

Registered number: 09950317

CINNAMON COLLECTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 29 DECEMBER 2019

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CINNAMON COLLECTION LIMITED

COMPANY INFORMATION

Directors	V Singh T J Curle (appointed 6 August 2019) S S Leihal (appointed 4 February 2020)
Registered number	09950317
Registered office	Colmore Court 9 Colmore Row Birmingham West Midlands B3 2BJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

CINNAMON COLLECTION LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 9
Statement of comprehensive income	10
Balance sheet	11 - 12
Statement of changes in equity	13
Notes to the financial statements	14 - 33

CINNAMON COLLECTION LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 29 DECEMBER 2019

Introduction

The directors present their strategic report on the affairs of the Company, together with the audited financial statements for the 52 week period ended 29 December 2019.

Business review

Cinnamon Collection Limited consists of five restaurants in London and Oxford. These are Cinnamon Club in Westminster, two Cinnamon Kitchens (City of London and Battersea Power Station), a third Cinnamon Kitchen in the heart of Oxford, and Cinnamon Bazaar in Covent Garden. Even in its 18th year of trading, Cinnamon Club continues to lead the way for Indian restaurants in London, garnering significant media activity and acclaim, and is widely viewed as a London "Institution". The other restaurants in the Collection operate with the same ethos of growing through excellence in hospitality and product at different price points aimed at different audiences.

Cinnamon Collection's in-house training programmes continue to train apprentices, chefs and managers for the business and create opportunities for growth. In spite of a challenging labour market, Cinnamon Collection continues to achieve good team retention.

In the period to 29 December 2019, the Company generated revenue of £11,096,187 (period ended 30 December 2018: £11,443,836). On a like for like basis, sales decreased by 3%.

In the period to 29 December 2019, the Company made an operating loss of £1,211,333 (period ended 30 December 2018: £2,098,541). The Company incurred preference share interest costs of £783,489 (period ended 30 December 2018: £808,215) as disclosed in note 11.

The directors have concluded that these results are in line with their expectation.

The balance sheet as at the period end shows net liabilities of £7,507,251 (30 December 2018: £5,512,429). The balance sheet includes goodwill of £4,681,753 (30 December 2018: £4,969,911) in relation to the acquisition of the Cinnamon restaurants in 2016. The acquisition of the Cinnamon business was financed through the issue of preference shares as disclosed in note 20 to the financial statements.

Principal risks and uncertainties

The directors believe that the main risk to the company continues to be the impact of uncertainty due to Brexit and staff and skills shortage in the sector. The directors believe that the unique dining experience of the Cinnamon Collection and the continued significant PR generated by Executive Chef, Vivek Singh, combined with an active marketing presence in London, will help mitigate these challenges.

The business is exposed to food and drink price inflation, which is mitigated through close relationships with suppliers.

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact on the business. Monitoring exposure to risk and uncertainty is an integral part of the company's management processes.

The principal risks and uncertainties of the Company are:

- Property costs (including Business Rates) and energy prices
- Regulatory and Legislative Impact (Health & Safety)
- Recruitment and retention of good quality staff
- Economic uncertainty (external influences - Brexit)
- Property available for expansion

CINNAMON COLLECTION LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019

Principal risks and uncertainties (continued)

Management meet on a regular basis to discuss the risks noted above and implement procedures to mitigate the risk as appropriate.

Financial key performance indicators

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPIs).

The key financial performance indicators are presented in the table below. As well as financial indicators the Company's key non-financial performance indicators are the average number of staff employed by the Company, customer measures and health & safety at work.

	52 weeks ended 29 Dec 2019 £	52 weeks ended 30 Dec 2018 £
Turnover (£)	11,096,187	11,443,836
Gross profit (£)	8,754,611	9,077,222
Average number of employees	144	166

The Company made a loss before tax after interest of £1,994,822 (period ended 30 December 2018: £2,914,669).

The directors have concluded that the KPIs set out above are in line with their expectation for the business.

Future developments

The existing business and future growth are funded from free cash flow and the continued financial support of its owner and he has committed to provide sufficient liquidity and capital expenditure where needed. The business continues to commit in investing in its core assets its people, property and product, through excellence and innovation to ensure customers receive the very best experience delivered with quality and provenance.


Once there is clarity post Brexit and the new openings have settled down, Cinnamon Collection will look to expand at a sustainable rate, with restaurants suitable for the environment continuing in its ethos of evolution, innovation and creativity.

Consideration of the impact of Covid-19 has been included in the Director's Report.

This report was approved by the board on

29/7/2021

and signed on its behalf.



S S Leihal
Director

CINNAMON COLLECTION LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2019**

The directors present their report and the financial statements for the period ended 29 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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.

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

Principal activity

The principal activity of the Company is that of restaurant operations.

Results and dividends

The loss for the period, after taxation, amounted to £1,994,822 (*period ended 30 December 2018 loss £2,914,669*).

No dividends were declared in the period (*period ended 30 December 2018: £Nil*).

CINNAMON COLLECTION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019**

Directors

The directors who served during the period and subsequent to the period end were:

V Singh
L P McIlwee (resigned 20 April 2020)
T J Curle (appointed 6 August 2019)
S Leihal (appointed 4 February 2020)

Employee involvement

The Company recognises that its principal asset is its employees and their commitment to the Company's service, standards and customers. The Company's personnel policies ensure that all employees are made aware on a regular basis of the Company's policies, programmes and progress. Communication methods to employees vary according to need and will include but are not limited by, function updates, email bulletins, business briefings, podcasts, intranet, extranet, internal newsletters, direct correspondence (where appropriate), information and consultation forum, team meetings and management briefings.

Disabled employees

The Company offers equal opportunities to employees and applicants regardless of race, creed, sex, ethnic origin, age or disability. Disabled persons are considered for employment where they have appropriate skills and abilities to perform a job. Employees who become disabled during their lives will be retained in employment whenever possible and will be given help with any necessary rehabilitation and retraining.

Qualifying third party indemnity provisions

All directors benefitted from qualifying indemnity insurance policies in place during the financial year.

Disclosure of information to auditor

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to be make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

CINNAMON COLLECTION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019**

Going concern


In March 2020, the UK faced unprecedented challenges from the Covid-19 pandemic. As a business, we took immediate steps to safeguard the health and wellbeing of our employees and customers in line with government guidelines. The UK Government announced all restaurants were to close on 20 March 2020. All employees based in the restaurants and a large number of Head Office employees were furloughed, the remaining Head Office employees worked from home. All the restaurants reopened and traded for takeaway, delivery and eat-in during the summer and early autumn, taking advantage of the Eat Out to Help Out scheme in August. All sites closed again from 5 November 2020 for eat-in due to the 2nd lockdown and whilst a number re-opened on 2 December 2020 depending upon the relevant tier for each location full closure for eat-in came into effect on 24th December 2020. A roadmap to lifting the restrictions was announced by the Prime Minister on 22nd February 2021 which will see outdoor restaurant spaces open on 12th April and eat-in resuming on 17th May.

The Directors have prepared forecasts for the Company and concluded that it is appropriate to prepare these financial statements on a going concern basis. In arriving at this conclusion, the directors have obtained confirmation from Invest Co 1 Limited, the ultimate controlling party at the date of signing these financial statements, who has confirmed that it will continue to provide financial support to the Company for a period of at least the next twelve months after the date of signing the financial statements.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/7/2021 and signed on its behalf.



S S Leihal
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINNAMON COLLECTION LIMITED

Opinion

We have audited the financial statements of Cinnamon Collection Limited (the 'Company') for the 52 week period ended 29 December 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 Financial Reporting Standard 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 29 December 2019 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINNAMON COLLECTION LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINNAMON COLLECTION LIMITED
(CONTINUED)**

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 52 week period 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.

Matter on which we are required to report under the Companies Act 2006

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 or the Directors' report.

Matters on which we are required to report by exception

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 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 for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINNAMON COLLECTION LIMITED (CONTINUED)

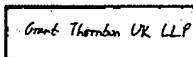
Auditor's responsibilities for the audit of the financial statements

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: 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.



Richard Woodward BA FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
Date: 29/7/2021

CINNAMON COLLECTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Note	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Turnover	4	11,096,187	11,443,836
Cost of sales		(2,350,576)	(2,366,614)
Gross profit		8,745,611	9,077,222
Administrative expenses		(9,668,786)	(10,935,254)
Amortisation of goodwill		(288,158)	(288,158)
Other operating income	5	-	47,649
Operating loss	6	(1,211,333)	(2,098,541)
Interest receivable and similar income	10	-	26
Interest payable and similar expenses	11	(783,489)	(816,154)
Loss before tax		(1,994,822)	(2,914,669)
Loss for the financial period		(1,994,822)	(2,914,669)

There were no recognised gains and losses in either period other than those included in the statement of comprehensive income.

There was no other comprehensive income for the current or prior period.

The notes on pages 14 to 33 form part of these financial statements.

CINNAMON COLLECTION LIMITED
REGISTERED NUMBER:09950317

BALANCE SHEET
AS AT 29 DECEMBER 2019

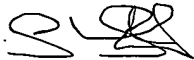
		29 December 2019 £	29 December 2019 £	30 December 2018 £	30 December 2018 £
	Note				
Fixed assets					
Intangible assets	13		4,681,753		4,969,911
Tangible assets	14		3,457,455		3,855,173
Investments	15		3,593,125		3,593,125
			<u>11,732,333</u>		<u>12,418,209</u>
Current assets					
Stocks	16	218,780		181,564	
Debtors: amounts falling due after more than one year	17	299,850		246,650	
Debtors: amounts falling due within one year	17	534,732		573,543	
Cash at bank and in hand	18	559,456		2,117,089	
		<u>1,612,818</u>		<u>3,118,846</u>	
Creditors: amounts falling due within one year	19	<u>(12,770,255)</u>		<u>(12,967,337)</u>	
Net current liabilities			<u>(11,157,437)</u>		<u>(9,848,491)</u>
Total assets less current liabilities			<u>574,896</u>		<u>2,569,718</u>
Creditors: amounts falling due after more than one year	20		(8,082,147)		(8,082,147)
Net liabilities			<u><u>(7,507,251)</u></u>		<u><u>(5,512,429)</u></u>

CINNAMON COLLECTION LIMITED
REGISTERED NUMBER:09950317

BALANCE SHEET (CONTINUED)
AS AT 29 DECEMBER 2019

		29 December 2019 £	30 December 2018 £
Capital and reserves	Note		
Called up share capital	24	1,000	1,000
Profit and loss account	25	(7,508,251)	(5,513,429)
Shareholders' deficit		<u>(7,507,251)</u>	<u>(5,512,429)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/7/2021



S S Leihal
 Director

The notes on pages 14 to 33 form part of these financial statements.

CINNAMON COLLECTION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 31 December 2018	1,000	(5,513,429)	(5,512,429)
Comprehensive income for the period			
Loss for the period	-	(1,994,822)	(1,994,822)
Total comprehensive income for the period	-	(1,994,822)	(1,994,822)
At 29 December 2019	1,000	(7,508,251)	(7,507,251)

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	980	(2,598,760)	(2,597,780)
Comprehensive income for the period			
Loss for the period	-	(2,914,669)	(2,914,669)
Total comprehensive income for the period	-	(2,914,669)	(2,914,669)
Shares issued during the period	20	-	20
At 30 December 2018	1,000	(5,513,429)	(5,512,429)

The notes on pages 14 to 33 form part of these financial statements.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

1. General information

Cinnamon Collection Limited is a private limited company incorporated in England and Wales. The Registered Office is Colmore Court, 9 Colmore Row, Birmingham, West Midlands, B3 2BJ. The entity's principal activities and nature of operations are disclosed in the Directors' Report.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements are made up to the Sunday nearest to the period end for each financial period.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity and its ultimate parent company, Invest Co 1 Limited, has included this information:

- a) from preparing a statement of cash flows;
- b) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
- c) from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7.

The following principal accounting policies have been applied:

2.2 Going concern

In March 2020, the UK faced unprecedented challenges from the Covid-19 pandemic. As a business, we took immediate steps to safeguard the health and wellbeing of our employees and customers in line with government guidelines. The UK Government announced all restaurants were to close on 20 March 2020. All employees based in the restaurants and a large number of Head Office employees were furloughed, the remaining Head Office employees worked from home. All the restaurants reopened and traded for takeaway, delivery and eat-in during the summer and early autumn, taking advantage of the Eat Out to Help Out scheme in August. All sites closed again from 5 November 2020 for eat-in due to the 2nd lockdown and whilst a number re-opened on 2 December 2020 depending upon the relevant tier for each location full closure for eat-in came into effect on 24th December 2020. A roadmap to lifting the restrictions was announced by the Prime Minister on 22nd February 2021 which will see outdoor restaurant spaces open on 12th April and eat-in resuming on 17th May.

The Directors have prepared forecasts for the Company and concluded that it is appropriate to prepare these financial statements on a going concern basis. In arriving at this conclusion, the directors have obtained confirmation from Invest Co 1 Limited, the ultimate controlling party at the date of signing these financial statements, who has confirmed that it will continue to provide financial support to the Company for a period of at least the next twelve months after the date of signing the financial statements.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Turnover

Turnover represents amounts receivable for goods and services provided in our restaurants.

Turnover generated in our own restaurants is recognised at the point of sale net of taxes.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life of 20 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	- straight line over the length of the lease
Fixtures and fittings	- 33% reducing balance
Office equipment	- 33% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)**2.6 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Invest Co 1 Limited, which prepares consolidated accounts which are publicly available

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)**2.11 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Equity instruments issued by the Company, including preference shares, are recorded at the fair value of the cash received or other resources received, net of direct issue costs.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.13 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses are classified within interest payable.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies set out above management is required to make certain estimates and judgements concerning the future. These judgements are regularly reviewed and updated as necessary.

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether there are any indicators of impairment of the Company's fixed assets. Fixed assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. When an impairment review is carried out, the recoverable value is determined based on value in use calculations which require estimates to be made of future cash flows and an appropriate discount rate, or assessment of the fair value less costs to sell, which includes significant judgement to derive the valuation.

Other key sources of estimation uncertainty:

a) Deferred tax asset

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The directors review the forecasts of the business to assess the recoverability of these assets. The recognition of the asset includes significant judgement as the reversal of the asset depends on forecasts.

b) Dilapidation provision

Provisions are made based on the estimated costs necessary to restore properties to their condition at lease inception discounted to present value. The calculation of the provision includes significant judgement as the ultimate cost is dependent on the condition of the property at the time of exit. No provision is deemed to be required at the period end.

4. Turnover

An analysis of turnover by class of business is as follows:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Sales of goods	11,096,187	11,443,836

All turnover arose within the United Kingdom.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

5. Other operating income

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Other operating income	-	47,649

6. Operating loss

The operating loss is stated after charging:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Depreciation of tangible fixed assets	743,452	776,405
Impairment of tangible fixed assets	-	474,600
Amortisation of intangible assets, including goodwill	288,158	288,159
Other operating lease rentals	1,087,175	1,187,583
Loss on sale of fixed assets	-	77,398
Stock recognised in cost of sales as an expense	2,350,576	2,366,614

7. Auditor's remuneration

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,500	13,890

Fees paid to the company's auditor, Grant Thornton UK LLP, other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated accounts of the company's parent, Invest Co 1 Limited, are required to disclose non-audit fees on a consolidated basis.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Wages and salaries	3,214,477	3,758,300
Social security costs	321,226	346,981
Cost of defined contribution scheme	56,849	99,197
	<u>3,592,552</u>	<u>4,204,478</u>

The average monthly number of employees, including the directors, during the period was as follows:

	52 weeks ended 29 December 2019 No.	52 weeks ended 30 December 2018 No.
Management and Administration	15	18
Restaurant, Kitchen and Bar	129	148
	<u>144</u>	<u>166</u>

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

9. Directors' remuneration

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Directors' emoluments	202,461	311,535
Compensation for loss of office	-	237,500
Company contributions to defined contribution pension schemes	8,772	1,299
	<u>211,233</u>	<u>550,334</u>

During the period retirement benefits were accruing to 1 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £202,461 (2018 - £368,723).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,772 (2018 - £297).

10. Interest receivable

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Other interest receivable	-	26
	<u>-</u>	<u>26</u>

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

11. Interest payable and similar expenses

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Bank interest payable	-	5,629
Other loan interest payable	-	2,310
Preference share dividends	783,489	808,215
	783,489	816,154

12. Taxation

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

12. Taxation (continued)**Factors affecting tax credit for the period**

The tax assessed for the period is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	52 weeks ended 29 December 2019 £	52 weeks ended 30 December 2018 £
Loss on ordinary activities before tax	(1,994,822)	(2,914,669)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(379,016)	(553,787)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	293	163,223
Deferred tax rate change	27,297	32,878
Income not taxable for tax purposes	(27,441)	(4,737)
Unrecognised deferred tax	232,022	279,457
Fixed asset differences	146,845	82,966
Total tax charge for the period	-	-

Factors that may affect future tax charges

The main rate of corporation tax will reduce from 19% to 17% from 1 April 2020, a change which was substantively enacted as of 15 September 2016 as part of the Finance Bill 2016.

In March 2020, the UK Government announced that the reduction in tax rate to 17% will be cancelled and the UK main corporation tax rate will remain at 19%.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

13. Intangible assets

	Goodwill £
Cost	
At 31 December 2018	5,763,166
At 29 December 2019	<u>5,763,166</u>
Amortisation	
At 31 December 2018	793,255
Charge for the year	288,158
At 29 December 2019	<u>1,081,413</u>
Net book value	
At 29 December 2019	<u>4,681,753</u>
At 30 December 2018	<u>4,969,911</u>

Amortisation is charged to administrative expenses.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

14. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 31 December 2018	3,664,609	2,098,427	79,475	5,842,511
Additions	201,798	140,914	3,022	345,734
At 29 December 2019	<u>3,866,407</u>	<u>2,239,341</u>	<u>82,497</u>	<u>6,188,245</u>
Depreciation				
At 31 December 2018	593,994	1,373,733	19,611	1,987,338
Charge for the period on owned assets	435,578	260,303	47,571	743,452
At 29 December 2019	<u>1,029,572</u>	<u>1,634,036</u>	<u>67,182</u>	<u>2,730,790</u>
Net book value				
At 29 December 2019	<u>2,836,835</u>	<u>605,305</u>	<u>15,315</u>	<u>3,457,455</u>
At 30 December 2018	<u>3,070,615</u>	<u>724,694</u>	<u>59,864</u>	<u>3,855,173</u>

The directors have reviewed the trading results and forecasts for the restaurants portfolio and recorded an impairment charge of £nil (2018: £474,600), for those sites where the carrying value of the fixed assets is not supported by future cashflows.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 31 December 2018	3,593,125
At 29 December 2019	<u>3,593,125</u>
Net book value	
At 30 December 2019	<u>3,593,125</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Indian Restaurants Limited*	Dormant	Ordinary	100%
Indian Restaurants (City) Limited	Dormant	Ordinary	100%
CKN2 Limited**	Dormant	Ordinary	100%

*Indian Restaurants Limited is exempt from the requirement of the Companies Act relating to the audit of the individual financial statements by virtue of s479A of the Companies Act 2006.

**CKN2 Limited changed its name to Fishworks Restaurants Limited on 22 October 2020.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

16. Stocks

	29 December 2019 £	30 December 2018 £
Finished goods and goods for resale	218,780	181,564

Stock recognised in cost of sales during the period as an expense was £2,350,576 (2018 - £2,353,654)

An impairment loss of £nil (2018 - £nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

17. Debtors

	29 December 2019 £	30 December 2018 £
Due after more than one year		
Other debtors	299,850	246,650

Debtors due after more than one year comprise deposits which are repayable on the expiration of property leases held in respect of land and buildings.

	29 December 2019 £	30 December 2018 £
Due within one year		
Trade debtors	33,112	49,153
Other debtors	68,830	72,825
Prepayments and accrued income	432,790	451,565
	534,732	573,543

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

18. Cash and cash equivalents

	29 December 2019 £	30 December 2018 £
Cash at bank and in hand	559,456	2,117,089
Less: bank overdrafts	-	(1,238,990)
	<u>559,456</u>	<u>878,099</u>

19. Creditors: Amounts falling due within one year

	29 December 2019 £	30 December 2018 £
Bank overdrafts	-	1,238,990
Trade creditors	696,013	190,190
Amounts owed to group undertakings	3,996,642	3,825,574
Amounts owed to related parties (note 29)	6,605,508	6,122,019
Other taxation and social security	529,038	738,936
Obligations under finance lease and hire purchase contracts	-	1,313
Other creditors	14,196	9,900
Accruals and deferred income	928,858	840,415
	<u>12,770,255</u>	<u>12,967,337</u>

20. Creditors: Amounts falling due after more than one year

	29 December 2019 £	30 December 2018 £
Preference shares	<u>8,082,147</u>	<u>8,082,147</u>

Each preference share carries no right to vote. As to dividends, the profits of the Company shall be applied in paying a fixed cumulative dividend of 10% of the issue price per preference share. On a return of assets, the assets of the Company shall be applied in paying first, a sum equal to any arrears of preference dividends, next in paying the issue price of such preference shares, and next in paying any accrued interest of unpaid preference dividends. The preference shares are redeemable.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	29 December 2019 £	30 December 2018 £
Within one year	-	1,313
	<u>-</u>	<u>1,313</u>

22. Financial instruments

	29 December 2019 £	30 December 2018 £
Financial assets		
Financial assets measured at amortised cost	<u>961,248</u>	<u>1,246,728</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(20,323,364)</u>	<u>(19,071,558)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, amounts owed to related parties, obligations under finance lease and hire purchase contracts, preference shares, other creditors and accruals.

23. Deferred taxation

At 29 December 2019, the Company had unrecognised deferred tax assets of £194,902, £2,413 and £452,023 (2018: £215,172, £1,683 and £200,460) relating to accelerated capital allowances, short term timing differences and tax losses respectively.

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

24. Share capital

	29 December 2019 £	30 December 2018 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

25. Reserves**Profit and loss account**

Profit and loss account - includes all current period retained profit and losses, less dividends.

26. Capital commitments

At 29 December 2019 the Company had capital commitments of £nil (30 December 2018: £Nil).

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £56,849 (*period ended 30 December 2018: £98,897*). Contributions totalling £14,196 (*30 December 2018: £9,900*) were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 29 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2019 £	30 December 2018 £
Not later than 1 year	934,750	1,113,250
Later than 1 year and not later than 5 years	4,234,000	4,453,000
Later than 5 years	9,403,982	10,917,105
	<u>14,572,732</u>	<u>16,483,355</u>

CINNAMON COLLECTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 DECEMBER 2019**

29. Related party transactions

Amber REI Holdings Ltd ("AREIL")

During the previous year, AREIL (a party related by common ownership) loaned the company £950,000. During the period a repayment of £300,000 was made. The loan balance outstanding at the period end is £3,440,000 (*30 December 2018: £3,740,000*). RS Boparan is considered to be the controlling party of AREIL.

Preferences shares are held by AREIL. The Company accrued interest of £783,489 (*period ended 30 December 2018: £808,215*) on these preference shares held by AREIL. The balance outstanding at the period end is £3,165,509 (*30 December 2018: £2,382,020*).

30. Ultimate parent undertaking and controlling party

The ultimate controlling party is considered to be RS & BK Boparan. The immediate parent company is Boparan Restaurants Holdings Limited. The ultimate parent company is Invest Co 1 Limited. The smallest and largest group in which the results of this Company are consolidated is that of Invest Co 1 Limited. Copies of the Invest Co 1 Limited accounts may be obtained from Companies House.