

**Syfer Technology Limited**

**Directors' report and financial statements  
for the year ended 31 December 2010**

**Registered number 02092166**

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# **Syfer Technology Limited**

## **Directors' report and financial statements for the year ended 31 December 2010**

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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 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 2010

### Principal activities results and dividends

The company's principal activity is that of the manufacture of multilayer ceramic capacitors and filters. The results for the company show a profit before tax for the financial year of £6,982,000 (2009 £2,656,000) and turnover of £22,065,000 (2009 £16,400,000). The company had net assets of £13,627,000 as at 31 December 2010 (2009 £8,574,000). No dividends were paid or proposed during the financial year (£2009 Nil).

### Business Environment

The company operates in a highly competitive global market. Approximately 44.1% (2009 43.0%) of the company's turnover is made within Europe, 20.4% (2009 25.6%) within the North American Free Trade Agreement ("NAFTA") and 33.3% (2009 28.5%) 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 products of the highest possible quality, with low lead times. Currency risk is mitigated as much as possible through natural hedging in the purchase of its key input materials.

### 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.

### 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.

### 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.

# Syfer Technology Limited

## Directors' report for the year ended 31 December 2010 (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 Company's activities expose it to market risks associated with movements in commodity prices and foreign currencies. 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 to hedge against palladium price movements, no hedge was in effect at the financial year end or during the financial year.

Credit risk is managed via appropriate credit checks of customers and regular reviews.

Foreign currency 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 2010 (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,
- 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 2010 (continued)**

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **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**  
**30 March 2011**

# **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 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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.

### **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 2010 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



David Newstead (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Norwich  
30 March 2011

# Syfer Technology Limited

## Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
<b>Turnover</b>	2	<b>22,065</b>	16,400
Cost of sales		(9,237)	(7,973)
<b>Gross profit</b>		<b>12,828</b>	8,427
Distribution costs		(1,180)	(1,204)
Administrative expenses		(4,657)	(4,499)
<b>Operating profit</b>		<b>6,991</b>	2,724
Interest receivable and similar income	6	36	34
Other finance costs	5	(45)	(102)
<b>Profit on ordinary activities before taxation</b>	7	<b>6,982</b>	2,656
Tax on profit on ordinary activities	8	(2,375)	(774)
<b>Profit for the financial year</b>	17,18	<b>4,607</b>	1,882

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

## Statement of total recognised gains and losses for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year		<b>4,607</b>	1,882
Actuarial (loss)/gain on pension scheme	5	<b>625</b>	(194)
Movement on deferred tax relating to pension liability		(194)	54
<b>Total recognised gains relating to the financial year</b>		<b>5,038</b>	1,742

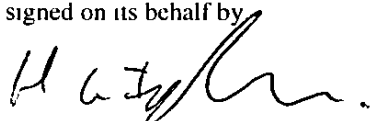
# Syfer Technology Limited

## Balance sheet as at 31 December 2010

Registered number 02092166

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	9	2,674	3,016
<b>Current assets</b>			
Stocks	10	2,508	2,202
Debtors	11	14,965	7,978
Cash at bank and in hand		5	14
		17,478	10,194
<b>Creditors: amounts falling due within one year</b>	12	(4,544)	(2,090)
<b>Net current assets</b>		12,934	8,104
<b>Total assets less current liabilities</b>		15,608	11,120
<b>Provisions for liabilities and charges</b>	13	(363)	(330)
<b>Net assets excluding pension liability</b>		15,245	10,790
Pension liability	5	(1,618)	(2,216)
<b>Net assets including pension liability</b>		13,627	8,574
<b>Capital and reserves</b>			
Called up share capital	15	385	385
Profit and loss account	17	12,185	7,147
Other reserve	17	167	152
Capital redemption reserve	17	890	890
<b>Total shareholders' funds</b>	18	13,627	8,574

The financial statements on pages 8 to 29 were approved by the board of directors on 30 March 2011 and were signed on its behalf by



H G Ingleson  
Director

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010

### 1. Accounting policies

These financial statements have been prepared 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 less trade 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.

#### Tangible fixed assets and depreciation

Tangible fixed 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 all tangible fixed 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% - 3 3% 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	

Capital projects in progress which are brought into use are depreciated according to the company's policy for that category of asset from the date brought into use.

#### 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.

#### 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

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements.

# **Syfer Technology Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (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 No. 1 "Cash flow statements". The company is also exempt under the provisions of Financial Reporting Standard No. 8 "Related party disclosure" from the requirement to disclose details of transactions with other group undertakings.

### **Taxation**

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Provision is made for deferred taxation, using the full provision method, on all material timing differences. Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

### **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.

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### **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.

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 5.

### **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 FRS20 '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 (SSAR) grant price. This expense is charged against 'other reserves'. Provision for National Insurance payable by the employer on gains on exercise of options is recognised in accordance with UITF25.

### **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.

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### *Equity instruments*

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

## 2. Turnover

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

	2010 £'000	2009 £'000
The analysis of turnover by geographical market was as follows		
United Kingdom	1,438	1,265
Other European countries	8,287	5,792
Middle East	469	301
Far East	7,343	4,839
N A F T A (Nth America, Canada & Mexico)	4,503	4,195
Rest of world	25	8
	<b>22,065</b>	<b>16,400</b>

## 3. Employee information

Staff costs	2010 £'000	2009 £'000
Wages and salaries	6,689	6,153
Social security costs	643	615
Other pension costs	177	212
	<b>7,509</b>	<b>6,980</b>

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

By activity:	2010	2009
Production	208	189
Sales and administration	43	44
	<b>251</b>	<b>233</b>

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 4. Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	402	337
Money purchase scheme Aggregate company contributions paid in the financial year	21	16

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 (2009: two) directors under a defined benefit scheme and defined contribution scheme.

Highest paid director	2010 £'000	2009 £'000
Total amount of emoluments and amounts receivable under long term incentive schemes	265	219
Defined benefit pension scheme: Accrued annual pension at end of year	10	9
Money purchase scheme: company contributions paid in the financial year	11	9

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5. Pensions

#### Syfer Technology pension plan

The Syfer Technology pension plan is a defined benefit plan

The plan 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 2008.

The assets of the plan 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 2008 by an independent actuary. The principal assumptions used by the actuary to calculate plan liabilities under FRS 17 "Retirement benefits" were:

	As at 31 December 2010 % per annum Projected Unit	As at 31 December 2009 % per annum Projected unit
Valuation method		
Discount rate	5.75	5.75
Inflation	3.50	3.25
Salary growth	n/a	n/a
Pension increases	3.25	3.10

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

Pre-retirement mortality	AX00 rated down 3 years
Post-retirement mortality	PCXA00

The assumed life expectation on retirement aged 65 is:

	As at 31 December 2010	As at 31 December 2009
Males	22.3 years	22.2 years
Females	24.7 years	24.6 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 2010 (continued)

The assets in the plan and the expected rate of return were

	As at 31 December 2010		As at 31 December 2009	
	Long term rate of return expected	Value of assets	Long term rate of return expected % p a	Value of assets £'000
Equities	8.25	6,078	7.81	5,329
UK index linked gilts	3.64	1,057	4.45	968
UK Corporate bonds	5.18	1,873	5.76	1,712
Diversified Growth Fund	7.23	2,482	7.13	2,181
Total market value of plan assets		11,490		10,190
Present value of plan liabilities		(13,714)		(13,268)
Deficit in the plan		(2,224)		(3,078)
Related deferred tax asset		606		862
Net pension liability		(1,618)		(2,216)

The equity investments and bonds which are held in plan assets are quoted on a single price basis, which approximates to the current bid price following the adoption of the amendment to FRS17 "Retirement benefits"

Plan 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

	2010 £'000	2009 £'000
1 January	13,268	11,970
Interest cost	750	707
Actuarial loss	144	958
Benefits paid	(448)	(367)
31 December	13,714	13,268

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### Reconciliation of fair value of scheme assets

	2010 £'000	2009 £'000
1 January	10,190	7,965
Expected return on scheme assets	705	605
Actuarial gains / (losses)	769	764
Current service cost	(96)	(97)
Benefits paid	(448)	(367)
Company contributions	370	1,320
<b>31 December</b>	<b>11,490</b>	<b>10,190</b>

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 plan 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

	2010 £'000	2009 £'000
Deficit in plan at beginning of the year	(3,078)	(4,005)
Movement in year		
Contributions	370	1,320
Current service cost	(96)	(97)
Other finance costs	(45)	(102)
Actuarial gain /(loss)	625	(194)
<b>Deficit in plan at end of the year</b>	<b>(2,224)</b>	<b>(3,078)</b>

Total contributions were paid during the financial year of £370,000 (2009: £1,320,000). After 6 April 2006, when the plan 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 2010 (continued)

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

	2010 £'000	2009 £'000
Expected return on pension plan assets	705	605
Interest on pension plan liabilities	(750)	(707)
Current Service Cost	(96)	(97)
<b>Net credit</b>	<b>(141)</b>	<b>(199)</b>

### Analysis of amounts recognised in the statement of total recognised gains and losses for current and previous four years:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation	(13,714)	(13,268)	(11,970)	(11,191)	(12,151)
Scheme assets	11,490	10,190	7,965	9,675	9,324
<b>Deficit</b>	<b>(2,224)</b>	<b>(3,078)</b>	<b>(4,005)</b>	<b>(1,516)</b>	<b>(2,827)</b>
Experience adjustments on plan assets	769	764	(2,259)	(240)	106
Experience adjustments on plan	308	189	(98)	(165)	(15)
Changes in assumptions underlying the present value of the plan liabilities	(452)	(1,147)	(413)	1,451	886
<b>Actuarial gain /(loss) recognised in the Statement of Recognised Gains and Losses</b>	<b>625</b>	<b>(194)</b>	<b>(2,770)</b>	<b>1,046</b>	<b>977</b>

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 2010 (continued)

### History of experience gains and losses

	2010	2009
Difference between the expected and actual return on scheme assets		
Amount (£'000)	769	764
Percentage of scheme assets	6.7%	7.5%
Experience gains and losses on scheme liabilities		
Amount (£'000)	308	189
Percentage of the present value of scheme liabilities	2.2%	1.4%
Total amount recognised in statement of total recognised gains and losses		
Amount (£'000)	625	(194)
Percentage of the present value of scheme liabilities	4.6%	(1.5%)

### 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 £211,000 (2009: £212,000). There were accrued contributions at the end of the financial year totalling £20,000 (2009: £31,000).

## 6. Interest receivable and similar income

	2010 £'000	2009 £'000
Intercompany interest receivable	36	34

## 7. Profit on ordinary activities before taxation

	2010 £'000	2009 £'000
<b>Profit on ordinary activities before taxation is stated after charging/(crediting) the following:</b>		
Depreciation of tangible fixed assets		
- owned assets (see note 9)	578	787
Operating lease charges in respect of plant and machinery	27	17
Foreign exchange loss	51	269
<b>Services provided by the company's auditors</b>		
During the financial year the company obtained the following services from the company's auditors at costs as detailed below		
The audit of the company pursuant to legislation	23	22

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 8. Tax on profit on ordinary activities

	2010 £'000	2009 £'000
<b>Current tax:</b>		
United Kingdom corporation tax on profit of the financial year	1,912	469
Adjustment in respect of prior years	576	115
Total current tax	2,488	584
<b>Deferred tax:</b>		
Current year	(175)	(124)
Net pension contribution in excess of net pension charge	62	314
Total deferred tax	(113)	190
Tax on profit on ordinary activities	2,375	774

### Factors affecting taxation charge in the financial year

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	6,982	2,656
UK corporation tax at 28.0% (2009: 28.0%)	1,955	743
Effects of		
Depreciation in excess of capital allowances	36	103
Other timing differences	(2)	5
Other permanent differences	(15)	(68)
Net pension contribution in excess of net pension charge	(62)	(314)
Adjustments in respect of prior years	576	115
Current tax charge for the year	2,488	584

### Factors that may affect future tax charges:

A number of changes to the UK corporation tax system were announced in the June 2010 budget statement. The Finance (No2) Act 2010, which was substantially enacted on 20 July 2010, included legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014.

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 9. Tangible fixed assets

	Freehold land and buildings	Construction work in progress	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2010	2,257	4	11,671	358	31	14,321
Additions	-	236	-	-	-	236
Transfers	-	(210)	170	40	-	-
Disposals	-	-	(45)	-	-	(45)
<b>At 31 December 2010</b>	<b>2,257</b>	<b>30</b>	<b>11,796</b>	<b>398</b>	<b>31</b>	<b>14,512</b>
<b>Accumulated Depreciation</b>						
At 1 January 2010	354	-	10,580	340	31	11,305
Charge for the period	47	-	513	18	-	578
Disposals	-	-	(45)	-	-	(45)
<b>At 31 December 2010</b>	<b>401</b>	<b>-</b>	<b>11,048</b>	<b>358</b>	<b>31</b>	<b>11,838</b>
<b>Net book amount</b>						
<b>At 31 December 2010</b>	<b>1,856</b>	<b>30</b>	<b>748</b>	<b>40</b>	<b>-</b>	<b>2,674</b>
At 31 December 2009	1,903	4	1,091	18	-	3,016

### 10. Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	903	893
Work in progress	750	569
Finished goods	855	740
	<b>2,508</b>	<b>2,202</b>

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 2010 (continued)

### 11. Debtors

	2010 £'000	2009 £'000
Trade debtors	2,640	2,045
Amounts owed by group undertakings	11,188	5,454
Deferred tax (see note 14)	433	258
Other debtors	228	102
Prepayments and accrued income	476	119
	14,965	7,978

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

### 12. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Bank overdrafts	4	-
Trade creditors	1,386	612
Amounts owed to group undertakings	1	91
Corporation tax	1,912	469
Other taxation and social security	178	231
Other creditors	223	135
Accruals and deferred income	840	552
	4,544	2,090

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 13. Provisions for liabilities and charges

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 2010	10	59	45	206	10	330
Charged to profit and loss account	20	32	64	180	4	300
Utilised during the financial year	-	(59)	(45)	(163)	-	(267)
<b>At 31 December 2010</b>	<b>30</b>	<b>32</b>	<b>64</b>	<b>223</b>	<b>14</b>	<b>363</b>

#### 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 ("LTIP")

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 2010

#### 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 2010 (continued)

### 14. Deferred taxation

Deferred taxation provided in the financial statements is as follows

	Amount provided	
	2010 £'000	2009 £'000
Tax effect of timing differences because of		
Depreciation in excess of capital allowances	272	219
Other timing differences	161	39
<b>Deferred tax asset</b>	<b>433</b>	<b>258</b>

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

	2010 £'000	2009 £'000
At 1 January 2010	258	134
Amount charged to the profit and loss account during the financial year	175	124
<b>At 31 December 2010</b>	<b>433</b>	<b>258</b>

Deferred tax asset relating to pension deficit

	2010 £'000	2009 £'000
<b>At 1 January</b>	<b>862</b>	<b>1,121</b>
Deferred tax charged to profit and loss account	(62)	(314)
Deferred tax credited/(charged) to statement of total recognised gains and losses		
On actuarial (gain) / loss	(170)	55
Change in tax rate	(24)	-
<b>At 31 December 2010</b>	<b>606</b>	<b>862</b>

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 15. Called up share capital

<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	<b>385</b>	265
Redeemable ordinary shares of £1 each	-	120
	<b>385</b>	<b>385</b>

The redemption rights have lapsed on the redeemable ordinary shares and accordingly the redeemable ordinary shares are treated as equity interests. 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 2010 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	<u>2010</u>	<u>2009</u>
	<b>SSARs granted</b>	<b>SSARs granted</b>
All value shown as \$ relate to US dollars		
Risk-free interest rate	<b>2.81 %</b>	2.06 %
Dividend yield	<b>2.33 %</b>	3.23 %
Expected life	<b>6.5</b>	6.5
Volatility	<b>31.93 %</b>	30.47 %
Grant date	<b>11 Feb 2010</b>	12 Feb 2009
Option grant price	<b>\$42.88</b>	\$29.45
Fair value of grant in Sterling	<b>£7.46</b>	£4.56

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (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 SSAR and option movements within the company during the financial year is as follows:

Stock Options	<u>2010</u>		<u>2009</u>	
	Shares	Weighted average exercise price, £	Shares	Weighted average exercise price, £
Outstanding at 1 January	22,714	21.84	22,714	24.19
Forfeited	-	-	-	-
Exercised	(6,526)	25.07	-	-
Outstanding at 31 December	16,188	21.76	22,714	21.84
Exercisable at 31 December	16,188	21.76	22,714	21.84

SSARs	<u>2010</u>		<u>2009</u>	
	Shares	Weighted average exercise price, £	Shares	Weighted average exercise price, £
Outstanding at 1 January	10,671	25.10	7,163	31.51
Granted	2,799	27.84	3,508	18.85
Outstanding at 31 December	13,470	26.30	10,671	25.10
Exercisable at 31 December	-	-	-	-

For share options exercised during the financial year, the weighted average share price at the date of exercise was £33.59 (2009: Nil). The total charge for the financial year relating to share-based payment plans was £84,000 (2009: £31,000), 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 2010 (continued)

The following stock options and SSAR's were outstanding at 31 December

Year Granted	<u>2010</u>		<u>2009</u>	
	Shares	Exercise Price	Shares	Exercise Price
2001	-	-	2,815	28 10
2002	1,034	24 36	3,945	26 04
2003	5,856	15 70	6,156	16 79
2004	4,154	26 44	4,354	28 27
2005	5,144	24 36	5,444	26 04
2007	3,178	32 43	3,178	34 68
2008	3,985	27 11	3,985	28 99
2009	3,508	18 88	3,508	18 23
2010	2,799	27 49	-	-

## 17. Reserves

	Capital redemptio n reserve £'000	Other reserve £'000	Profit and Loss account £'000
At 1 January 2010	890	152	7,147
Credit in respect of service costs settled by award of share options	-	15	-
Actuarial gain on pension liability	-	-	625
Movement on deferred tax relating to pension liability	-	-	(194)
Retained profit for the financial year	-	-	4,607
<b>At 31 December 2010</b>	<b>890</b>	<b>167</b>	<b>12,185</b>

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 18. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Retained profit for the financial year	4,607	1,882
Actuarial gain/(losses) on pension liability	625	(194)
Movement on deferred tax relating to pension liability	(194)	54
Credit in respect of service costs settled by award of share options	15	21
Net addition to shareholders' funds	5,053	1,763
Opening shareholders' funds	8,574	6,811
Closing shareholders' funds	13,627	8,574

### 19. Operating lease commitments

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

	2010 £'000	2009 £'000
Expiring within one year	2	-
Expiring within two and five years	22	18
	24	18

# Syfer Technology Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 20. Capital and other commitments

	2010 £'000	2009 £'000
Capital expenditure contracted for	78	76

### 21. Contingent liabilities

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

### 22. Parent undertakings and ultimate controlling party

The company's immediate parent undertaking is Dover UK Holdings Limited which holds 100% of the share capital. Dover UK 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.