

Dyson James Group Limited
Annual report and consolidated financial statements
for the year ended 31 December 2010 and
Company financial statements for the period ended
31 December 2010

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Dyson James Group Limited

Annual report and consolidated financial statements for the year ended 31 December 2010

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Dyson James Group Limited

Directors' report for the year ended 31 December 2010

The directors present their annual report together with the audited consolidated financial statements of the Dyson James Group Limited group (the "Group") for the year ended 31 December 2010 and the audited financial statements of Dyson James Group Limited (the "Company") for the thirteen month period ended 31 December 2010, being its first period of account

Principal activities

The principal activities of the Group are the invention, development and sale of domestic appliances and commercial hand dryers. The principal activity of the Company is that of a group holding company.

Business review

The results for the Group show sales of £886.5m (2009 £769.7m) and a pre-tax profit of £197.7m (2009 £163.8m) for the year. The Group's profit for the financial year was £145.6m (2009 £115.7m). At the year end the Group had net debt of £133.3m (2009 £285.1m).

Profit before taxation as a percentage of turnover rose to 22.3% (2009 21.3%). The effective tax rate fell to 26.4% (2009 29.4%). The ratio of net debt to EBITDA was 0.5 (2009 1.3).

The Group's principal operational risks and uncertainties relate to

- extending the performance lead of its products through high investment in research and development,
- litigation and protection of intellectual property,
- exposure to global macroeconomic conditions,
- reputation,
- reliance on key personnel,
- security of supply chain, and
- disaster recovery and information security

Notwithstanding the above risks and uncertainties, the directors expect the Group to continue to perform satisfactorily.

Financial risk management

The Group's principal financial risks are those relating to pricing, foreign exchange, interest rates and liquidity. The aim of the Group's financial risk management policies is to optimise financial performance by managing and mitigating those risks in the most cost effective manner. The Group has a Treasury Committee, which advises the board on most financial risks. It also has a Group Credit Committee, which advises the board on customer credit risks.

Foreign exchange risk

The Group operates in a number of countries across the world, and it both buys and sells in foreign currencies. It is Group policy that each Group company hedges all material foreign exchange exposures in its own currency as they arise. The results of this are consolidated and monitored at Group level.

Towards the end of 2009 the Group hedged some of its anticipated Australian dollar exposure for the following 12 months. No further hedging of anticipated exposures was transacted in 2010. Most of the foreign currency denominated net assets of the overseas operations were hedged into sterling during 2009 and 2010.

Dyson James Group Limited

Directors' report for the year ended 31 December 2010 (continued)

Interest rate risk

As a result of its foreign exchange hedging policy, the Group has interest-bearing liabilities in a range of currencies which naturally arise at floating interest rates. Historically the Group has not sought to fix these. During 2010 the Group issued US\$120m of fixed rate loan notes, in equal seven and ten year tranches. The Group chose to leave two thirds at fixed rates and swapped one third into floating rates.

Liquidity risk

Each of the Group's subsidiaries has access to enough liquidity to allow them to conduct their business effectively. The Group's main sources of funding are a £270m committed unsecured revolving credit facility arranged in 2010 and maturing in March 2014 and USD\$120m of fixed rate loan notes maturing equally in August 2017 and August 2020. It also has smaller borrowing facilities in sterling, euro and US dollar to facilitate cash management arrangements in those currencies.

Dividends

Total dividends paid in respect of the year amounted to £28.0m (2009: £25.0m).

Research and development

The Group is committed to research and development. Research and development costs amounting to £44.6m (2009: £42.4m) were expensed in the year.

Donations

During the year the Group either paid or pledged donations totalling £4.2m (2009: £0.3m) for charitable purposes, all of which were to the James Dyson Foundation (a registered charity). No payments were made for political purposes (2009: £nil).

Employee involvement

The Group's aim, for all members of staff and applicants for employment, is to fit the qualifications, aptitude and ability of each individual to the appropriate job and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

The training and re-training of staff is a high priority. Much of this training is on the job as well as by internal and external courses. It is Group policy that career development and promotion opportunities should be available to all employees. The Group ensures that all employees are kept up to date by regular meetings and newsletters with major developments and changes within the organisation.

Directors

The directors who held office during the period and up to the date of signing the financial statements were as follows:

Appointed 26 November 2009
R Ayling (non-executive chairman)
Sir James Dyson
J Shipsey

Dyson James Group Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors (continued)

Appointed 23 April 2010

The Rt Hon Sir Richard Needham (non-executive)

J Clare (non-executive)

M McCourt

P Richardson

Directors' indemnities

During the year and up to the date of approval of the directors' report, the Group had in place qualifying third party indemnity provisions available for the benefit of the directors of the Company and of fellow Group companies

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 elected to prepare the Group and Company 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 Group and the Company and of the profit or loss of the Group 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 United Kingdom 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, disclose with reasonable accuracy at any time the financial position of the Company and the Group, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware

- there is no relevant audit information as defined by Section 418 of the Companies Act 2006 of which the Company's auditor is unaware, and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and that the Company's auditor is aware of that information

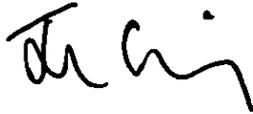
Dyson James Group Limited

Directors' report for the year ended 31 December 2010 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting

By order of the Board on 21 April 2011



J Shipsey
Director

Independent auditors' report to the members of Dyson James Group Limited

We have audited the Group and parent company financial statements (the "financial statements") of Dyson James Group Limited for the year and period ended 31 December 2010 respectively which comprise the Group profit and loss account, the Group statement of total recognised gains and losses, the Group and Company balance sheets, the Group cash flow statement, the Group and Company statement of accounting policies 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 3, 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 (United Kingdom 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 Group and the parent 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2010 and of the Group's profit and cashflows for the period 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 matters prescribed by 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.

Independent auditors' report to the members of Dyson James Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Alison Lees (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 April 2011

Dyson James Group Limited**Consolidated profit and loss account**

For the year ended 31 December	<i>Note</i>	2010 £m	2009 £m
Turnover		886.5	769.7
Cost of sales		(330.6)	(312.2)
Gross profit		555.9	457.5
Distribution expenses		(35.0)	(27.1)
Administrative expenses		(314.8)	(240.9)
Operating profit	4	206.1	189.5
Interest receivable and similar income	7	8.3	4.9
Interest payable and similar charges	8	(16.7)	(30.6)
Profit on ordinary activities before taxation		197.7	163.8
Tax on profit on ordinary activities	9	(52.1)	(48.1)
Profit for the financial year		145.6	115.7

All of the Group's operations are continuing

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

The notes and accounting policies on pages 14 to 35 form an integral part of these financial statements

Dyson James Group Limited**Statement of Group total recognised gains and losses**

For the year ended 31 December	2010	2009
	£m	£m
Profit for financial year	145.6	115.7
Currency translation differences on foreign currency net investment hedges	(4.9)	2.7
Exchange adjustments taken to reserves relating to opening reserves	9.3	(8.4)
Exchange adjustments taken to reserves relating to movements in the current year	(1.7)	0.1
Total recognised gains for the year	148.3	110.1

The notes and the accounting policies on pages 14 to 35 form an integral part of these financial statements

Dyson James Group Limited**Consolidated balance sheet**

At 31 December	Note	2010 £m	2010 £m	2009 £m	2009 £m
Fixed assets					
Intangible assets	10	1.8		2.0	
Tangible assets	11	88.7		92.1	
			90.5		94.1
Current assets					
Stock	13	109.0		71.6	
Debtors	14	236.7		196.8	
Cash at bank and in hand		37.8		37.5	
			383.5		305.9
Creditors: Amounts falling due within one year	15		(298.2)		(194.0)
Net current assets			85.3		111.9
Total assets less current liabilities			175.8		206.0
Creditors: Amounts falling due after more than one year	16		(155.1)		(311.3)
Provisions for liabilities	18		(45.1)		(39.4)
Net liabilities			(24.4)		(144.7)
Capital and reserves					
Called up share capital	19		0.0		0.0
Share premium account	21		825.0		825.0
Profit and loss reserve	21		275.5		155.2
Other reserve	21		(1,124.9)		(1,124.9)
Total shareholders' deficit	21		(24.4)		(144.7)

The notes and accounting policies on pages 14 to 35 form an integral part of these financial statements

The financial statements on pages 7 to 35 were approved by the board of directors on 21 April 2011 and were signed on its behalf by



J Shipsey
Director

Dyson James Group Limited

Company balance sheet

At 31 December	Note	2010 £m	2010 £m
Fixed assets			
Investments	12		205.4
Current assets			
Debtors	14	5.5	
Cash at bank and in hand		0.0	
			5.5
Creditors Amounts falling due within one year	15		(87.8)
Net current liabilities			(82.3)
Total assets less current liabilities			123.1
Creditors Amounts falling due after more than one year	16		(77.8)
Net assets			45.3
Capital and reserves			
Called up share capital	19		0.0
Share premium account	21		825.0
Profit and loss reserve	21		(779.7)
Total shareholders' funds	21		45.3

The notes and accounting policies on pages 14 to 35 form an integral part of these financial statements

The financial statements on pages 7 to 35 were approved by the board of directors on 21 April 2011 and were signed on its behalf by



J Shipsey
Director

Dyson James Group Limited

Consolidated cash flow statement

	2010	2010	2009	2009
<i>Note</i>	£m	£m	£m	£m
Net cash inflow from operating activities	<i>A</i>	252.7		253.1
Returns on investments and servicing of finance				
Interest received	8.3		4.9	
Interest paid	(14.7)		(6.3)	
Preference share dividend paid	(0.0)		(0.0)	
Non equity B share dividend paid	-		(24.0)	
Net cash outflow from returns on investment and servicing of finance		(6.4)		(25.4)
Taxation		(42.8)		(55.0)
Capital expenditure and financial investments				
Proceeds from sale of fixed assets	0.4		1.0	
Purchase of fixed assets	(22.3)		(22.5)	
Net cash outflow from capital expenditure and financial investments		(21.9)		(21.5)
Equity dividends paid		(28.0)		(1.0)
Net cash inflow before financing		153.6		150.2
Financing				
Repayment of unsecured loans	(329.9)		(160.4)	
Proceeds from borrowings	190.8		12.0	
Arrangement fees paid	(2.0)		-	
Net cash outflow from financing		(141.1)		(148.4)
Increase in net cash	<i>B</i>	12.5		1.8

The notes and accounting policies on pages 14 to 35 form an integral part of these financial statements

Dyson James Group Limited

Notes to the consolidated cash flow statement

A Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£m	£m
Operating profit	206.1	189.5
Depreciation of tangible fixed assets	30.2	37.2
Amortisation of intangible fixed assets	0.2	0.2
Loss/(profit) on disposal of tangible fixed assets	0.4	(0.0)
(Increase)/decrease in stock	(35.3)	17.5
Increase in debtors	(31.4)	(5.2)
Increase in creditors	82.1	3.9
Increase in provisions	5.3	7.3
Foreign currency net investment hedges	(4.9)	2.7
Net cash inflow from operating activities	252.7	253.1

B Analysis and reconciliation of net funds

	At 1 January 2010	Cashflows	Exchange difference	Non cash movement	At 31 December 2010
	£m	£m	£m	£m	£m
Cash at bank and in hand	37.5	1.2	(0.9)	-	37.8
Overdrafts	(11.3)	11.3	-	-	-
Total	26.2	12.5	(0.9)	-	37.8
Unsecured loans	(311.3)	141.1	-	(0.9)	(171.1)
Net debt	(285.1)	153.6	(0.9)	(0.9)	(133.3)

Dyson James Group Limited**Notes to the consolidated cash flow statement (continued)****B Analysis and reconciliation of net funds (continued)**

	2010	2009
	£m	£m
Increase in net cash	12 5	1 8
(Increase)/decrease in unsecured loans due within 1 year	(16.0)	5 4
Decrease in unsecured loans due after more than 1 year	157 1	143 0
Change in net funds resulting from cashflows	153 6	150 2
Non cash movement	(0 9)	(0 3)
Translation difference	(0.9)	(12 0)
Net debt at 1 January	(285 1)	(423 0)
Net debt at 31 December	(133 3)	(285 1)

Dyson James Group Limited

Statement of accounting policies

Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the revaluation of fixed asset investments in the Company balance sheet, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which, unless otherwise stated, have been applied consistently with the prior year, are set out below.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries drawn up to 31 December each year using consistent accounting policies. The unrealised profit of intra-Group trading is eliminated on consolidation.

On 8 January 2010 Dyson James Group Limited purchased the entire share capital of Dyson James Limited from Clear Cover Limited, the Group's holding company, in exchange for shares and loan notes. This consisted of A ordinary shares, B non equity shares and preference shares. In order to present a true and fair view of the Group in accordance with United Kingdom Accounting Standard FRS6, the principles of merger accounting have been adopted for this transaction. The directors believe this to be appropriate as the transaction is a group reconstruction with no changes to either controlling party or the relative rights of each shareholder.

This represents a departure from the provisions of the Companies Act 2006 which sets out the conditions for merger accounting based on the assumption that a merger is predominantly effected through the issue of equity shares which was not the case in this transaction.

As there were no transactions in Dyson James Group Limited's profit and loss prior to the merger, the main consequence of adopting merger rather than acquisition accounting is that the balance sheet of the merged group includes the assets and liabilities of the Dyson James Limited group at their carrying values prior to the merger, rather than at their fair values at the date of the merger and that any difference between the acquisition price and the value of net assets acquired is presented in an 'other reserve' rather than as goodwill (see note 2).

The directors are of the opinion that in the particular circumstances of the merger, the effect of applying acquisition accounting cannot be reasonably quantified.

Other subsidiaries acquired are dealt with in the consolidated financial statements using acquisition accounting. Upon the acquisition of a subsidiary, fair values that reflect the condition at the date of acquisition are attributed to the identifiable assets and liabilities acquired. Adjustments are made to bring the accounting policies of subsidiaries acquired into alignment with those of the Group. Where the fair value of the consideration paid exceeds the fair value of the acquired assets and liabilities, the difference is treated as goodwill. The results of businesses acquired are included from the effective date of acquisition and businesses sold are included up to the date of disposal.

Turnover

Turnover is recognised on delivery of the product to the customer or completion of service and represents the invoiced value of goods and services derived from the Group's principal activities net of Value Added Tax, discounts and promotional expenditure.

Dyson James Group Limited

Statement of accounting policies (continued)

Foreign currencies

Items valued in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates (the "functional currency") The consolidated financial statements are presented in sterling, which is the Group's presentational currency

Trading items in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or at a specific contractual rate where this has been negotiated Monetary assets and liabilities denominated in foreign currencies are translated into sterling at mid-market rates of exchange ruling at the balance sheet date Exchange differences arising on transactions are taken to the profit and loss account

The results and financial position of all the Group entities that have a functional currency different from the Group's presentational currency are translated into sterling as follows

- assets and liabilities are translated at closing rates,
- income statements are translated at average rates, and
- exchange differences are taken directly to reserves

Finance costs

Arrangement fees payable for entering into new facilities are capitalised then charged to the profit and loss over the life of the facility Annual administration fees are capitalised then charged over the year to the profit and loss account All other finance costs are expensed in the profit and loss account as incurred

Research and development costs

Research and development costs are expensed to the profit and loss account as incurred

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided on tangible fixed assets at rates calculated so as to write off the cost, less estimated residual value, of each asset on a straight line basis, over its useful economic life, as follows

Freehold buildings	2% per annum
Leasehold land and buildings	Period of lease
Tooling	Product life
Plant, equipment, fixtures and fittings	
Information Technology	12.5% - 33.3% per annum
Motor vehicles	25% per annum
Other	10%-33% per annum

Assets in the course of construction are not depreciated until they are ready for use No depreciation is provided against freehold land

Dyson James Group Limited

Statement of accounting policies (continued)

Tangible fixed assets (continued)

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and the value in use.

Goodwill on consolidation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 15 years, which is management's best estimate. Provision is made for any impairment, with the cost taken to the profit and loss account.

Patents

Patents are stated at cost less accumulated amortisation. Amortisation is provided from the date of acquisition to write off the cost less estimated residual value of each asset (on a straight line basis) over their useful economic lives of 15 years.

Fixed asset investments

Investments in subsidiary undertakings are initially recorded at cost and then subsequently revalued to their net asset value at each balance sheet date. Revaluation gains and losses are generally taken to the revaluation reserve. Revaluation losses which exceed previous gains are dealt with in the profit and loss account. Revaluation gains on entities whose losses have been dealt with in the profit and loss account in prior years are taken to the profit and loss account to the extent of the loss.

Treasury and derivative instruments

All outstanding foreign exchange deals hedging exposures at the balance sheet are marked to market using mid-market rates of exchange ruling at the balance sheet date. Premia and discounts on forward foreign exchange deals are taken to the profit and loss account as interest over the period of the contract. Premia on foreign exchange options are taken to the profit and loss account over the period of the contract. Interest on interest rate swaps is taken to the profit and loss account over the period of the contract.

Financial instruments

Non-equity shares are classified as creditors in the financial statements in accordance with FRS 25. Dividends paid on non-equity shares are included within interest payable and similar charges in the profit and loss account. Dividends are recognised in the period in which they are approved in accordance with FRS 21.

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and, where applicable, manufacturing support overheads. Where necessary, provision is made for obsolete, slow moving and defective stock.

Guarantee and other provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

Provision is made for the cost of repairing appliances under the guarantee period of 2-5 years, together with collection and return to the consumer where appropriate and is based on the expected level of returns. This is discounted using the Group's weighted average cost of capital.

Dyson James Group Limited

Statement of accounting policies (continued)

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. Unless disclosed separately, the deferred tax asset will crystallise after more than one year.

A net deferred tax asset is 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/or 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 a non-discounted basis.

Pensions

Contributions in respect of defined contribution pension schemes are charged to the profit and loss account as they fall due.

Dyson James Group Limited

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

1. Company

The Company profit and loss account has not been presented as permitted by Section 408 of the Companies Act 2006. The Company was incorporated on 26 November 2009 and this is its first set of accounts. The Company's loss after tax for the thirteen month period from incorporation to 31 December 2010 amounted to £751.7m.

2. Group restructuring

On 8 January 2010 Clear Cover Limited sold Dyson James Limited and its subsidiaries to Dyson James Group Limited in exchange for £825.0m of equity (see note 19) and £300.0m of loan notes. In order to present a true and fair view of the Group in accordance with United Kingdom Accounting Standard FRS6, the principles of merger accounting have been adopted for this transaction (see accounting policies note page 14).

The financial statements have been presented as though the merged entity has always existed. Therefore, the opening reserves have been adjusted to include the £825.0m of share capital and premium and £300.0m of loan notes. The £300.0m of loan notes are shown in the balance sheet of the Group as at 31 December 2009 under Creditors' amounts due after more than one year.

Under merger accounting the results and cashflows of the business are consolidated from the beginning of the comparative accounting period in which the merger occurred. Prior to the merger Dyson James Group Limited had no transactions in its profit or loss account, so no change has been made to the profit and loss reserve.

The table below shows the difference between the closing reserves reported in the Dyson James Limited consolidated accounts published in 2009 and the opening reserves of the new Group.

	Dyson James Limited consolidated shareholders funds	Dyson James Group Limited consolidated shareholders funds	Difference
	£m	£m	£m
Share capital	0.0	0.0	-
Share premium	0.0	825.0	825.0
Capital redemption reserve	0.0	-	(0.0)
Profit and loss reserve	155.2	155.2	-
Other reserve	-	(1,124.9)	(1,124.9)
Shareholders funds/(deficit) at 31 December 2009	155.2	(144.7)	(299.9)

3. Segmental information

The disclosure of segmental information as laid down by SSAP 25 – Segmental Reporting would, in the opinion of the directors, be seriously prejudicial to the interests of the Group. Consequently these disclosures have not been made.

Dyson James Group Limited

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

4. Operating profit

	2010	2009
	£m	£m
Operating profit is stated after charging		
Staff costs	143.5	114.9
Research and development	44.6	42.4
Depreciation of tangible fixed assets	30.2	37.2
Amortisation of intangible fixed assets	0.2	0.2
Loss/(gain) on disposal of fixed assets	0.4	(0.0)
(Gain)/loss on foreign exchange	(1.5)	9.3
Operating leases – other	5.7	6.5
Operating leases – plant and machinery	0.1	0.1

Operating leases – plant and machinery have been reduced by £2.9m in 2009 to reflect the movement of motor car leases to Operating leases – other

Auditors' remuneration	2010	2009
	£m	£m
Fees payable to the Company auditors for the audit of the Company and consolidated accounts	0.1	0.1
Fees payable to the Company auditors and its associates for other services		
The audit of the Company's subsidiaries, pursuant to legislation	0.2	0.2
Tax services	0.3	0.4
Other	0.2	0.4
	0.8	1.1

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****5. Directors' remuneration**

	2010	2009
	£m	£m
Aggregate emoluments	10.9	8.3
Company contributions paid to money purchase pension schemes	0.2	0.2
	11.1	8.5

The number of directors with benefits accruing during the year under money purchase schemes is 3 (2009: 3)

The directors' remuneration disclosed above includes the following amounts for the highest paid director

Highest paid director

	2010	2009
	£m	£m
Aggregate emoluments	4.9	3.7
Company contributions paid to money purchase pension schemes	0.1	0.1
	5.0	3.8

6. Staff costs

	2010	2009
	£m	£m
Wages and salaries	127.1	101.1
Social security costs	12.0	9.8
Other pension costs	4.4	4.0
	143.5	114.9

One of the Company's subsidiaries, Dyson Limited, operates defined contribution pension schemes. The assets are held and managed independently of the finances of that company.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****6. Staff costs (continued)**

The average monthly number of employees (including directors) during the year was as follows

	2010	2009
	Number	Number
Production	162	98
Sales and administration	1,791	1,647
Research and development	777	665
	2,730	2,410

7. Interest receivable and similar income

	2010	2009
	£m	£m
Bank interest receivable	0.2	1.0
Discounts on forward foreign exchange deals	7.4	3.9
Interest receivable on interest rate swaps	0.4	-
Other interest receivable	0.3	0.0
	8.3	4.9

Bank interest was receivable on a variety of cash management accounts at rates up to 0.88% (2009 2.1%)

Fixed rate interest was receivable on interest rate swaps at 4.385% (2009 no interest rate swaps)

Other interest includes interest receivable on money market funds and money market deposits at rates ranging from 0.13% to 0.64% (2009 0.6% to 1.6%)

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****8. Interest payable and similar charges**

	2010	2009
	£m	£m
Amortisation and write off of bank loan arrangement fees	0.9	0.3
Other bank fees payable	0.5	-
Preference share dividends	0.0	0.0
Non equity B-share dividends	-	24.0
Bank interest payable	0.2	0.9
Loan interest payable	7.2	1.3
Premia on forward foreign exchange deals	6.8	4.0
Interest payable on interest rate swaps	0.2	-
Other interest payable	0.9	0.1
	16.7	30.6

Bank interest was payable on an overdraft available under a Group cash management account at rates between 2.3% to 9.5% (2009 0.82% to 9.5%)

Loan interest payable was on

- drawings under a Group revolving credit facility at 1.15% above LIBOR/EURIBOR (2009 0.55% above LIBOR)
- drawings under a money market facility at a range between 2.0% and 2.25% above LIBOR (2009 2.25% above LIBOR)
- funds received from loan notes issued via a private placement in 2010 at a weighted average rate of 4.385%
- funds received from loan notes issued in 2010 to Blue Blade Sarl at 1.75% above LIBOR (see note 23)

Variable rate interest was payable on interest rate swaps at 1.33% above the US dollar LIBOR rate

Dyson James Group Limited**Notes to the financial statements for the year ended 31
December 2010 (continued)****9. Tax on profit on ordinary activities**

	2010	2009
	£m	£m
Current tax:		
- UK corporation tax on profits of the period	49.7	52.6
- adjustments in respect of previous periods	0.1	0.2
	49.8	52.8
Double tax relief	-	(1.2)
	49.8	51.6
Overseas tax	7.1	4.3
Total current tax	56.9	55.9
Deferred tax:		
- origination and reversal of timing differences	(3.4)	(7.0)
- adjustments in respect of previous periods	(1.4)	(0.8)
Total deferred tax (see note 14)	(4.8)	(7.8)
Tax on profit on ordinary activities	52.1	48.1

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****9. Tax on profit on ordinary activities (continued)**

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	£m	£m
Profit on ordinary activities before tax	197.7	163.8
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	55.4	45.9
Effects of		
Short term timing difference relating to elimination of intra-Group profit	5.2	1.4
Other timing differences	2.2	(1.1)
Expenses not deductible for tax purposes	2.1	0.4
Capital allowances less than depreciation	0.8	0.6
Adjustments to tax charge in respect of previous periods	0.1	1.8
Different tax rates applicable in overseas subsidiaries	0.1	0.7
Non equity dividend disclosed as interest	-	6.7
Use of overseas tax losses	(1.2)	(0.0)
Timing differences on tax on patents sold intra-Group	(2.3)	5.3
Benefits of tax incentives	(5.5)	(5.8)
Current tax charge for year	56.9	55.9

Announcements were made during and after the year end by the Chancellor of the Exchequer of proposed changes to the United Kingdom's corporation tax rates that will have an effect on future tax charges of the Group. The change in the United Kingdom's corporation tax rate from 28% to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011. Further reductions of 1% thereafter to 23% from 1 April 2014 have been announced but not substantively enacted.

The deferred tax position has been provided for at 27% reflecting the rate expected on 1 April 2011 that was substantively enacted at 31 December 2010. The effect of the reduction to 26% from 1 April 2011 is to reduce the Group deferred tax asset provided at the balance sheet date and decrease the Group profit on ordinary activities after taxation for the year by £79,000.

Dyson James Group Limited**Notes to the financial statements for the year ended 31
December 2010 (continued)****10. Intangible assets – Group**

	Goodwill
	£m
Cost	
At 1 January and 31 December 2010	3.3
<hr/>	
Accumulated amortisation	
At 1 January 2010	1.3
Charge for year	0.2
At 31 December 2010	1.5
<hr/>	
Net book amount	
At 31 December 2010	1.8
At 31 December 2009	2.0
<hr/>	

The Company does not hold any intangible assets

Dyson James Group Limited

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

11. Tangible assets – Group

	Freehold land and building £m	Leasehold land and buildings £m	Tooling £m	Plant, equipment, fixtures and fittings £m	Total £m
Cost					
At 1 January 2010	34.3	11.7	127.6	86.2	259.8
Additions	-	0.6	6.5	15.2	22.3
Disposals	-	(0.7)	(1.3)	(1.2)	(3.2)
Exchange difference	(0.0)	1.5	17.9	4.8	24.2
At 31 December 2010	34.3	13.1	150.7	105.0	303.1
Accumulated depreciation					
At 1 January 2010	7.2	3.6	107.5	49.4	167.7
Charge for year	0.6	1.5	14.8	13.3	30.2
Disposals	-	(0.2)	(1.3)	(0.9)	(2.4)
Exchange difference	0.0	0.5	15.4	3.0	18.9
At 31 December 2010	7.8	5.4	136.4	64.8	214.4
Net book amount					
At 31 December 2010	26.5	7.7	14.3	40.2	88.7
At 31 December 2009	27.1	8.1	20.1	36.8	92.1

The cost and net book value include assets in the course of construction as follows

At 31 December 2010	-	-	3.0	9.7	12.7
At 31 December 2009	-	-	1.0	4.7	5.7

Capital expenditure contracted but not provided for at the year end was £7.7m (2009 £3.5m)

The Company does not hold any tangible fixed assets

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****12. Investments - Company**

	Total £m
Unlisted investments in subsidiaries at valuation	
Additions at cost during the period	1,125.0
Revaluation movements	(919.6)
At 31 December 2010	205.4

The only subsidiary held by the Company directly is

Company name	Country of incorporation	Shares held	Company holding %	Principal activity
Dyson James Ltd	UK	Ordinary	100	Intermediate holding company

The principal subsidiaries held indirectly by the Company are as follows

Company name	Country of incorporation	Shares held	Company holding %	Principal activity
Dyson Ltd	UK	Ordinary	100	Sale and service of domestic and commercial appliances
Dyson Research Ltd	UK	Ordinary	100	Holder of exclusive brand rights and trademarks
Dyson Technology Ltd	UK	Ordinary	100	Research and development, holder of product design rights and patents
Dyson Estates Ltd	UK	Ordinary	100	Purchase and rental of commercial premises
Dyson Finance Ltd	UK	Ordinary	100	Provision of treasury services
Dyson Exchange Ltd	UK	Ordinary	100	Sale of domestic appliances
Dyson Appliances (Australia) Pty Ltd	Australia	Ordinary	100	Sale and service of domestic and commercial appliances

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****12. Investments – Company (continued)**

Company name	Country of incorporation	Shares held	Company holding %	Principal activity
Dyson Canada Ltd	Canada	Ordinary	100	Sale and service of domestic and commercial appliances
Dyson SAS	France	Ordinary	100	Sale and service of domestic and commercial appliances
Dyson GmbH	Germany	Ordinary	100	Sale and service of domestic and commercial appliances
Dyson BV	Holland	Ordinary	100	Sale and service of domestic and commercial appliances
Dyson KK	Japan	Ordinary	100	Sale and service of domestic appliances
Dyson Manufacturing Sdn Bhd	Malaysia	Ordinary	100	Manufacturing support
Dyson International Ltd	UK	Ordinary	100	Intermediate holding company
Dyson Technology Inc	USA	Ordinary	100	Intermediate holding company
Dyson Inc	USA	Ordinary	100	Sale and service of domestic appliances

13. Stock

	2010	2009
	Group	Group
	£m	£m
Raw materials and consumables	15.6	7.6
Finished goods and goods for resale	93.4	64.0
	109.0	71.6

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****14. Debtors**

	2010 Group £m	2010 Company £m	2009 Group £m
Trade debtors	180.9	-	150.5
Amounts owed by Group undertakings	-	2.4	-
Group relief receivable from Group undertakings	-	1.3	-
Corporation tax recoverable	1.9	-	6.9
Deferred tax asset	37.0	-	31.0
Other debtors	7.5	-	4.6
Prepayments and accrued income	6.5	1.8	3.8
Tax and social security	2.9	-	-
	236.7	5.5	196.8

Amounts owed by Group undertakings are non interest bearing, unsecured and repayable on demand

Deferred tax comprises:

	2010 £m	2009 £m
Accelerated capital allowances	6.7	8.6
Other timing differences	30.3	20.6
Losses	-	1.8
	37.0	31.0

Unprovided deferred tax comprises:

	2010 £m	2009 £m
Accelerated capital allowances	4.4	-
Other timing differences	1.2	-
Losses	0.3	-
	5.9	-

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****14. Debtors (continued)**

Movement on deferred tax asset	2010	2009
	£m	£m
At 1 January	31.0	24.9
Credited to the profit and loss account	4.8	7.8
Charged to reserves	-	(0.7)
Movements in exchange rates credited/(charged) to reserves	1.2	(1.0)
At 31 December	37.0	31.0

15. Creditors – Amounts falling due within one year

	2010	2010	2009
	Group	Company	Group
	£m	£m	£m
Bank overdraft (see note 17)	-	-	11.3
Loans	16.0	-	-
Trade creditors	112.6	0.0	62.8
Amounts owed to Group undertakings – interest bearing	-	85.0	-
Amounts owed to Group undertakings – non interest bearing	-	1.5	-
Corporation tax payable	27.7	-	18.7
Other taxes and social security	19.0	-	9.1
Interest payable	1.2	1.2	-
Other creditors	8.9	-	14.3
Accruals and deferred income	112.8	0.1	77.8
Preference share dividends	-	-	0.0
	298.2	87.8	194.0

Amounts owed to Group undertakings are unsecured and repayable on demand. The unsecured loan (see note 17) is guaranteed by the Company.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****16. Creditors – Amounts falling due after more than one year**

	2010 Group £m	2010 Company £m	2009 Group £m
Loans due after more than one year (see note 17)	155.1	77.8	311.3

17. Loans and other borrowings

	2010 Group £m	2010 Company £m	2009 Group £m
Bank overdraft	-	-	11.3
Bank loans	93.3	-	311.3
Loan notes	77.8	77.8	-
	171.1	77.8	322.6

Maturity of financial liabilities

	2010 Group £m	2010 Company £m	2009 Group £m
In one year or less or on demand	16.0	-	11.3
In more than two years, but not more than five years	77.3	-	311.3
In more than five years	77.8	77.8	-
	171.1	77.8	322.6

Financial liabilities due in one year or less or on demand relate to money market loans of £16.0m repayable on demand. The Group also had access to overdraft facilities of £25.0m of which £nil was utilised at the year end (2009 £11.3m) and overdraft facilities of \$10.0m US dollars and \$1.0m Australian dollars, neither of which were utilised at the year end (2009 £nil).

The financial liability due in more than two years, but not more than five years relates to a £270.0m revolving credit facility (2009 £150m) of which £79.1m has been drawn down (2009 £12.0m). This facility matures in March 2014. The remaining capitalised arrangement fee of £1.8m (2009 £0.7m) has been offset against the balance of the loan. This is being amortised over the life of loan, with £0.2m (2009 £0.3m) charged to the profit and loss account during the current year.

The financial liability due in more than 5 years relates to loan notes of US\$120.0m issued via a private placement. These were issued in 2 equal tranches which mature in August 2017 and August 2020.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2010 (continued)****18. Provisions for liabilities – Group**

	Guarantee £m	Other £m	Total £m
At 1 January 2010	28.6	10.8	39.4
Utilised in year	(9.5)	(15.7)	(25.2)
Charged to the profit and loss account	10.7	32.7	43.4
Transferred to accruals	-	(12.5)	(12.5)
At 31 December 2010	29.8	15.3	45.1

The Guarantee provision represents the cost of potential repair of goods under guarantee

The Other provision comprises principally costs relating to the conduct of litigation and to the manufacture of products

The Group expects to utilise all except £2.5m of the Other provision within a year of the balance sheet date

19. Called up share capital

	2010 £m	2009 £m
Allotted and fully paid share capital		
1,002 ordinary shares of £1 each	0.0	0.0

The Company issued two ordinary shares with a nominal value of £1 each on incorporation. On 8 January 2010 the Company allotted a further 1,000 ordinary shares with a nominal value of £1 each and share premium of £824,999 to Clear Cover Limited as part of its consideration for Dyson James Limited in exchange for shares in Dyson James Limited.

20. Dividends

	2010 £m	2009 £m
Equity shares		
Dividend paid of £27,944 per ordinary share	28.0	1.0

Dyson James Group Limited

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

21. Reconciliation of movements in shareholders' deficit

Group	Share capital	Share premium account	Profit and loss reserve	Other reserve	Total 2010	Total 2009
	£m	£m	£m	£m	£m	£m
Shareholders' deficit at 1 January	0.0	825.0	155.2	(1,124.9)	(144.7)	(253.8)
Profit for financial year	-	-	145.6	-	145.6	115.7
Dividends	-	-	(28.0)	-	(28.0)	(1.0)
Exchange differences	-	-	2.7	-	2.7	(5.6)
Shareholders' deficit at 31 December	0.0	825.0	275.5	(1,124.9)	(24.4)	(144.7)

Company	Share capital	Share premium account	Profit and loss reserve	Total 2010
	£m	£m	£m	£m
Issue of ordinary share capital	0.0	825.0	-	825.0
Loss for the financial period	-	-	(751.7)	(751.7)
Dividends	-	-	(28.0)	(28.0)
Shareholders' funds at 31 December	0.0	825.0	(779.7)	45.3

The dividend was paid out of distributable reserves before taking account of the unrealised loss of £919.6m from the revaluation of the fixed asset investment

22. Ultimate parent undertaking and controlling party

At 31 December 2010 Dyson James Group Limited was a wholly owned subsidiary of Clear Cover Limited, a company incorporated in Malta

The smallest and largest group within which the financial statements of the Company are consolidated in respect of the year end 31 December 2010 is that headed by Dyson James Group Limited. Copies of the financial statements of Dyson James Group Limited are available from the Company Secretary at Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP

On 17 April 2011 Clear Cover Limited was dissolved and the Company's ultimate parent undertaking became Dark Cover Limited, a company incorporated in Malta

The ultimate controlling party is Sir James Dyson by virtue of his controlling interest in the shares of Clear Cover Limited and Dark Cover Limited

Dyson James Group Limited

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

23. Related party transactions

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Group. Other related party transactions during the period (all on normal commercial terms) were as follows:

- a) Profred Partners LLP, a limited liability partnership in which Sir James Dyson has a beneficial interest, provided the Company with services amounting to £1,159,000 (2009 £1,614,000) during 2010. At the year end the balance payable to Profred Partners LLP amounted to £25,000 (2009 £71,739). The Company provided staff services to Profred Partners LLP amounting to £61,000 (2009 £62,000). At the year end the balance payable to Profred Partners LLP amounted to £1,000 (2009 £2,000).
- b) The Company provided staff services to White Rainbow Limited, a limited company in which Sir James Dyson has a controlling interest, amounting to £384,000 (2009 £269,000) during the period. At the year end the balance receivable from White Rainbow amounted to £24,000 (2009 £20,000).
- c) The Group leases a building from Lady Dyson, wife of Sir James Dyson. During the year the Group paid rent of £161,000 (2009 £161,000) under the terms of the lease. There were no amounts outstanding at the year end.
- d) During 2010, services totalling £42,750 (2009 £65,250) were provided by Richard Needham Consultancy Ltd, a company in which the Rt Hon Sir Richard Needham has a beneficial interest. The Rt Hon Sir Richard Needham is a non-executive director of Dyson James Group Limited (2009 Dyson James Limited).
- e) The Group charged £nil (2009 £36,005) to the profit and loss account in respect of amounts payable to Sir James Dyson for the use of his image. At the end of 2010, there was no balance payable to the related party (2009 £231,816) and a credit note for £56,000.
- f) The Group either paid or pledged donations totalling £4,154,000 (2009 £332,000) for charitable purposes to the James Dyson Foundation (a registered charity). At the end of 2010 the Group owed £4,000,000 (2009 £165,120) for donations not yet transferred.
- g) The Group drew down a loan of £300,000,000 (2009 £nil) from Blue Blade Srl in January 2010 (see note 8). This was repaid over the year with the final repayment being made in September 2010. Blue Blade Srl and Dyson James Group Limited are subject to common control.

24. Pension costs

Pension costs of £4.4m (2009 £4.0m) were charged in the year in relation to Group defined contribution pension schemes. £352,000 (2009 £18,000) was included in other creditors at the year end as amounts payable to the schemes.

Dyson James Group Limited

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

25. Financial Commitments

The Group had annual commitments under non-cancellable operating leases expiring as follows

	2010	2010	2009	2009
	Land and buildings	Other	Land and buildings	Other
	£m	£m	£m	£m
Within one year	1.2	1.2	0.1	0.3
Within two to five years	2.2	1.0	2.6	1.6
In more than five years	1.0	-	1.1	-
	4.4	2.2	3.8	1.9

At the year end the Group had outstanding forward foreign exchange contracts and foreign exchange option commitments amounting to £427.5m (2009 £303.7m)

26. Contingent liabilities

The Group has given maximum guarantees of £75,000 (2009 £75,000) to HM Revenue and Customs in respect of Dyson Exchange Limited's deferment account

The Company and certain other subsidiaries of Dyson James Group Limited have jointly and severally guaranteed the borrowings on a £270.0m (2009 £150.0m) bank facility and on US\$120.0m of loan notes issued under a private placement. At 31 December 2010, the Group drawdown on the bank facility was £79.1m (2009 £12.0m) of which £nil (2009 £nil) is included in the Company's year end balances