

Company Registration No. 05534540 (England and Wales)

**DACSA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



## **DACSA LIMITED**

### **COMPANY INFORMATION**

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**Directors** Miss Araceli Ciscar Garcia  
Mr Ricardo Ciscar Garcia  
Mr Ricardo Ciscar Martinez

**Company number** 05534540

**Registered office** Crosby Road South  
Liverpool  
L21 4PF

**Auditor** Cowgill Holloway LLP  
Regency House  
45-51 Chorley New Road  
Bolton  
Lancashire  
BL1 4QR

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# **DACSA LIMITED**

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# **DACSA LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018.

#### **Fair review of the business**

##### **Business model**

The business procures maize from outside the UK. The maize is milled in the UK premises in Liverpool and sold onto customers throughout the UK. The company seeks to add value through the quality of its products and its relationships with both its raw material suppliers and its customers.

##### **Business review and results**

During the year turnover has increased by £9,799,811, turnover has increased as a result of the improvement in sales value and volume for certain contracts and by-products. Despite the increase the company has managed to maintain gross profit margin with only a very small increase to 23.28% from 23.22% in 2017. The directors are pleased to report a profit before tax of £5,485,959 (2017: £3,753,619).

The directors have approved a final dividend for the year ended 31 December 2018 of £5,367,180 (2017: £5,323,380).

##### **Key performance indicators**

Key performance indicators continue to be used throughout the business. The company's focus is on improvements in gross margin and reducing operating costs, supported by robust cash flow monitoring.

##### **Principal risks and uncertainties**

###### *Price risk*

The market continues to be highly competitive and so it is important to be prepared to obtain the best supplies in quality and price.

###### *Foreign exchange risk*

The company has a number of customers whom it invoices in euros. The effect of any exchange rate variance is mitigated partially by the fact that the company also purchases the vast majority of its raw materials in euros.

The uncertainty of the foreign currency markets make it difficult for the directors to assess the likely impact of future movements in the euro to sterling exchange rate. However, the use of hedging instruments assists in minimising exposure.

###### *Credit risk*

The company looks at the trading history of any new customers before allowing any trade to take place. Any potential customers with poor or no trading history are required to pay on delivery for initial orders. The company's established customers' credit terms are monitored on a regular basis which provides the directors' with comfort over this area

###### *Liquidity risk*

The company manages liquidity risk by maintaining adequate reserves and by monitoring forecasts and actual cash flows.

Beyond the financial control measures also non-financial performance indicators are of central importance for the company's performance. They relate to the company's relationships with customers and employees. DACSA Limited employed an average of 31 staff in 2018 an increase of 3 from 2017.

##### **Principal risks and uncertainties**

###### **Future developments**

The company aims to continue to grow its market share in the industry and continue to increase turnover and margin. The company's mission is to maintain the highest quality, safety and efficacy in all products whilst creating sustainable value for our customers.

## DACSA LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### Other information and explanations

##### Impact of Brexit on Dacsa Limited

Dacsa Limited is a British company that is wholly owned by the parent Spanish Company Maicerias Espanolas S.A. Its sole activity is milling maize into ingredients for food and feed industry, largely for the domestic British market. Exports into EU and third countries are non significant (less than 1%). Maize used for our milling activities is about 97% Argentinean origin and 3% French origin. From a trading point of view as we are producing in the UK for the UK market, we consider to have little exposure to the Brexit impact. Risks of Brexit for DACSA Limited, may be associated with the influence of the euro to sterling exchange rate, as several of our customers pay in euro. Also, risks may arise in relation to the potential reduction of economic activity driven by a downturn of the economy if our politicians do not achieve the expected agreements during the negotiations. Another concern of Brexit for DACSA is how any potential changes regarding The European Union Customs Unions will affect trade. In regards to our workforce, we do not foresee any issues derived from Brexit as all of the workforce is local.

On behalf of the board

DocuSigned by:



Miss Araceli Oscar Garcia

Director

11/5/2019 | 5:20 PM BST

# **DACSA LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the company during the year was that of mill work producing maize products.

#### **Directors**

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

Miss Araceli Ciscar Garcia  
Mr Ricardo Ciscar Garcia  
Mr Ricardo Ciscar Martinez

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £5,367,180 (2017: £5,323,380) The directors do not recommend payment of a further dividend.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Auditor**

Cowgill Holloway were appointed as auditor to the company in accordance with section 485 of the companies Act 2006, and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

## **DACSA LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Statement of disclosure to auditor**

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 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 to establish that the company's auditor is aware of that information.

On behalf of the board

DocuSigned by:  


BF1702B5E8A24CC  
Miss Araceli Ciscar Garcia

**Director**

Date: 11/5/2019 | 5:20 PM BST

## DACSA LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DACSA LIMITED

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#### Opinion

We have audited the financial statements of Dacsa Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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. We are independent of the 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 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.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 our 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 the directors' report have been prepared in accordance with applicable legal requirements.



## **DACSA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DACSA LIMITED**

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#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **DACSA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DACSA LIMITED**

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#### **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.

DocuSigned by:

*Alex Hesketh*

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**Alex Hesketh (Senior Statutory Auditor)**  
**for and on behalf of Cowgill Holloway LLP**

13/5/2019 | 8:33 AM BST  
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**Chartered Accountants**  
**Statutory Auditor**

Regency House  
45-51 Chorley New Road  
Bolton  
Lancashire  
BL1 4QR

**DACSA LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2018**


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	Notes	2018 £	2017 £
<b>Turnover</b>	<b>3</b>	49,603,070	39,803,259
Cost of sales		(38,055,458)	(30,560,316)
<b>Gross profit</b>		11,547,612	9,242,943
Administrative expenses		(5,915,623)	(5,377,617)
<b>Operating profit</b>	<b>4</b>	5,631,989	3,865,326
Interest receivable and similar income	<b>7</b>	366	88
Interest payable and similar expenses	<b>8</b>	(146,396)	(111,795)
<b>Profit before taxation</b>		5,485,959	3,753,619
Tax on profit	<b>9</b>	(1,060,534)	(732,311)
<b>Profit for the financial year</b>		4,425,425	3,021,308

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The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# **DACSA LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**


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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>4,425,425</b>	<b>3,021,308</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>4,425,425</u></b>	<b><u>3,021,308</u></b>

**DACSA LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Goodwill	11	326,025		391,230	
Tangible assets	12	1,594,880		1,325,533	
		<u>1,920,905</u>		<u>1,716,763</u>	
<b>Current assets</b>					
Stocks	14	10,122,924		8,941,248	
Debtors	15	4,126,582		3,464,914	
Cash at bank and in hand		1,293,742		1,251,348	
		<u>15,543,248</u>		<u>13,657,510</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(16,584,161)</u>		<u>(13,598,691)</u>	
<b>Net current (liabilities)/assets</b>			<u>(1,040,913)</u>		<u>58,819</u>
<b>Total assets less current liabilities</b>			<u>879,992</u>		<u>1,775,582</u>
<b>Provisions for liabilities</b>	17		<u>(135,572)</u>		<u>(89,407)</u>
<b>Net assets</b>			<u><u>744,420</u></u>		<u><u>1,686,175</u></u>
<b>Capital and reserves</b>					
Called up share capital	19	1,000		1,000	
Profit and loss reserves		743,420		1,685,175	
<b>Total equity</b>			<u><u>744,420</u></u>		<u><u>1,686,175</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13/5/2019 | 7:21 AM BS and are signed on its behalf by:

DocuSigned by:  
  
 Mr. Ricardo Oscar Martinez  
 Director

Company Registration No. 05534540

**DACSA LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>		1,000	3,987,247	3,988,247
<b>Year ended 31 December 2017:</b>				
Profit and total comprehensive income for the year		-	3,021,308	3,021,308
Dividends	10	-	(5,323,380)	(5,323,380)
<b>Balance at 31 December 2017</b>		1,000	1,685,175	1,686,175
<b>Year ended 31 December 2018:</b>				
Profit and total comprehensive income for the year		-	4,425,425	4,425,425
Dividends	10	-	(5,367,180)	(5,367,180)
<b>Balance at 31 December 2018</b>		1,000	743,420	744,420

**DACSA LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	6,949,969		7,426,263	
Interest paid		(146,396)		(111,795)	
Income taxes paid		(969,002)		(968,896)	
<b>Net cash inflow from operating activities</b>		<b>5,834,571</b>		<b>6,345,572</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(425,363)		(469,448)	
Interest received		366		88	
<b>Net cash used in investing activities</b>		<b>(424,997)</b>		<b>(469,360)</b>	
<b>Financing activities</b>					
Dividends paid		(5,367,180)		(5,323,380)	
<b>Net cash used in financing activities</b>		<b>(5,367,180)</b>		<b>(5,323,380)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>42,394</b>		<b>552,832</b>	
Cash and cash equivalents at beginning of year		1,251,348		698,516	
<b>Cash and cash equivalents at end of year</b>		<b>1,293,742</b>		<b>1,251,348</b>	

# DACSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### Company information

Dacsa Limited is a limited company domiciled and incorporated in England. The registered office is Crosby Road South, Liverpool, L21 4PF.

The Company's principal activities are detailed in the Directors' report. The nature of the Company's operations are detailed in the Strategic report.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

##### 1.4 Intangible fixed assets - goodwill

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, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 10 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.



# DACSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	15 - 35 years straight line
Assets under construction	nil
Plant and machinery	5 - 20 years straight line
Fixtures, fittings & equipment	4 - 12 years straight line
Motor vehicles	3 - 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined using the weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# DACSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Classification of financial liabilities**

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

# DACSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

#### **Other financial liabilities**

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

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

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# DACSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as intangible or tangible fixed asset.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### **1.16 Dividend**

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any sources of estimation uncertainty which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sale of maize products	49,603,070	39,803,259

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	366	88

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	49,603,070	39,803,259

**4 Operating profit**

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Exchange losses	10,171	418,185
Depreciation of owned tangible fixed assets	156,016	139,849
Amortisation of intangible assets	65,205	65,205
Cost of stocks recognised as an expense	38,055,458	30,560,316

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £10,171 (2017 - £399,905).

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****5 Auditor's remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	11,000	24,000

Non-audit fees paid to the company's auditor was £1,750 (2017: £nil).

**6 Employees**

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

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Number of production staff	23	21
Number of administrative staff	8	7
	<u>31</u>	<u>28</u>

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,617,355	1,436,366
Social security costs	171,165	154,689
Pension costs	63,546	61,332
	<u>1,852,066</u>	<u>1,652,387</u>

Directors emoluments are paid by the ultimate parent undertaking. Details of these costs can be found in the financial statements of Maicerias Espanolas SA. The total remuneration of the managers, who are considered to be the key management personnel of the Company, was £95,978 (2017: £100,068).

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>7</b>	<b>Interest receivable and similar income</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Interest income		
	Bank deposits	366	88
		<u>366</u>	<u>88</u>
	Investment income includes the following:		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Interest on financial assets not measured at fair value through profit or loss	366	88
		<u>366</u>	<u>88</u>
<b>8</b>	<b>Interest payable and similar expenses</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Interest on financial liabilities measured at amortised cost:		
	Interest payable to group undertakings	132,627	101,777
	Other finance costs:		
	Other interest	13,769	10,018
		<u>146,396</u>	<u>111,795</u>
<b>9</b>	<b>Taxation</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Current tax		
	UK corporation tax on profits for the current period	1,014,369	706,506
		<u>1,014,369</u>	<u>706,506</u>
	Deferred tax		
	Origination and reversal of timing differences	46,165	25,805
		<u>46,165</u>	<u>25,805</u>
	Total tax charge	<u>1,060,534</u>	<u>732,311</u>

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****9 Taxation****(Continued)**

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2018 £	2017 £
Profit before taxation	5,485,959	3,753,619
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	1,042,332	713,188
Tax effect of expenses that are not deductible in determining taxable profit	16,211	1,277
Permanent capital allowances in excess of depreciation	1,991	5,074
Amortisation on assets not qualifying for tax allowances	-	12,389
Effect of change in tax rate	-	383
Taxation for the year	1,060,534	732,311

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

**10 Dividends**

	2018 £	2017 £
Final paid	5,367,180	5,323,380
	5,367,180	5,323,380

The dividend for the year ended 31 December 2018 was equivalent to £5,367 per share (2017: £5,323 per share).



**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****11 Intangible fixed assets**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	1,110,033
<b>Amortisation and impairment</b>	
At 1 January 2018	718,803
Amortisation charged for the year	65,205
At 31 December 2018	784,008
<b>Carrying amount</b>	
At 31 December 2018	326,025
At 31 December 2017	391,230

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****12 Tangible fixed assets**

	Land and buildings leasehold	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2018	1,220,943	30,190	3,568,473	15,571	2,248	4,837,425
Additions	180,302	43,566	191,609	9,886	-	425,363
At 31 December 2018	1,401,245	73,756	3,760,082	25,457	2,248	5,262,788
<b>Depreciation and impairment</b>						
At 1 January 2018	1,129,028	-	2,370,820	9,796	2,248	3,511,892
Depreciation charged in the year	31,899	-	123,064	1,053	-	156,016
At 31 December 2018	1,160,927	-	2,493,884	10,849	2,248	3,667,908
<b>Carrying amount</b>						
At 31 December 2018	240,318	73,756	1,266,198	14,608	-	1,594,880
At 31 December 2017	91,915	30,190	1,197,653	5,775	-	1,325,533

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****13 Derivative financial instruments**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
<b>Derivatives at fair value through profit and loss</b>		
<b>Assets</b>		
Forward foreign currency contracts	65,543	65,543

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

**14 Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	8,634,408	8,302,211
Finished goods and goods for resale	1,488,516	639,037
	<u>10,122,924</u>	<u>8,941,248</u>

**15 Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	3,690,924	3,118,793
Derivative financial instruments	65,543	65,543
Other debtors	303,878	118,164
Prepayments and accrued income	66,237	162,414
	<u>4,126,582</u>	<u>3,464,914</u>

**16 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	455,974	726,880
Amounts owed to group undertakings	13,768,546	12,350,018
Corporation tax	387,734	342,367
Other taxation and social security	58,895	21,022
Other creditors	1,454,854	-
Accruals and deferred income	458,158	158,404
	<u>16,584,161</u>	<u>13,598,691</u>

Amounts owed to group undertakings totalling £13,768,546 (2017: £12,350,018) incur interest and are repayable on demand.

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****17 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities 2018 £</b>	<b>Liabilities 2017 £</b>
<b>Balances:</b>		
ACAs	135,572	89,407
	<u>          </u>	<u>          </u>
<b>Movements in the year:</b>		<b>2018 £</b>
Liability at 1 January 2018		89,407
Charge to profit or loss		46,165
		<u>          </u>
Liability at 31 December 2018		135,572
		<u>          </u>

The deferred tax liability at 31 December 2018 has been calculated based on the rate of 17%. The expected future tax rate that had been substantively enacted at the balance sheet date. There is no expiry date on timing differences, unused tax losses or tax credits.

**18 Retirement benefit schemes****Defined contribution schemes**

The Company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Company charged to profit or loss amounted to £63,546 (2017: £61,332).

**19 Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 Ordinary Shares of 1 each	1,000	1,000
	<u>          </u>	<u>          </u>
	1,000	1,000
	<u>          </u>	<u>          </u>

**DACSA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018****20 Related party transactions**

The company has taken advantage of the exemption available in accordance with FRS 102 (33.1A) not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

**21 Operating lease commitments**

At the reporting end date the company had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	9,984	9,984
Between two and five years	14,144	24,128
	<u>24,128</u>	<u>34,112</u>

**22 Controlling party**

The company is a wholly owned subsidiary of Maicerias Espanolas SA, a company incorporated in Spain with its registered office at Ctra Barcelona K.m 5, 46132 Almassera (Valencia). Maicerias Espanolas SA is owned by the directors of DACSA Limited.

The smallest and largest group of companies, of which the company is a member that produces consolidated financial statements is Maicerias Espanolas SA, a company incorporated in Spain.

The ultimate controlling party is Maicerias Espanolas SA, Ctra Barcelona K.m 5, 46132 Almassera (Valencia), Spain.

**23 Cash generated from operations**

	2018 £	2017 £
Profit for the year after tax	4,425,425	3,021,308
<b>Adjustments for:</b>		
Taxation charged	1,060,534	732,311
Finance costs	146,396	111,795
Investment income	(366)	(88)
Amortisation and impairment of intangible assets	65,205	65,205
Depreciation and impairment of tangible fixed assets	156,016	139,849
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(1,181,676)	2,630,021
(Increase)/decrease in debtors	(661,668)	1,105,930
Increase/(decrease) in creditors	2,940,103	(380,068)
<b>Cash generated from operations</b>	<u>6,949,969</u>	<u>7,426,263</u>