suppliers and by utilising the Group's purchasing power.

Quality management

The business continues to maintain ISO9001, ISO14001, and OHSAS 18001 which it runs as an Integrated Management System, along with safety capacitor approvals by TUV and UL. As a supplier to markets which are dependent on high reliability products the company is pro-active in monitoring the quality of its products and ensuring that liabilities to such markets are limited. Product approvals to AEC automotive standard and IECQ have helped strengthen our positions in these markets.

Environmental management

The company continues to improve its environmental impact and maintain, as a minimum, compliance with all legal requirements and permits.

Financial risk management

The company's operations form part of the Dover group and as such, liquidity risk and interest rate cash flow risk are minimal. The most significant financial risks are price risk, credit risk and foreign exchange risk.

Price risk

The company's activities expose it to market risks associated with movements in commodity prices. With regard to commodity price risk, the company is exposed to changes in the price of key raw materials palladium, silver and neodymium. Some volatility has been seen as with many commodities but supply is currently in line with demand so no further extreme movements are expected. When deemed appropriate, the company may seek through Ceramic Microwave Products to hedge against palladium price movements. No hedge was in effect at the financial year end or during the financial year.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterpart is subject to limits which are monitored regularly to ensure no undue exposure to customer failure exists.

Foreign exchange risk

Foreign exchange risk is managed by matching payments and receipts in foreign currency to minimise exposure.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Syfer Technology Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors

The directors who served during the financial year and up to the date of signing these financial statements were as follows

H G Ingleson

J M Shreeve

J W Smith

P J Marshall

D W Wightman

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee communication and involvement

Syfer Technology Limited has continued to show its commitment to effective communication between management and employees, and has encouraged employees to contribute directly to product development, quality and service cost containment initiatives.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Syfer Technology Limited

Directors' report for the year ended 31 December 2011 (continued)

Disclosure of information to auditors

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

A handwritten signature in black ink, appearing to read 'D J Cook', written in a cursive style.

D J Cook
Company secretary
29 March 2012

Syfer Technology Limited

Independent auditors' report to the members of Syfer Technology Limited

We have audited the financial statements of Syfer Technology Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Syfer Technology Limited

Independent auditors' report to the members of Syfer Technology Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Craig Douglas (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
29 March 2012

Syfer Technology Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	22,028	22,065
Cost of sales		(10,654)	(9,237)
Gross profit		11,374	12,828
Distribution costs		(1,404)	(1,180)
Administrative expenses		(4,505)	(4,657)
Operating profit	5	5,465	6,991
Interest receivable and similar income	6	60	36
Other finance income/(costs)	7	79	(45)
Profit on ordinary activities before taxation		5,604	6,982
Tax on profit on ordinary activities	8	(959)	(2,375)
Profit for the financial year	17,18	4,645	4,607

The results for the financial year and prior year are derived entirely from continuing operations

Statement of total recognised gains and losses for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		4,521	4,607
Actuarial (loss)/gain on pension scheme	7	(572)	625
Movement on deferred tax relating to pension deficit	14	100	(194)
Total recognised gains relating to the financial year		4,049	5,038

Syfer Technology Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	9	2,841	2,674
Current assets			
Stocks	10	3,214	2,508
Debtors	11	17,266	14,965
Cash at bank and in hand		19	5
		20,499	17,478
Creditors: amounts falling due within one year	12	(3,300)	(4,544)
Net current assets		17,199	12,934
Total assets less current liabilities		20,040	15,608
Provisions for liabilities	13	(422)	(363)
Net assets excluding pension deficit		19,618	15,245
Pension deficit	7	(1,831)	(1,618)
Net assets		17,787	13,627
Capital and reserves			
Share capital	15	385	385
Capital redemption reserve	17	890	890
Other reserve	17	154	167
Profit and loss account	17	16,358	12,185
Total shareholders' funds	18	17,787	13,627

The financial statements on pages 8 to 29 were approved by the board of directors on 29 March 2012 and were signed on its behalf by



H G Ingleson
Director

Registered number 02092166

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011

1. Accounting policies

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

Turnover

Turnover represents sales at invoice value net of discounts allowed, and excluding value added tax. Turnover is recognised upon despatch of goods, the company having fulfilled its obligations at that point in time, and when the risks and rewards of ownership have been transferred to the customer.

Tangible assets and depreciation

Tangible assets are stated in the balance sheet at historical cost less accumulated depreciation. Costs include original purchase price plus costs directly attributable to bringing the asset into working condition for its intended use.

Depreciation is calculated to write off the cost of tangible assets less their estimated residual value on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2% - 6.7% per annum
Plant and machinery	10% - 20% per annum
Office and computer equipment	20% - 33.3% per annum
Motor vehicles	25% - 33.3% per annum
Freehold land	is not depreciated

Construction work in progress projects are not depreciated. When brought into use they are depreciated according to the company's policy for the category of asset (shown above) into which they are transferred.

Stocks

Stocks are stated at the lower of cost (on a first in first out basis) and net realisable value. Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price net of costs of completion, marketing and distribution.

Provision is made, where necessary, to reflect the recoverable amount.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Differences arising on translation and on conversion of foreign currency transactions are dealt with as part of the profit on ordinary activities.

Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign a lease are spread evenly over the lease term, or to an earlier date when the first rent review will adjust the rent to the prevailing market value.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Accounting policies (continued)

Cash flow and related party disclosures

The company is a wholly owned subsidiary of Dover Corporation, which publishes consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard (“FRS”) 1 (revised 1996), “Cash Flow Statements”. The company is also exempt under the provisions of FRS 8, “Related Party Disclosures” from the requirement to disclose details of transactions with other group undertakings.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Pensions

The company operates a defined benefit scheme which is contracted out of the State Pension Scheme but which was closed to further accrual on 6 April 2006. The assets of the funded defined benefit scheme are held and managed independently of the company. Full actuarial valuations are carried out every three years with interim reviews in the intervening years, these valuations are updated to 31 December each year by qualified independent actuaries. For the purpose of these updates, scheme assets are included at bid price and scheme liabilities are measured on an actuarial basis using the projected unit method. These liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term. The post-retirement benefit deficit is included on the balance sheet, net of deferred tax. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme’s assets, net of the impact of the unwinding of the discount on the scheme’s liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Accounting policies (continued)

Pensions (continued)

Following the closure of the defined benefit pension scheme to new members, a defined contribution scheme was established during 2003. Contributions to this scheme are charged to the profit and loss account in the financial year to which they relate. Further information on pension costs is shown in note 7.

Share-based payments

Certain employees of the company participate in share based payment scheme operated by the ultimate parent company, Dover Corporation. In accordance with FRS 20, "Share-based Payment", equity settled share-based payments granted since November 2002 are measured at fair value at the time of grant. Fair value is measured by use of the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the 3 year vesting period with a corresponding increase in 'other reserves'. Charges are levied by the ultimate parent company at the time of each exercise based on the difference at that time between the current listed share price and the option / stock-settled share appreciation rights ("SSARs") grant price. This expense is charged against the 'Other reserve'. Provision for National Insurance payable by the employer on gains on exercise of options is recognised in accordance with UITF 25.

Research and development

The company continues an active programme of research and development, the cost of which is wholly written off in the financial year in which expenditure is incurred.

Financial instruments

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

Trade debtors

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

2. Turnover

Turnover and profit on ordinary activities before taxation are derived entirely from the company's principal activity undertaken in the United Kingdom

	2011 £'000	2010 £'000
The analysis of turnover by geographical destination is as follows		
United Kingdom	1,730	1,438
Other European countries	9,494	8,287
Middle East	356	469
Far East	6,221	7,343
NAFTA (North America, Canada and Mexico)	4,215	4,503
Rest of world	12	25
	22,028	22,065

3. Employee information

Staff costs	2011 £'000	2010 £'000
Wages and salaries	6,996	6,689
Social security costs	678	643
Other pension costs	210	177
	7,884	7,509

The average number of persons (including executive directors) employed by the company during the year was

By activity:	2011 Number	2010 Number
Production	228	208
Sales and administration	44	43
	272	251

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

4. Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments	294	402
Money purchase scheme aggregate company contributions paid	19	21

There has been no compensation paid for loss of office in the financial year. No directors have exercised share options or received shares during the financial year in respect of qualifying services under a long-term incentive scheme.

Retirement benefits are accruing to two (2010: two) directors under a defined benefit scheme and defined contribution scheme.

Highest paid director	2011 £'000	2010 £'000
Total emoluments and amounts receivable under long term incentive schemes	128	265
Defined benefit pension scheme accrued annual pension at end of year	10	10
Money purchase scheme company contributions paid in the financial year	10	11

5. Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging/(crediting) the following:		
Depreciation of tangible assets – owned (note 9)	433	578
Operating lease charges – plant and machinery	32	27
Foreign exchange loss	(18)	51
Fees payable for the audit to the company's auditor	23	23

6. Interest receivable and similar income

	2011 £'000	2010 £'000
Intercompany interest receivable	60	36

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7. Pension deficit

Syfer Technology pension plan

The Syfer Technology pension plan is a defined benefit scheme

The scheme was closed to new entrants on 1 August 2003 and benefits ceased to accrue with effect from 6 April 2006. The latest full actuarial valuation was at 5 April 2011.

The assets of the scheme are held independently of the company. The directors consider that the funding arrangements are satisfactory and adequate to meet the future liabilities of these funds.

An actuarial valuation using the projected unit basis was carried out at 31 December 2011 by an independent actuary. The principal assumptions used by the actuary to calculate scheme liabilities under FRS 17, "Retirement Benefits" were:

	As at 31 December 2011 % per annum	As at 31 December 2010 % per annum
Valuation method	Projected unit	Projected unit
Discount rate	5.25	5.75
Inflation	3.00	3.50
Salary growth	-	-
Pension increases	2.95	3.25

The mortality assumptions used are based on standard mortality tables, as follows:

Pre-retirement mortality	AXC00
Post-retirement mortality	SIPXA

The assumed life expectation on retirement aged 65 is:

	As at 31 December 2011	As at 31 December 2010
Males	22.8 years	22.3 years
Females	25.2 years	24.7 years

Allowance for each member's year of birth has been made. Future mortality improvements are projected in accordance with the medium cohort trend improvements with a minimum annual improvement of 1%.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7. Pension deficit (continued)

The assets in the scheme and the expected rate of return were:

	As at 31 December 2011 Long term rate of return expected % p.a.	Value of assets £'000	As at 31 December 2010 Long term rate of return expected % p.a.	Value of assets £'000
Equities	8.49	5,762	8.25	6,078
UK index linked gilts	2.13	1,282	3.64	1,057
UK Corporate bonds	4.43	2,124	5.18	1,873
Diversified Growth Fund	7.14	2,382	7.23	2,482
Total market value of scheme assets		11,550		11,490
Present value of scheme liabilities		(14,000)		(13,714)
Deficit in the scheme		(2,450)		(2,224)
Related deferred tax asset		619		606
Net pension deficit		(1,831)		(1,618)

The equity investments and bonds which are held in scheme assets are quoted on a single price basis, which approximates to the current bid price following the adoption of the amendment to FRS 17

Scheme members may pay Additional Voluntary Contributions ("AVCs") These operate on a defined contribution basis The figures above exclude any assets and liabilities arising from members' individual AVC accounts

Reconciliation of present value of scheme liabilities:

	2011 £'000	2010 £'000
1 January	13,714	13,268
Interest cost	778	750
Actuarial (gain)/loss	(113)	144
Benefits paid	(379)	(448)
31 December	14,000	13,714

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7. Pension deficit (continued)

Reconciliation of fair value of scheme assets:

	2011 £'000	2010 £'000
1 January	11,490	10,190
Expected return on scheme assets	857	705
Actuarial (losses)/gains	(685)	769
Current service cost	(103)	(96)
Benefits paid	(379)	(448)
Contributions paid by employer	370	370
31 December	11,550	11,490

The expected returns on scheme assets are determined by considering the expected returns available on the assets underlying the current investment policy and are assumed to be net of any indirect investment manager fees. Expected yields on equity investments reflect long-term real rates of return experience in the respective markets. The scheme does not invest in the employer's own financial instruments, including property or other assets owned, or used, by the employer.

Movement in deficit during the year:

	2011 £'000	2010 £'000
Deficit in scheme at beginning of the year	(2,224)	(3,078)
Movement in year		
Contributions	370	370
Current service cost	(103)	(96)
Other finance income/(costs)	79	(45)
Actuarial (loss)/gain	(572)	625
Deficit in scheme at end of the year	(2,450)	(2,224)

Total contributions were paid during the financial year of £370,000 (2010: £370,000). After 6 April 2006, when the scheme closed to future accrual, the company has agreed to pay annual contributions of at least £193,000 per annum until such time as the deficit is cleared. No allowance for expenses and the death in service premiums is allowed for in this contribution.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7. Pension deficit (continued)

Analysis of amounts credited/(charged) to profit and loss account

	2011 £'000	2010 £'000
Expected return on pension scheme assets	857	705
Interest on pension scheme liabilities	(778)	(750)
Current service cost	(103)	(96)
Total charge	(24)	(141)

Amounts for current year and previous four years:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation	(14,000)	(13,714)	(13,268)	(11,970)	(11,191)
Scheme assets	11,550	11,490	10,190	7,965	9,675
Deficit	(2,450)	(2,224)	(3,078)	(4,005)	(1,516)
Experience adjustments on scheme assets	(685)	769	764	(2,259)	(240)
Experience adjustments on scheme liabilities	214	308	189	(98)	(165)
Changes in assumptions underlying the present value of the scheme liabilities	(101)	(452)	(1,147)	(413)	1,451
Actuarial gain/(loss) recognised in the statement of recognised gains and losses	(572)	625	(194)	(2,770)	1,046

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses for financial years ending on or after 31 December 2002 is £3,507,000

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7. Pension deficit (continued)

Money purchase pension scheme

The company operates a pension scheme providing benefits to members based upon accumulated contributions. The company administers the fund and the assets of the scheme are held separately from the company with an insurance company. Contributions are charged to the profit and loss account in the financial year in which they accrue. The pension charge for the financial year was £236,000 (2010 £211,000). There were accrued contributions at the end of the financial year totalling £20,000 (2010 £20,000).

8. Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax:		
United Kingdom corporation tax on profit of the financial year	1,202	1,912
Adjustment in respect of prior years	(441)	576
Total current tax	761	2,488
Deferred tax:		
Current year	134	(167)
Change in tax rate	32	(8)
Net pension contribution in excess of net pension charge	87	62
Adjustment in respect of prior years	(55)	-
Total deferred tax	198	(113)
Tax on profit on ordinary activities	959	2,375

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8. Tax on profit on ordinary activities (continued)

The standard rate of UK corporation tax changed from 28% to 26% with effect from 1 April 2011. The tax assessed for the year is lower (2010: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010: 28.0%). The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	5,604	6,982
UK corporation tax at 26.5% (2010: 28.0%)	1,485	1,955
Effects of:		
Depreciation in excess of capital allowances	(37)	36
Other timing differences	(104)	(2)
Other permanent differences	(50)	(15)
Net pension contribution in excess of net pension charge	(92)	(62)
Adjustments in respect of prior years	(441)	576
Current tax charge for the year	761	2,488

Factors that may affect future tax charges

The Finance Act 2011, which was substantively enacted on 5 July 2011, included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. Deferred tax balances that are expected to crystallise after 1 April 2012 have been measured at 25.25%.

Further reductions to the main rate are proposed to reduce the rate to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9. Tangible assets

	Freehold land and buildings £'000	Construction work in progress £'000	Plant and machinery £'000	Office and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2011	2,257	30	11,796	398	31	14,512
Additions	-	600	-	-	-	600
Transfers	-	(508)	483	25	-	-
Disposals	-	-	-	(1)	-	(1)
At 31 December 2011	2,257	122	12,279	422	31	15,111
Accumulated depreciation						
At 1 January 2011	401	-	11,048	358	31	11,838
Charge for the year	60	-	359	14	-	433
Disposals	-	-	-	(1)	-	(1)
At 31 December 2011	461	-	11,407	371	31	12,270
Net book amount						
At 31 December 2011	1,796	122	872	51	-	2,841
At 31 December 2010	1,856	30	748	40	-	2,674

10. Stocks

	2011 £'000	2010 £'000
Raw materials and consumables	1,652	903
Work in progress	590	750
Finished goods	972	855
	3,214	2,508

The replacement cost of stocks and work in progress is not materially different to the numbers disclosed above

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11. Debtors

	2011 £'000	2010 £'000
Trade debtors	2,001	2,640
Amounts owed by group undertakings	14,504	11,188
Deferred taxation (note 14)	322	433
Other debtors	197	228
Prepayments and accrued income	242	476
	17,266	14,965

The above amounts fall due within one year with the exception of deferred taxation

The amounts owed by group undertakings are unsecured and receive interest at market rates

12. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdrafts	-	4
Trade creditors	1,125	1,386
Amounts owed to group undertakings	7	1
Corporation tax	1,202	1,912
Other taxation and social security	241	178
Other creditors	94	223
Accruals and deferred income	631	840
	3,300	4,544

The amounts owed to group undertakings are unsecured and interest free

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

13. Provisions for liabilities

The movements on provisions during the financial year were as follows

	Warranty provision £'000	Long term incentive plan £'000	Holiday pay provision £'000	Distributor sales reserve £'000	Share options provision £000	Total £'000
At 1 January 2011	30	32	64	223	14	363
Charged to profit and loss account	-	(11)	47	205	(10)	231
Utilised during the financial year	-	-	(64)	(108)	-	(172)
At 31 December 2011	30	21	47	320	4	422

Warranty provision

The company makes provision for the cost of faulty returned goods to the extent of the expected transfer of economic benefit

Long term incentive plan

This is a provision relating to employee incentive plans (other than share based payments) which are dependent on the future performance of the company

Holiday pay provision

The holiday pay provision represents holiday entitlement that the company is obligated to provide as at 31 December 2011

Distributor sales reserve

The company makes provision for the cost of returned goods to the extent of the expected transfer of economic benefit

Share options provision

This is a provision relating to a group recharge for the cost of providing share options in Dover Corporation for employees

The above provisions are deemed likely to be utilised within 1 year

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

14. Deferred taxation

Deferred taxation provided in the financial statements (excluding the asset relating to the pension deficit) is as follows

	2011 £'000	2010 £'000
Tax effect of timing differences because of		
Depreciation in excess of capital allowances	251	272
Other timing differences	71	161
Deferred tax asset	322	433

The movement on the deferred tax asset during the financial year was as follows

	2011 £'000	2010 £'000
At 1 January	433	258
(Charged)/credited to the profit and loss account during the financial year	(79)	167
Change in tax rate	(32)	8
At 31 December	322	433

Deferred tax asset relating to pension deficit

	2011 £'000	2010 £'000
At 1 January	606	862
Charged to profit and loss account	(87)	(62)
Credited/(charged) to statement of total recognised gains and losses		
On actuarial (gain)/loss	144	(170)
Change in tax rate	(44)	(24)
At 31 December	619	606

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

15. Share capital

Allotted, and fully paid	2011 £'000	2010 £'000
Ordinary shares of £1 each	385	265
Redeemable ordinary shares of £1 each	-	120
	385	385

The redemption rights have lapsed on the redeemable ordinary shares and accordingly the redeemable ordinary shares are treated as standard equity interests, and are classified within the ordinary share capital of the company. The ordinary shares and redeemable ordinary shares rank pari passu.

16. Share options

Dover Corporation, the ultimate parent, operates two plans in which certain employees of the company participate. Awards are generally reserved for senior management level employees. Currently in operation is the Dover Corporation 2005 Equity and Cash Incentive Plan ("the 2005 Plan") approved on 20 April 2004, which replaced the 1995 Plan that expired on 30 January 2005. Under these Plans both stock options and stock-settled stock appreciation rights ("SSARs") have been granted to certain employees of the company. All stock options or SSARs issued under these plans vest after 3 years of service and expire at the end of ten years. For an option or SSAR to vest the general condition is that of continued employment within Dover Corporation at the time of vesting. Where an option or SSAR holder ceases to be an employee of Dover Corporation after the vesting period, the right to exercise continues for between 3 and 60 months depending on the reason for cessation of employment. If an employee ceases employment due to gross misconduct all outstanding options or SSARs are immediately cancelled. All the options and SSARs are granted by the Dover Corporation Compensation Committee and have an exercise price equal to the fair market value of Dover Corporation stock on the day of grant.

No stock options were issued in 2011 and Dover Corporation does not anticipate issuing stock options in the future. The fair value of each grant was estimated on the date of grant using a Black-Scholes option-pricing model that included the following assumptions:

Note	2011 SSARs granted	2010 SSARs granted
All values shown as \$ relate to US dollars		
Risk-free interest rate	2.72%	2.81%
Dividend yield	1.70%	2.33%
Expected life (years)	6.5	6.5
Volatility	33.56%	31.93%
Grant date	10 Feb 2011	11 Feb 2010
Option grant price	\$66.59	\$42.88
Fair value of grant in Sterling	£12.51	£7.46

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16. Share options (continued)

The expected life of 6.5 years is the average expected period to exercise. This is the mid-point between the vesting date and expiration and is supported by past experience. The expected volatility is based on the historical volatility. The risk-free interest rate is based on the yield on zero-coupon US government bonds of a term consistent with the assumed option life at the date of grant.

A summary of option movements and SSARs within the company during the financial year is as follows:

Stock options	2011		2010	
	Shares, number	Weighted average exercise price, £	Shares, number	Weighted average exercise price, £
Outstanding at 1 January	16,188	21.76	22,714	21.84
Exercised	(5,725)	20.52	(6,526)	25.07
Outstanding at 31 December	10,463	22.77	16,188	21.76
Exercisable at 31 December	10,463	22.77	16,188	21.76

SSARs	2011		2010	
	Shares, number	Weighted average exercise price, £	Shares, number	Weighted average exercise price, £
Outstanding at 1 January	13,470	26.30	10,671	25.10
Granted	1,802	42.89	2,799	27.84
Outstanding at 31 December	15,272	28.58	13,470	26.30
Exercisable at 31 December	7,163	29.83	3,178	32.43

For share options exercised during the financial year, the weighted average share price at the date of exercise was £39.21 (2010: £33.59). The total charge for the financial year relating to employee share-based payment plans was £21,000 (2010: £84,000), all of which related to equity-settled share-based payments transactions.

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16. Share options (continued)

The following stock options and SSARs were outstanding at 31 December

Year granted	2011		2010	
	Shares, number	Exercise price, £	Shares, number	Exercise price, £
2002	300	24 65	1,034	24 36
2003	3,022	15 89	5,856	15 70
2004	3,201	26 76	4,154	26 44
2005	3,940	24 65	5,144	24 36
2007	3,178	32 83	3,178	32 43
2008	3 985	27 44	3,985	27 11
2009	3,508	19 11	3,508	18 88
2010	1,709	27 82	2,799	27 49
2011	1,802	42 89	-	-

17. Reserves

	Capital redemption reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2011	890	167	12,185
Credit in respect of service costs settled by award of share options	-	(13)	-
Actuarial loss on pension deficit	-	-	(572)
Movement on deferred tax relating to pension deficit	-	-	100
Retained profit for the financial year (note 18)	-	-	4,645
At 31 December 2011	890	154	16,358

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

18. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Retained profit for the financial year	4,645	4,607
Actuarial (losses)/gains on pension deficit	(572)	625
Movement on deferred tax relating to pension deficit	100	(194)
Credit in respect of service costs settled by award of share options	(13)	15
Net addition to shareholders' funds	4,160	5,053
Opening shareholders' funds	13,627	8,574
Closing shareholders' funds	17,787	13,627

19. Financial commitments

The company had annual commitments under non-cancellable operating leases in respect of plant and machinery expiring as follows

	2011 £'000	2010 £'000
Within one year	6	2
Within two and five years	11	22
	17	24

Syfer Technology Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

20. Capital and other commitments

	2011 £'000	2010 £'000
Capital expenditure contracted for	-	78

21. Contingent liabilities

The company has issued a guarantee in favour of HM Revenue & Customs, the maximum liability under which is £300,000

22. Parent undertakings and ultimate controlling party

The company's immediate parent undertaking is Dover U K Holdings Limited which holds 100% of the share capital. Dover U K Holdings Limited is the parent undertaking of the smallest group to consolidate these financial statements.

The ultimate parent undertaking and ultimate controlling party is Dover Corporation, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated financial statements of Dover Corporation can be obtained at 3005 Highland Parkway, Suite 200, Downers Grove, IL 60515.