

Dyson James Group Limited

Dyson James Group Limited
Annual report and consolidated financial statements
for the year ended 31 December 2018



Dyson James Group Limited

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Dyson James Group Limited

Strategic report for the year ended 31 December 2018

Business review

The consolidated results for the Dyson James Group Limited group (the "Group" or "Dyson") show sales of £4,401m (2017: £3,504m) and a pre-tax profit of £750m (2017: £699m) for the year. The Group's profit for the financial year was £656m (2017: £601m). At the year end the Group had net debt of £278m (2017: £360m).

Profit before taxation as a percentage of turnover was 17% (2017: 20%). The effective tax rate is 12.5% (2017: 14.0%). The ratio of net debt to EBITDA was 0.3 (2017: 0.4).

The Group's principal operational risks and uncertainties relate to:

- enhancing the technology of products and distribution channels to maintain competitive edge;
- protection of intellectual property and personal data;
- compliance with key legislation;
- exposure to global macroeconomic conditions;
- product reliability;
- cyber security and reputation;
- reliance on key personnel;
- security of supply chain; and
- continuity of business critical systems and processes.

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

Future developments

On 22 January 2019 the Group announced that it is establishing our head office in Singapore in 2019, reflecting the importance of Asia to the business. An increasing majority of Dyson's customers and all manufacturing operations are now in Asia; this will be further enhanced as Dyson brings its electric vehicle to market.

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 funding strategy and key risks.

Foreign exchange risk

The Group operates in a number of countries across the world, and it both buys and sells in foreign currencies. The Group's foreign exchange hedging is based on forecast net cashflows (primarily over a 12 month horizon), rather than accounting exposure, to align the hedging to the real economic activity of the business. As a result there is the potential for significant foreign exchange gains and losses to arise in the Group profit and loss account.

Dyson James Group Limited

Strategic report for the year ended 31 December 2018 (continued)

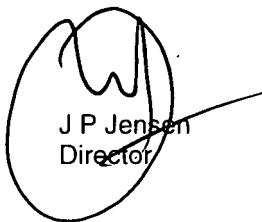
Liquidity risk

Each of the Group's subsidiaries has access to enough liquidity to allow them to conduct their business effectively. At the balance sheet date the Group's main sources of funding were committed unsecured revolving credit facilities totalling £588m (2017: £540m) maturing in March 2023 (£nil drawdown at 31 December 2018), US\$60m of loan notes under a private placement maturing in August 2020, £135m of loan notes under a private placement maturing in 2025 and 2027, and EUR 96m and JPY 12bn of loan notes under a private placement maturing in 2027, 2029 and 2032. The Group has smaller uncommitted and unsecured borrowing facilities in several currencies to facilitate cash management arrangements.

Interest rate risk

The majority of core debt is issued at fixed rates to reduce interest rate risk. Short term debt drawings are operated at floating rates as the drawn balance is variable. Derivative instruments may be used to manage the exposure.

By order of the Board on 5 March 2019



J P Jensen
Director

Dyson James Group Limited

Directors' report for the year ended 31 December 2018

The directors present the annual report and audited consolidated financial statements of the Dyson James Group Limited group (the "Group") and the audited financial statements of Dyson James Group Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The principal activities of the Group are the invention, development and sale of domestic appliances, commercial hand dryers, lighting, electrical vehicles and batteries.

Dividends

Total dividends paid in respect of the year amounted to £300m (2017: £555m).

Research and development

The Group is committed to research and development. Research and development costs amounting to £265m (2017: £198m) were expensed in the year.

Education and donations

The Group also continues to invest in the Dyson Institute of Engineering and Technology (the "Dyson Institute"); in 2017 the Group pledged to invest £31m to the Dyson Institute over the next five years. The Dyson Institute opened on Dyson's Malmesbury Technology Campus in September 2017. The thirty three inaugural undergraduate engineers were joined by a new cohort of forty two, all working towards a BEng qualification. The four year degree program combines a rigorous engineering degree with a paid job within Dyson's research and development team. Dyson is working towards obtaining degree awarding powers and university status. The Group invested £17m (2017: £4m) in setting up the Dyson Institute in the year.

During the year the Group pledged donations of £4m (2017: £3m) for charitable purposes, with £2m (2017: £5m) paid during the year to the James Dyson Foundation (a registered charity) to further engineering education for young people around the world.

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.

A well trained and motivated workforce is a high priority. Training is through both external courses and on the job training. 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 communicating major developments and changes within the organisation.

Events since the balance sheet date

On the 7 February 2019, a dividend amounting to £100m was paid to Weybourne Group Limited.

Dyson James Group Limited

Directors' report for the year ended 31 December 2018 (continued)

Directors

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

Sir James Dyson (Chairman)
J Dyson
S Dyson
A Hobson
W East
R O'Neal
J Rowan
J P Jensen
I S Robertson (appointed 22 March 2018)

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 Group.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 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 judgments and accounting estimates which 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 which are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps which he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

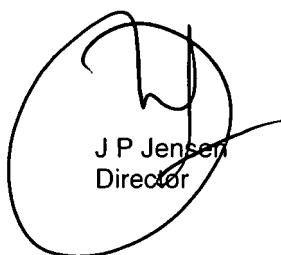
Dyson James Group Limited

Directors' report for the year ended 31 December 2018 (continued)

Auditors

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office, and a resolution for reappointment will be proposed at the Annual General Meeting.

By order of the Board on 5 March 2019



J P Jensen
Director

Independent auditor's report to the members of Dyson James Group Limited

Opinion

We have audited the financial statements of Dyson James Group Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise consolidated income statement, the consolidated statement of comprehensive income; consolidated statement of financial position, the company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Dyson James Group Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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

Independent auditor's report to the members of Dyson James Group Limited

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

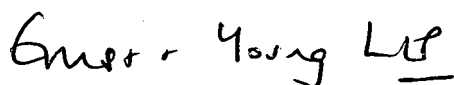
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Debbie O'Hanlon (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
5 March 2019

Dyson James Group Limited

Consolidated income statement

For the year ended 31 December

	<i>Note</i>	2018 £m	2017 £m
Turnover		4,401	3,504
Cost of sales		(1,916)	(1,417)
Gross profit		2,485	2,087
Other income	3	10	5
Distribution expenses		(168)	(163)
Administrative expenses		(1,523)	(1,246)
Operating profit before impairment		804	683
Impairment of goodwill	12	-	(37)
Operating profit	4	804	646
Finance income	8	1	64
Finance costs	9	(55)	(11)
Profit on ordinary activities before taxation		750	699
Tax on profit on ordinary activities	10	(94)	(98)
Profit for the financial year		656	601

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 17 to 50 form an integral part of these financial statements.

Dyson James Group Limited**Consolidated statement of comprehensive income****For the year ended 31 December**

	2018	2017
	£m	£m
Profit for the financial year	656	601
Exchange adjustments taken to reserves relating to opening reserves	20	1
Exchange adjustments taken to reserves relating to movements in the year	5	-
Total comprehensive income for the year	681	602

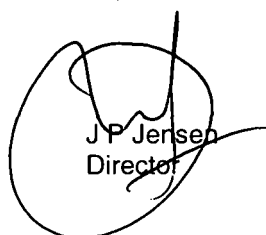
The notes and the accounting policies on pages 17 to 50 form an integral part of these financial statements.

Dyson James Group Limited**Consolidated statement of financial position**

At 31 December		2018	2018	2017	2017
	<i>Note</i>	£m	£m	£m	£m
Fixed assets					
Goodwill		1		1	
Software		137		102	
Intangible assets	<i>12</i>	138		103	
Tangible assets	<i>13</i>	520		384	
			658		487
Current assets					
Stock	<i>14</i>	720		468	
Debtors	<i>15</i>	1,322		1,000	
Cash at bank and in hand		90		42	
			2,132		1,510
Creditors: Amounts falling due within one year	<i>16</i>		(1,536)		(1,145)
Net current assets			596		365
Total assets less current liabilities			1,254		852
Creditors: Amounts falling due after more than one year	<i>17</i>		(354)		(389)
Provisions for liabilities	<i>19</i>		(174)		(118)
Net assets			726		345
Capital and reserves					
Called up share capital	<i>22</i>		0		0
Share premium			825		825
Profit and loss reserve			1,026		645
Other reserve			(1,125)		(1,125)
Total shareholders' funds			726		345

The notes and the accounting policies on pages 17 to 50 form an integral part of these financial statements.

The financial statements on pages 9 to 50 were approved by the board of directors and authorised for issue on 5 March 2019 and were signed on its behalf by:



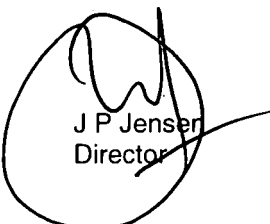
J.P. Jensen
Director

Dyson James Group Limited**Company statement of financial position**

At 31 December		2018	2018	2017	2017
	<i>Note</i>	£m	£m	£m	£m
Fixed assets					
Investments	11	1,126		1,126	
Debtors greater than 1 year	15	47		44	
			1,173		1,170
Current assets					
Debtors less than 1 year	15	396		54	
			396		54
Creditors: Amounts falling due within one year	16		(6)		(5)
Net current assets			390		49
Total assets less current liabilities			1,563		1,219
Creditors: Amounts falling due after more than one year	17		(235)		(232)
Provisions for liabilities	19		(0)		(0)
Net assets			1,328		987
Capital and reserves					
Called up share capital	22		0		0
Share premium			825		825
Profit and loss reserve			503		162
Total shareholders' funds			1,328		987

The notes and the accounting policies on pages 17 to 50 form an integral part of these financial statements.

The financial statements on pages 9 to 50 were approved by the board of directors and authorised for issue on 5 March 2019 and were signed on its behalf by:



J P Jenser
Director

Dyson James Group Limited**Consolidated statement of changes in equity**

	Share capital	Share premium	Profit and loss reserve	Other reserve	Total equity
	£m	£m	£m	£m	£m
At 1 January 2017	0	825	598	(1,125)	298
Profit for the year	-	-	601	-	601
Currency translation differences	-	-	1	-	1
Total comprehensive income	-	-	602	-	602
Dividends paid	-	-	(555)	-	(555)
At 31 December 2017	0	825	645	(1,125)	345
Profit for the year	-	-	656	-	656
Currency translation differences	-	-	25	-	25
Total comprehensive income	-	-	681	-	681
Dividends paid	-	-	(300)	-	(300)
At 31 December 2018	0	825	1,026	(1,125)	726

The notes and the accounting policies on pages 17 to 50 form an integral part of these financial statements.

Dyson James Group Limited**Company statement of changes in equity**

	Share capital	Share premium	Profit and loss reserve	Total equity
	£m	£m	£m	£m
At 1 January 2017	0	825	58	883
Profit for the year	-	-	659	659
Dividends paid	-	-	(555)	(555)
At 31 December 2017	0	825	162	987
Profit for the year	-	-	641	641
Dividends paid	-	-	(300)	(300)
At 31 December 2018	0	825	503	1,328

The notes and the accounting policies on pages 17 to 50 form an integral part of these financial statements.

Dyson James Group Limited**Consolidated statement of cash flows**

	<i>Note</i>	2018 £m	2017 £m
Cash flows from operating activities			
Cash generated from operations	<i>A</i>	814	786
Interest received		0	1
Interest paid		(8)	(10)
Corporation tax paid		(90)	(90)
Net cash generated from operating activities		716	687
Cash flows from investing activities			
Purchase of property, plant and equipment	<i>13</i>	(257)	(184)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets	<i>12</i>	(67)	(50)
Net cash used in investing activities		(324)	(234)
Cash flows from financing activities			
Proceeds from borrowings		1	195
Repayment of borrowings		(42)	(55)
Dividends paid to the Company's shareholders	<i>23</i>	(300)	(555)
Net cash used in financing activities		(341)	(415)
Increase in cash and cash equivalents		51	38
Cash and cash equivalents at the beginning of the year		25	(12)
Foreign currency movements		0	(1)
Cash and cash equivalents at the end of the year		76	25
Reconciliation to cash and cash equivalents:			
Cash at bank and in hand		90	42
Cash equivalents	<i>18</i>	(14)	(17)
Cash and cash equivalents at the end of the year		76	25

The notes and accounting policies on pages 17 to 50 form an integral part of these financial statements

Dyson James Group Limited

Note to the consolidated statement of cash flows

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

	2018 £m	2017 £m
Operating profit	804	646
Amortisation of intangible fixed assets	32	23
Depreciation of tangible fixed assets	131	92
Impairment of goodwill	-	37
Loss on disposal of fixed assets	2	1
Operating cash flow before movement in working capital	969	799
Increase in stock	(217)	(141)
Increase in debtors	(273)	(189)
Increase in creditors	277	306
Increase / (decrease) in provisions	65	(6)
Foreign currency movements	(7)	17
Cash generated from operations	814	786

B Analysis of change in net debt

	2018 £m	2017 £m
Opening net borrowings	360	267
Net (increase) in cash and cash equivalents	(51)	(38)
Currency translation adjustments on cash held and borrowings	10	(10)
Net (decrease) / increase in borrowings	(41)	140
Transaction costs relating to financing	0	1
Closing net borrowings	278	360

Dyson James Group Limited

Statement of accounting policies

a) Basis of accounting

The Company is incorporated in the United Kingdom under the Companies Act.

The address of the registered office is Tetbury Hill, Malmesbury, SN16 0RP. The nature of the Group's operations and its principal activities are set out in the Directors' report.

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified to include certain items at fair value), in accordance with FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

The presentational currency in which the Group chooses to report is sterling. Foreign operations are included in accordance with the policies set out below.

b) Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiaries drawn up to 31 December each year. The accounting policies are consistent with the consolidated financial statements of the Group for 2017.

On consolidation all intra-Group activities are eliminated. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

On 8 January 2010 the Company purchased the entire share capital of Dyson James Limited from Clear Cover Limited, the Group's former 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 FRS 102 section 19.6, 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 the ultimate shareholder or the relative rights of each shareholder.

This represents a departure from the provisions of FRS 102 section 19.27, which states that merger accounting may be used if the use of merger accounting is not prohibited by the Companies Act. The conditions set out in the Companies Act 2006 include that the combination is predominantly effected through the issue of equity shares, which was not the case in this transaction.

The Group has decided to early adopt FRED 67 – Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The impact for the Group is that Dyson Finance Limited (an indirect subsidiary) is no longer classified as a financial institution and therefore there is no requirement for additional risk disclosures to be included in this set of financial statements.

Dyson James Group Limited

Statement of accounting policies (continued)

b) Basis of consolidation (continued)

As there were no transactions in the Company's profit and loss account prior to the merger, the main consequence of adopting merger rather than acquisition accounting is that, at the date of the merger transaction, 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 carrying value of net assets acquired is presented in an 'other reserve' rather than as goodwill.

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. The identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition. The accounting policies of subsidiaries acquired are aligned 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.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates and accounted for using the equity method.

c) Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

- Provisions - the Group is required to estimate the cost of potential repair of goods under guarantee. The estimate is based on the expected level of returns and is discounted using the risk free rate applicable at the year end.
- Rebate accruals - the Group is required to estimate the level of growth in sales to customers when calculating the level of rebates payable at the year end.
- Promotional accruals - the Group is required to make a judgement when estimating the variable element of promotional accruals. The estimate is based upon sales made to retailers.
- Taxation - during the normal course of business, transactions may occur where the final tax determination is uncertain. The Group recognises liabilities for these uncertainties based on an estimate of both the value of any additional taxes that may be due and the likelihood that the final tax outcome may result in such additional liabilities. In arriving at the total tax liability to be provided, judgement is required based on various factors, such as previous experience and differing legal interpretations by the taxable entity and the responsible tax authority. Where the final tax outcome of these matters is different from the amounts provided, any difference is recorded in the year in which that final outcome becomes known.

Dyson James Group Limited

Statement of accounting policies (continued)

d) Turnover

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

e) 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 each company 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 which 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;
- profit and loss accounts are translated at average rates; and
- exchange differences arising on the retranslation of opening overseas net investments at opening and closing rates and the difference between the income stated at average and closing rates are taken directly to reserves.

f) Finance costs

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

g) Research and development costs

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

h) 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.

i) Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Dyson James Group Limited

Statement of accounting policies (continued)

j) Tangible fixed assets

Property, plant and equipment 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 all property, plant and equipment 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. The useful economic lives are as follows:

Freehold buildings	50 years
Freehold building improvements	10 years
Leasehold land and buildings	Period of lease
Tooling	Product life

Plant, equipment, fixtures and fittings:

Information technology	3-8 years
Motor vehicles	4 years
Other	3-10 years

The useful economic lives of assets are reviewed at the end of each reporting period and, where necessary, revised. The net book value is then written off over the remaining useful economic life. Assets in the course of construction are not depreciated until they are ready for use. No depreciation is provided against freehold land.

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 fair value less costs of disposal and the value in use.

Where it is not possible to assess the recoverable amount of an individual asset an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs. The cash generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

k) Intangible assets

- 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 10 years, which is management's best estimate. Provision is made for any impairment, with the cost taken to the profit and loss account.

Dyson James Group Limited

Statement of accounting policies (continued)

k) Intangible assets (continued)

- Software

Intangible assets acquired separately from a business are capitalised at cost. After initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Software	3 years
Patents	3 years
Information technology	3-8 years

l) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

- Financial assets and liabilities

All financial assets and liabilities, except for those financial assets classified as at fair value through profit or loss, are initially measured at transaction price, unless the arrangement constitutes a financing transaction.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to cash flows from the asset expire or are settled, or substantially all of the risks and rewards of ownership or control of the financial asset are transferred.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

- Derivative financial instruments

The Group uses foreign currency forward contracts and foreign currency options to reduce exposure to foreign exchange rates. The Group also uses interest rate swaps to manage interest rate exposures. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the profit or loss. Unrealised gains / losses on fair value movements are recorded in finance income / costs. Realised gains / losses are recorded in administrative expenses, with the exception of realised gains / losses on financial instruments managing interest rate or foreign currency exposure on loans which are recorded in finance income / costs.

The fair value of the foreign currency forward contracts is calculated by discounting future cash flows using observable market data. The fair value of foreign currency options is calculated using the Black Scholes valuation model. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Dyson James Group Limited

Statement of accounting policies (continued)

l) Financial instruments (continued)

- Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.
- Interest-bearing loans and borrowings
All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the counterparty (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance costs in the profit and loss account.

m) Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and, where applicable, manufacturing overheads and is calculated using weighted average cost based on production volumes. Where necessary, provision is made for obsolete, slow moving and defective stock.

n) Cash and cash equivalents

Cash and cash equivalents comprise bank balances, overdrafts and money market funds with constant net asset value.

o) 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 products 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 risk free rate applicable at the year end.

p) Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date and where transactions or events which 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 which are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

q) 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 2018

1. Company

The Company income statement has not been presented, as permitted by Section 408 of the Companies Act 2006. The Company's profit after tax for the year was £641m (2017: £659m). The Company's profit mainly relates to intra-Group transactions.

2. Segmental information

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

The disclosure of segmental information as laid down by FRS 102 section 23.4 – Turnover and segmental analysis would, in the opinion of the directors, be seriously prejudicial to the interests of the Group. Consequently these disclosures have not been made.

3. Other income

	2018	2017
	£m	£m
Other income	10	5

Other income comprises grant and catering income.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****4. Operating profit**

	2018	2017
	£m	£m
Operating profit is stated after charging:		
Staff costs (see note 7)	526	419
Research and development	265	198
Amortisation of intangible fixed assets (see note 12)	32	23
Depreciation of tangible fixed assets (see note 13)	131	92
Loss on disposal of fixed assets	2	1
(Gain)/ loss on foreign exchange	(60)	61
Impairment of goodwill (see note 12)	-	37
Operating leases – plant and machinery	3	3
Operating leases – other	42	29

5. Auditor's remuneration

	2018	2017
	£m	£m
Fees payable to the Company's auditor for the audit of the Company and consolidated accounts	0	1
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	1	0
Tax compliance services	1	0
Other	0	0
	2	1

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****6. Directors' remuneration**

	2018	2017
	£m	£m
Aggregate emoluments	10	9
Company contributions paid to defined contribution pension schemes	0	0
	10	9

The number of directors with benefits accruing during the year under defined contribution schemes is 0 (2017: 2).

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

Highest paid director

	2018	2017
	£m	£m
Aggregate emoluments	4	3
Company contributions paid to defined contribution pension schemes	0	0
	4	3

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

7. Staff costs

	2018	2017
	£m	£m
Wages and salaries	453	361
Social security costs	45	36
Other pension costs	28	22
	526	419

The Company's subsidiaries operate defined contribution pension schemes. The assets are held and managed independently of the finances of the companies.

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

	2018	2017
	Number	Number
Production	1,456	1,284
Sales and administration	7,341	5,194
Research and development	2,977	2,632
	11,774	9,110

8. Finance income

	2018	2017
	£m	£m
Interest on financial assets at amortised cost:		
Interest receivable on money market funds and deposits	0	0
Interest on financial assets held at fair value through profit or loss:		
Interest receivable on interest rate swaps	1	1
Other finance income	0	0
Fair value gains		
On derivative financial assets and liabilities measured at fair value through profit or loss	-	53
Total fair value gains	1	54
Foreign exchange gains on loan notes	-	10
Total finance income	1	64

Fixed rate interest was receivable on US dollar interest rate swaps at a weighted average rate of 4.4% (2017: 4.4%).

Variable rate interest was receivable on money market funds and on a variety of cash management accounts.

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

9. Finance costs

	2018 £m	2017 £m
Interest on financial liabilities at amortised cost:		
Amortisation of arrangement fees	1	1
Loan interest payable	9	9
Other interest payable	0	0
Interest on financial liabilities held at fair value through profit or loss:		
Interest payable on interest rate swaps	1	1
Interest on financial liabilities at undiscounted amount payable		
Overdraft interest payable	0	0
Net interest expense	11	11
Other finance costs		
Other bank fees payable	0	0
Foreign exchange losses on loan notes	10	-
Unwinding of discount on guarantee provision (see note 19)	0	0
Total other finance costs	10	0
Fair value losses		
On derivative financial assets and liabilities measured at fair value through profit or loss	34	-
Total fair value losses	34	-
Total finance costs	55	11

Overdraft interest was payable in a range of currencies at rates between 1% and 9% (2017: 1% and 9%).

Loan interest payable was on:

- Drawings under Group revolving credit facilities at a margin between 0.30% and 0.45% above LIBOR (2017: 0.45% and 0.90% above LIBOR);
- Loan notes issued have weighted average rates between 1.2% and 4.4% (2017: 1.2% and 4.4%)
- Variable rate interest was payable on interest rate swaps at an average of 1.3% above US dollar LIBOR (2017: 1.3% above US dollar LIBOR).

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****10. Tax on profit on ordinary activities**

	2018	2017
	£m	£m
Current tax:		
UK tax		
- UK corporation tax on profits for the period	59	60
- adjustments in respect of previous periods	(1)	0
- overseas withholding tax	0	0
- double tax relief	(0)	(0)
	58	60
Overseas tax		
- tax on profits for the period	65	49
- adjustments in respect of previous periods	(0)	5
	65	54
Total current tax	123	114
Deferred tax (see notes 15 and 19):		
- origination and reversal of timing differences	(30)	(15)
- adjustments in respect of previous periods	1	(1)
Total deferred tax	(29)	(16)
Tax on profit on ordinary activities	94	98

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****10. Tax on profit on ordinary activities (continued)**

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	£m	£m
Profit on ordinary activities before tax	750	699
 Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	 143	 135
 Effects of:		
Benefit of Government's tax incentives	(80)	(80)
Changes in tax rates	1	10
Different tax rates applicable in overseas subsidiaries	26	18
Expenses not deductible for tax purposes	4	4
Impairment of goodwill	-	7
Adjustments in respect of previous periods	(0)	4
Deferred tax not recognised	(0)	0
Overseas withholding tax	0	0
Tax on profit on ordinary activities	94	98

A reduction in the United Kingdom's corporation tax rate from 19% to 17% to take effect on 1 April 2020 was substantively enacted on 6 September 2016.

Deferred tax assets and liabilities have been calculated using the average tax rates which are expected to apply upon reversal of these amounts and include the effect of the above rate changes and tax incentives.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****10. Tax on profit on ordinary activities (continued)**

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£m	£m
Included in debtors (note 15)	129	97
Included in provisions for liabilities (note 19)	(17)	(17)
Net deferred tax asset	112	80

Net deferred tax comprises:

Accelerated capital allowances	(6)	(5)
Other timing differences	118	85
Net deferred tax asset	112	80

	2018	2017
	£m	£m
At 1 January	80	70
Deferred tax credited to profit and loss account	29	16
Deferred tax (charged) to reserves	(0)	(3)
Movements in exchange rates credited/(charged)/ to reserves	3	(3)
At 31 December	112	80

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****11. Investments**

	2018	2017
	£m	£m
Unlisted investments		
At 1 January and 31 December	1,126	1,126

The only subsidiaries held directly by the Company are:

Company name	Country of incorporation	Registered address	Principal activity
Dyson James Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Intermediate holding company
Dyson Technical Training Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Provision of education and training
Dyson Manufacturing Holding Pte Ltd	Singapore	2 Science Park Drive, 03-13/26, Ascent, Singapore 118222	Intermediate holding company
Dyson Technology Holding Pte Ltd	Singapore	2 Science Park Drive, 03-13/26, Ascent, Singapore 118222	Intermediate holding company

The subsidiaries held indirectly by the Company are as follows:

Company name	Country of incorporation	Registered address	Principal activity
Dyson Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Sale and service of domestic and commercial appliances
Dyson Research Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Not actively trading
Dyson Technology Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Research and development, holder of product design rights and patents.
Dyson Estates Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Purchase and rental of commercial premises
Dyson Finance Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Provision of treasury services

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

11. Investments (continued)

Company name	Country of incorporation	Registered address	Principal activity
Dyson Exchange Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Not actively trading
Dyson Appliances (Australia) Pty Ltd	Australia	8-10 Mangrove Lane, Tarn Point, New South Wales 2229	Sale and service of domestic and commercial appliances
Dyson Canada Ltd	Canada	312 Adelaide Street West, 7 th Floor, Toronto, Ontario, M5V 1R2	Sale and service of domestic and commercial appliances
Dyson SAS	France	9 Villa Pierre Ginier, 75018 Paris	Sale and service of domestic and commercial appliances
Dyson GmbH	Germany	Dyson GmbH, Lichtstrasse 43e, 50825 Koln	Sale and service of domestic and commercial appliances
Dyson BV	Netherlands	Dyson BV, Fred Roeskestraat 109, 1076 EE Amsterdam	Sale and service of domestic and commercial appliances
Dyson KK	Japan	Ichibancho FS Bldg. 6F, 8 Ichibancho, Chiyodaku, Toyoko, 102-0082	Sale and service of domestic and commercial appliances
Dyson Spain SLU	Spain	Calle Velazquez 140, 3 planta, 28006, Madrid	Sale and service of domestic and commercial appliances
Dyson SA	Switzerland	Dyson SA, Hardturmstrasse 253, 8005 Zurich	Sale and service of domestic and commercial appliances
Dyson Austria GmbH	Austria	Dyson Austria GmbH, Engerthstrasse 151, 1020 Wien	Sale and service of domestic and commercial appliances
Dyson LLC	Russia	Usacheva 35a, 119048, Russia, Moscow	Sale and service of domestic and commercial appliances
Dyson Srl	Italy	Dyson Italia S.R.L, Via Tazzoli Enrico 6, 20154, Milano	Sale and service of domestic and commercial appliances

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****11. Investments (continued)**

Company name	Country of incorporation	Registered address	Principal activity
Dyson Ireland Ltd	Ireland	Unit 2, Building 4, Vantage Central, Central Park, Leopardstown, Dublin 18	Sale and service of domestic and commercial appliances
Dyson Singapore Pte. Ltd	Singapore	1 Fusionopolis Link, 01-01 Nexus @ One-North, Singapore 138542	Sale and service of domestic and commercial appliances
Dyson Technology (Shanghai) Ltd	China	Room 1M + 103, No 63 Runan Street, Huangpu District, Shanghai, China	Sale and service of domestic and commercial appliances
Dyson Asia Holdings Pte. Ltd	Singapore	2 Science Park Drive, 03-13/26, Ascent, Singapore 118222	Intermediate holding company
Dyson Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Sale and service of domestic appliances
Dyson Direct Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Sale and service of domestic appliances
Dyson B2B Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Sale and service of commercial appliances
Dyson B2B Tech. Services Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Provision of marketing support
Dyson Tech. Services Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Provision of marketing support
Dyson Technology Inc.	USA	1330 West Fulton Street, 5th Floor, Chicago, IL60607	Intermediate holding company
Sakti3 Inc.	USA	1490 Eisenhower Place, Building 4, Ann Arbor, Michigan 48108-3283	Research & development
Dyson International Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Intermediate holding company

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

11. Investments (continued)

Company name	Country of incorporation	Registered address	Principal activity
Dyson Manufacturing Sdn Bhd	Malaysia	Suite 13.02, 13 th Floor, Menara Tan & Tan, 2017 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	R&D contract services & manufacturing
Dyson Operations Pte. Ltd	Singapore	1 Fusionopolis #01-01, Nexcus@One-North, 13854 Singapore	Managing the Group's global manufacturing activities
Dyson Overseas Distribution Limited	UK	Tetbury Hill, Malmesbury, Wiltshire, SN16 0RP	Provision of marketing support
Dyson Electrical Engineering (Nanjing) Co. Ltd	China	Block B, Building 19, No.9 Gaoke No 2 Street, Nanjing New and High Technology Industry Development Zone, Jiangsu, China	Dormant
Dyson Electrical Technology (Foshan) Ltd	China	4F Research Building A, Information Avenue, Nanhai Information Technology Park, Shishan Town, Nanhai District, Foshan City, China	Dormant
Dyson Electrical Trading (Beijing) Co. Ltd	China	Unit 1701/1702, 17F, Xinhua Insurance Plaza, No.12, Jianguo Menwai Street, Chaoyang District, Beijing	Dormant
Dyson sp zoo Poland	Poland	22 Aleja Jana Pawła II Street, 00-133, Warsaw	Provision of marketing support
Dyson Electronics Pte Ltd	Singapore	1 Fusionopolis #01-01, Nexcus@One-North, 13854 Singapore	Manufacturing activities
Dyson Technology Mexico	Mexico	Bosque de Ciruelos 180 – PP 101, Bosques DE LAS Lomas, Miguel Hidalgo, 11700, Mexico	Sale and service of domestic and commercial appliances
Dyson Technology Mexico Services	Mexico	Bosque de Ciruelos 180 – PP 101, Bosques DE LAS Lomas, Miguel Hidalgo, 11700, Mexico	Provision of marketing support

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

11. Investments (continued)

Company name	Country of incorporation	Registered address	Principal activity
Dyson Denmark ApS	Denmark	c/o Mazanti-Andersen Korsø Jensen, Amaliegade 10, 1256 København K	Sale and service of domestic and commercial appliances
Dyson Norway AS	Norway	c/o KPMG Law Advokatfirma AS, Sorkedalsveien 6, 9292 Tromsø, Norway	Sale and service of domestic and commercial appliances
Dyson Sweden AB	Sweden	c/o Convendum Vasagatan 16, 11 20 Stockholm, Sweden	Sale and service of domestic and commercial appliances
Dyson Finland Oy	Finland	c/o Krogeras Attorneys Ltd, Unioninkatu 22, 00130 Helsinki, Finland	Sale and service of domestic and commercial appliances
Dyson Technology India Pvt Ltd	India	Level 12, Two Horizon Center, Golf Course Road, Sector 43, DLF Phase V, Gurugram, Harvana. India 122002 342, Gangnam-daero,	Sale and service of domestic and commercial appliances
Dyson Korea Ltd	South Korea	Gangnam-gu, Seoul, Republic of Korea (Yeoksam, Yeoksam bldg.)	Sale and service of domestic and commercial appliances
Dyson Research and Development (Shanghai) Ltd	China	12F – 15F China Overseas International Centre, Building A, 838 South Huang Pi Road, Hangpu District, Shanghai 2000025	Research and development
Dyson Technology (Beijing) Ltd	China	12F – 15F China Overseas International Centre, Building A, 838 South Huang Pi Road, Hangpu District, Shanghai 2000025	Provision of marketing support

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****11. Investments (continued)**

Company name	Country of incorporation	Registered address	Principal activity
Dyson Automotive Research and Development Limited	UK	Hullavington Airfield, Chippenham, 14 6GU	Research and development
Dyson Manufacturing Pte Ltd	Singapore	2 Science Park Drive, 03-13/26, Ascent, Singapore 118222	Research and development
Dyson Technology Pte Ltd	Singapore	2 Science Park Drive, 03-13/26, Ascent, Singapore 118222	Research and development
Dyson New Zealand Ltd	New Zealand	c/o PWC Legal, 188 Quay Street, Auckland Central, Auckland, 1010 New Zealand	Sale and service of domestic and commercial appliances
Dyson Turkey Sti	Turkey	Esentepe Mh. Buyukdere Cd. Tekfen Tower No:209 Kat:8 Levent , Sisli, Istanbul 34394	Sale and service of domestic and commercial appliances

The Company has 100% holding in all the direct and indirect subsidiaries with the type of shares held being ordinary.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****12. Intangible assets**

	Goodwill	Software	Patents	Total
	£m	£m	£m	£m
Cost				
At 1 January 2018	51	175	0	226
Additions	-	67	-	67
Disposals	-	0	-	0
Exchange difference	-	0	-	0
At 31 December 2018	51	242	0	293

Accumulated amortisation

At 1 January 2018	50	73	0	123
Charge for year	0	32	-	32
Disposals	-	0	-	0
Exchange difference	-	0	-	0
At 31 December 2018	50	105	0	155

Net book amount

At 31 December 2018	1	137	0	138
At 31 December 2017	1	102	0	103

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

13. Tangible assets

	Freehold land and buildings	Leasehold land and buildings	Tooling	Plant, equipment, fixtures and fittings	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2018	138	31	318	392	879
Reclassification	(0)	0	0	0	-
Additions	44	30	71	112	257
Disposals	(0)	(1)	(2)	(10)	(13)
Exchange difference	1	1	13	16	31
At 31 December 2018	183	61	400	510	1,154

Accumulated depreciation					
At 1 January 2018	17	19	245	214	495
Charge for year	3	5	48	75	131
Disposals	0	(1)	(1)	(10)	(12)
Exchange difference	0	1	10	9	20
At 31 December 2018	20	24	302	288	634

Net book amount					
At 31 December 2018	163	37	98	222	520
At 31 December 2017	121	12	73	178	384

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

At 31 December 2018	69	10	9	25	113
At 31 December 2017	27	8	23	39	97

Capital expenditure contracted but not provided for at the year end was £78m (2017: £127m).

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****14. Stock**

	2018	2017
	£m	£m
Raw materials and consumables	103	50
Finished goods and goods for resale	617	418
	720	468

15. Debtors

Group	2018	2017
	£m	£m
Trade debtors	1,063	808
Corporation tax recoverable	2	1
Deferred tax asset	129	97
Other debtors	27	7
Derivative financial assets (note 21)	35	51
Other tax and social security receivable	19	11
Prepayments and accrued income	47	25
	1,322	1,000

Included in debtors are derivative financial assets greater than one year amounting to £nil (2017: £3m).

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

15. Debtors (continued)

Company	2018 £m	2017 £m
Amounts owed by Group undertakings - interest bearing	393	51
Amounts owed by Group undertakings – non interest bearing	1	1
Group relief receivable from parties under common control	0	1
Corporation tax recoverable	1	0
Deferred tax asset	1	1
Debtors less than one year	396	54
Amounts owed by Group undertakings – interest bearing	47	44
Debtors more than one year	47	44

Deferred tax comprises:

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Decelerated capital allowances	8	3	-	-
Other timing differences	121	94	1	1
	129	97	1	1

Unprovided deferred tax asset comprises:

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Tax losses	8	8	-	-
Other timing differences	-	2	-	-
	8	10	-	-

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

15. Debtors (continued)

	Group	Group	Company	Company
	2018	2017	2018	2017
	£m	£m	£m	£m
Movement on deferred tax asset:				
At 1 January 2018	97	76	1	1
Credited to the income statement	29	26	-	-
(Charged) to reserves	(0)	(2)	-	-
Movements in exchange rates credited /(charged) to reserves	3	(3)	-	-
At 31 December 2018	129	97	1	1

16. Creditors – Amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£m	£m	£m	£m
Loan facilities	0	-	-	-
Bank overdrafts	14	17	-	-
Trade creditors	461	354	-	-
Corporation tax payable	53	32	-	-
Other tax and social security payable	26	28	-	-
Other creditors	4	12	-	-
Derivative financial liabilities (note 21)	43	23	-	-
Accruals and deferred income	935	679	6	5
	1,536	1,145	6	5

Overdrafts are repayable on demand.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****17. Creditors – Amounts falling due after more than one year**

	Group	Group	Company	Company
	2018	2017	2018	2017
	£m	£m	£m	£m
Loan facilities	0	43	-	-
Loan notes	354	342	47	44
Amounts owed to Group undertakings	-	-	188	188
Derivative financial liabilities (note 21)	-	1	-	-
Other creditors	-	3	-	-
	354	389	235	232

18. Loans and other borrowings

	Group	Group	Company	Company
	2018	2017	2018	2017
	£m	£m	£m	£m
Bank overdrafts	14	17	-	-
Loan facilities	0	43	-	-
Amounts owed to group undertakings	-	-	235	232
Loan notes	354	342	-	-
	368	402	235	232

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****18. Loans and other borrowings (continued)****Maturity of financial liabilities**

Borrowings were repayable as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£m	£m	£m	£m
Bank overdrafts				
In one year or less or on demand	14	17	-	-
Loan facilities				
In one year or less or on demand	0	-	-	-
In more than one year, but not more than two years	1	1	-	-
In more than two years, but not more than five years	(1)	42	-	-
Loan notes				
In more than one year, but not more than two years	47	-	47	-
In more than two years, but not more than five years	-	44	-	44
In more than five years	307	298	-	-
Amounts owed to group undertakings				
In more than one year, but not more than two years	-	-	38	-
In more than two years, but not more than five years	-	-	150	188
Total borrowings				
In one year or less or on demand	14	17	-	-
In more than one year, but not more than two years	48	1	85	-
In more than two years, but not more than five years	(1)	86	150	232
In more than five years	307	298	-	-
	368	402	235	232

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

18. Loans and other borrowings (continued)

Group financial liabilities due in one year or less include bank overdrafts in multiple currencies for a total amount of £14m. The overdrafts are unsecured and repayable on demand. They also include unsecured term loans for a total amount of INR 50m which mature in December 2019.

Group borrowings due in more than one year but in less than two years include unsecured loan notes of US\$60m issued under private placement notes which mature in August 2020 and unsecured term loans for a total amount of INR 75m which mature in 2021.

Group financial liabilities due in more than two years but not more than five years include £nil drawdowns at year end of £588m of bilateral revolving credit facilities which are committed, unsecured, and mature in March 2023. There are capitalised arrangement fees of £1m that have been offset against the balance of the drawdowns at year end and are being amortised over the life of the facilities.

Group borrowings due in more than five years include unsecured loan notes of £135m, EUR 96m and JPY 12bn issued under private placement notes which mature between 2025 and 2032.

19. Provisions for liabilities

Group	Deferred tax £m	Guarantee £m	Other £m	Total £m
At 1 January 2018	17	69	32	118
Provisions released during the year	-	-	(9)	(9)
Utilised in year	-	(34)	(8)	(42)
Charged to the profit and loss account	(0)	84	22	106
Unwinding of discount	-	0	-	0
Foreign exchange	0	0	1	1
At 31 December 2018	17	119	38	174

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****19. Provisions for liabilities (continued)**

Company	Deferred tax £m
At 1 January 2018	0
(Credited)/charged to the profit and loss account	(0)
Foreign exchange	0
At 31 December 2018	0

The Guarantee provision represents the cost of potential repair of goods under guarantee. The guarantee period of goods is between two and five years.

Other provisions principally comprise product-related costs.

The Group expects to use all except £13m (2017: £14m) of the Other provision within a year of the balance sheet date.

Deferred tax comprises:

	Group 2018 £m	Group 2017 £m	Company 2018 £m	Company 2017 £m
Accelerated capital allowances	14	8	-	-
Other timing differences	3	9	0	0
	17	17	0	0

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

20. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2018 £m	2017 £m
Financial assets		
Measured at fair value through profit and loss		
Derivative financial assets (note 21)	35	51
Measured at undiscounted amount receivable		
Trade and other debtors (note 15)	1,137	840
	1,172	891

	2018 £m	2017 £m
Financial liabilities		
Measured at fair value through profit and loss		
Derivative financial liabilities (note 21)	43	24
Measured at amortised cost		
Loans payable (note 18)	354	385
Measured at undiscounted amount payable		
Bank overdraft (note 18)	14	17
Trade and other creditors (notes 16 and 17)	1,400	1,048
	1,811	1,474

The Group's income/gains and expense/losses in respect of financial instruments are summarised in notes 8 and 9.

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

21. Derivative financial instruments

	2018 Assets £m	2018 Liabilities £m	2017 Assets £m	2017 Liabilities £m
Non-current				
Interest rate swaps stated at fair value	0	-	0	-
Foreign exchange options stated at fair value	-	-	1	0
Forward foreign exchange contracts stated at fair value	-	-	2	1
Total derivatives non-current portion	0	-	3	1
Current				
Interest rate swaps stated at fair value	-	-	-	-
Foreign exchange options stated at fair value	0	0	4	0
Forward foreign exchange contracts stated at fair value	35	43	44	23
Total derivatives current portion	35	43	48	23
Total				
Interest rate swaps stated at fair value	0	-	0	-
Foreign exchange options stated at fair value	0	0	5	0
Forward foreign exchange contracts stated at fair value	35	43	46	24
Total derivatives	35	43	51	24

All derivative financial instruments are classified as being held at fair value through profit or loss.

The basis of determining fair value is stated within accounting policies.

The fair values of the assets and liabilities held at fair value through profit or loss at the balance sheet date are determined using techniques based on observable market data such as foreign exchange rates and yield curves.

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****22. Called up share capital and reserves**

	2018	2017
	£m	£m
Allotted and fully paid share capital		
1,002 ordinary shares of £1 each	0	0

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserve

The other reserve is explained within the basis of consolidation in the statement of accounting policies. This is a non-distributable reserve.

23. Dividends

	2018	2017
	£m	£m
Equity shares		
Dividends paid of £299,401 (2017: £553,892) per ordinary share	300	555

24. Ultimate parent undertaking and controlling party

At 31 December 2018 the immediate parent company was Weybourne Group Limited, a company incorporated in the United Kingdom.

Dyson James Group Limited

Notes to the financial statements for the year ended 31 December 2018

25. Related party transactions

Key management personnel

All directors, and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group, are considered to be key management personnel.

The total remuneration of key management personnel for the period totalled £19m (2017: £14m), being remuneration disclosed in note 6 of £10m (2017: £9m), plus £9m (2017: £5m).

Other related party transactions

During the year the Group provided services to related companies in the ordinary course of business amounting to an expense of £2m (2017: £2m), and received services from related parties of £0m (2017: £0m). Amounts owed by and to these related parties at the balance sheet date were £1m and £0m respectively (2017: £0m and £0m). These amounts all relate to trading balances.

The Group pledged £4m (2017: £3m) and paid donations totalling £2m (2017: £5m) for charitable purposes to the James Dyson Foundation. At the end of 2017 the Group owed £5m (2017: £4m) for donations not yet transferred.

26. Pension costs

Pension costs of £28m (2017: £22m) were charged in the year in relation to the Group's defined contribution pension schemes. At year end £3m (2017: £3m) was included in other creditors.

27. Financial Commitments

The Group had future minimum commitments under non-cancellable operating leases as follows:

	2018	2017
	£m	£m
Within one year	37	32
Within two to five years	107	94
In more than five years	63	63
	<hr/> 207	<hr/> 189

At the year end the Group had outstanding forward foreign exchange contracts amounting to £3,026m (2017: £2,465m).

Dyson James Group Limited**Notes to the financial statements for the year ended 31 December 2018****28. Contingent liabilities**

Group companies have given maximum guarantees of £0.75m (2017: £1m) to HM Revenue and Customs in respect of Dyson Technology Limited's duty deferment account, £2m (2017: £2m) to Wiltshire Council in respect of highway works and RMB 50m (£6m) (2017: RMB 50m (£6m)) Bank of China guarantee in relation to duty and VAT payments. In addition there exists a KRW 2bn (£1m) customs guarantee and a USD 2m (2017 USD nil) Office lease.

At 31 December 2018, the Company and certain other Group companies have jointly and severally guaranteed the borrowings on Group bank facilities totalling £588m (2017: £540m) available for draw down by Dyson Finance Limited, on £135m (2017: £135m), EUR 96m (2017: EUR 96m) and JPY 12bn (2017: JPY 12bn) of loan notes issued by Dyson Finance Limited under a private placement and on US\$60m of loan notes (2017: US\$60m) issued by the Company under a private placement.

The Group uses derivative instruments to manage foreign exchange and interest rate risk. The Company and certain other Group companies have jointly and severally guaranteed the obligations of Dyson Finance Limited under ISDA agreements with certain bank counterparties.

29. Event after the reporting date

On the 7 February 2019, a dividend amounting to £100m was paid to Weybourne Group Limited.