

Charity Registration No. 1134680

Company Registration No. 07004861 (England and Wales)

THE CINNAMON TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE CINNAMON TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	D W Band J R Dale Mrs A R Jarvis MBE
Founder and Chief Executive Officer	Mrs A R Jarvis MBE
Patrons	Virginia McKenna Sir Paul McCartney
Charity number	1134680
Company number	07004861
Registered office	10 Market Square Hayle Cornwall United Kingdom TR27 4HE
Auditor	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH
Bankers	Barclays Bank UK Plc 1 Church Place London United Kingdom E14 5HP
Solicitors	Nalders Farley House Falmouth Road Truro Cornwall United Kingdom TR1 2HX Vingoe Lloyd 33 St Johns Street Hayle Cornwall United Kingdom TR27 4LL

THE CINNAMON TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Investment advisors

Murrell Ashworth LLP
14 High Cross
Truro
Cornwall
United Kingdom
TR1 2AJ

Quilter Cheviot
Quilter & Co Limited
Queens Quay
33-35 Queens Square
Bristol
BS1 4LU
United Kingdom

Coutts & Co
Charity Investment
440 Strand
London
WC2R 0QS
United Kingdom

THE CINNAMON TRUST

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THE CINNAMON TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) *FOR THE YEAR ENDED 31 MARCH 2021*

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The charity's objects are to relieve:

- the elderly and anyone who has been diagnosed as suffering from a terminal illness by providing or assisting in the provision of care for the companion animals for which they are no longer able to provide; and
- the suffering of and cruelty to animals whose elderly or terminally ill owners have died, or are no longer able to care for them, by the provision of a shelter or where possible finding a foster home for them.

Mission statement

"Peace of mind and practical help for people - love, care, and safety of their pets."

Public benefit

The Trustees confirm that they have complied with the duty under Section 4 of The Companies Act 2006 to have due regards to the Charity Commission's general guidance on public benefit. References have been made in this report as to how public benefit has been promoted through the care of animals of elderly and terminally ill owners.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

THE CINNAMON TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance

The year to 31 March 2021 was dominated by COVID. The pandemic had an immediate impact upon The Trust. Demands for our services escalated by 300% and all staff and volunteers were designated essential workers. An emergency volunteer recruitment protocol was instigated to cover for existing volunteers who were deemed vulnerable and therefore unable to continue their assigned tasks. 1,300 additional volunteers were recruited, all were deployed and none of our 'clients' went without the help they and their pets needed.

At one time, 90,469 people with 91,949 pets were receiving help. Headquarters remained open throughout, staff who had to isolate due to their own health issues, or those with vulnerable family members, worked from home. We expended some £8,437 on IT system adaptations, screens between desks, office cleaning, office equipment, maintenance of phones and IT, staff welfare and volunteer recruitment.

The Trustees are pleased that the essential operations of The Trust were to all intents and purposes unaffected with regard to our petitioners.

In the year to 31st March 2021, we helped in total 155,685 people with 156,021 pets. We have 1,126 animals in life-long care in long-term foster homes, there are 80 residents at Hillside Farm Sanctuary: 10 dogs, 34 cats, 4 sheep, 12 zebra finches, 10 chickens, 5 quail, 1 rooster, 2 tortoises and 2 horses. We have 109 residents at Poldarves Farm Sanctuary: 15 dogs, 22 cats, 10 ponies, 4 squirrels, 4 tortoises, 1 pig and 53 ducks, chickens, geese, finches, budgies and doves. 8,253 pets are registered for life-long care. These figures necessarily rise and fall during the course of the year with new animals requiring care and old friends coming to the end of their lives. The representation here is taken on 31st March 2021. Our veterinary fees to veterinary surgeons all over the UK were £736,091 (2020: £696,253) in the year.

The Cinnamon Trust is the only major provider of services which not only enables owners and pets to enjoy each other's company in spite of any difficulties that may arise for elderly and frail owners in essential day-to-day care of their pets, but also ensures that owners have peace of mind and pets receive all the care they require for their health and welfare. The marked increase in demand for, and provision of, our services is testament to not only the need, but also the ability to respond. We handled 13,514 new cases in the year. Many continue from year to year, for example there are 18,652 dogs being walked each day by our volunteers and, most of these, for years. Each dog walking case requires two or three volunteers to ensure continuity of service and constancy, and this in turn requires more members of staff to regularly keep in touch with both owners and volunteers to ensure all is well and take remedial action if there are problems.

We have 1,242 young (24 years and under) volunteers and 18,602 volunteers in total. There are 75 members of staff. Our membership is 56,859 members including 40 overseas members (Australia 4, Canada 1, Cayman Islands 1, France 10, Ireland 8, Israel 1, Netherlands 3, Norway 1, Portugal 1, Spain 1, Sweden 1, Switzerland 1, United States of America 7).

A total of 1,332 Pet Friendly Care Homes were registered, 675 being Retirement Complexes. During 2021, we will be contacting all our registered care homes and retirement complexes to bring the register up to date as, sadly, there will be those facilities which have closed as a result of the pandemic. This is a mammoth task but, while we have been in contact with many through 2020, there are many more we need to check on.

It is hoped that the COVID emergency will gradually diminish through 2022 but, should this not be the case, we have both the human and financial resources to respond positively to any and all calls for help well into the future.

THE CINNAMON TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Investment Objectives

The Trust seeks to produce the best financial return within an acceptable level of risk.

The investment objective for the long-term reserves is to generate a return in excess of inflation over the long-term while generating an income to support the on-going activities of The Trust.

The short-term objective is to preserve the capital value with a minimal level of risk.

Assets

The Trust's assets can be invested widely and diversified to produce a balanced portfolio using asset classes which can include cash, bonds, equities, property, hedge funds etc and any other asset that is deemed suitable for the charity.

Ethical Policy

All the above is subject to the proviso that funds should not be invested with any company involved either directly or indirectly with animal testing and research.

Reporting and Monitoring

The fund managers are required to provide the following information on a quarterly basis, valuation of investments, transaction reports, cash reconciliations, performance analysis and commentary.

The Chairman has responsibility for agreeing strategy, monitoring investment assets and for signing instructions to investment managers.

The Trustees will review the information provided at each quarterly meeting and make adjustments to policy as and if necessary.

Financial review

Reserves policy

The Cinnamon Trust currently has an annual income of £7,527,450 (2020: £6,295,367) of which £6,282,569 (2020: £4,896,486) is derived from legacies. This dependence on legacies, which are a source of income dependent upon circumstances and beyond the control of the charity, make it extremely difficult to budget for anticipated legacy income and reserves need to be maintained to cover any future reduction in revenues. Further, these resources stand the charity in good stead in a very uncertain economic climate and are readily available to meet anticipated cash flow requirements.

The Trust currently has unrestricted funds of £45,890,795 (2020: £39,989,364). This includes tangible fixed assets of £2,431,962 (2020: £2,483,609), therefore leaving free reserves balance of £43,458,833 (2020: £37,505,755). It is the Trustees' policy to retain three years' running costs in reserve, of approximately £10,092,000 (2020: £10,080,000). Current levels of reserves are higher than the multiple of recent expenditure but stand The Trust in good stead in very unpredictable times on all fronts, and enable expenditure as necessary on wage rises, animal accommodation, petitioner support etc, with no need to make appeals for funds.

Investment policy and objectives

Due to current very low interest rates and rising inflation and in order to at least maintain the value in real terms of the remaining funds, these have been made available for investment.

At 31 March 2021 £1,468,841 (2020: £1,169,751) was invested with and managed by Quilter Cheviot and the Trustees are not minded to increase this.

At 31 March 2021 £17,659,968 (2020: £15,919,856) was invested and managed by Coutts & Co.

THE CINNAMON TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charity is controlled by its governing document, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Organisational structure

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

D W Band

J R Dale

Mrs A R Jarvis MBE


Trustees are appointed by the board of Trustees and meet quarterly with, if necessary, ad hoc meetings called to address matters of importance that occur between meetings.

The Chief Executive is responsible for strategic leadership, day to day decision making and administration and reports to the Trustees.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

The trustees' report, including the strategic report, was approved by the Board of Trustees.

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Mrs A R Jarvis MBE

Trustee

Dated: 19/1/22

THE CINNAMON TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of The Cinnamon Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

THE CINNAMON TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE CINNAMON TRUST

Opinion

We have audited the financial statements of The Cinnamon Trust (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes 1 to 24 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, 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 charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

THE CINNAMON TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE CINNAMON TRUST

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 Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE CINNAMON TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE CINNAMON TRUST

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Webb (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

Chartered Accountants
Statutory Auditor

24 January 2022

Woodlands Court
Truro Business Park
Truro
Cornwall
United Kingdom
TR4 9NH

THE CINNAMON TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Current financial year

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
Income from:					
Donations and legacies	5	6,985,378	-	6,985,378	5,634,416
Other trading activities	3	151,644	-	151,644	122,419
Investments	4	390,428	-	390,428	538,532
Total income		7,527,450	-	7,527,450	6,295,367
Expenditure on:					
Raising funds	6	81,356	-	81,356	72,316
Charitable activities					
Poldarves Sanctuary	7	101,829	-	101,829	108,242
Hillside Sanctuary	7	130,696	-	130,696	114,259
Community Services	7	3,073,233	-	3,073,233	3,063,452
Sunnyside & Millbank	7	2,498	-	2,498	1,720
Total charitable expenditure		3,308,256	-	3,308,256	3,287,673
Total resources expended		3,389,612	-	3,389,612	3,359,989
Net gains/(losses) on investments	12	1,760,027	-	1,760,027	(1,077,321)
Net incoming resources before transfers		5,897,865	-	5,897,865	1,858,057
Gross transfers between funds		3,566	(3,566)	-	-
Net movement in funds		5,901,431	(3,566)	5,897,865	1,858,057
Fund balances at 1 April 2020		39,989,364	421,183	40,410,547	38,552,490
Fund balances at 31 March 2021		45,890,795	417,617	46,308,412	40,410,547

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CINNAMON TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Prior financial year

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Income from:				
Donations and legacies	5	5,634,416	-	5,634,416
Other trading activities	3	122,419	-	122,419
Investments	4	538,532	-	538,532
Total income		6,295,367	-	6,295,367
Expenditure on:				
Raising funds	6	72,316	-	72,316
Charitable activities				
Poldarves Sanctuary	7	108,242	-	108,242
Hillside Sanctuary	7	114,259	-	114,259
Community Services	7	3,063,452	-	3,063,452
Sunnyside & Millbank	7	1,720	-	1,720
Total charitable expenditure		3,287,673	-	3,287,673
Total resources expended		3,359,989	-	3,359,989
Net gains/(losses) on investments	12	(1,077,321)	-	(1,077,321)
Net incoming resources before transfers		1,858,057	-	1,858,057
Gross transfers between funds		3,566	(3,566)	-
Net movement in funds		1,861,623	(3,566)	1,858,057
Fund balances at 1 April 2019		38,127,741	424,749	38,552,490
Fund balances at 31 March 2020		39,989,364	421,183	40,410,547

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CINNAMON TRUST

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13	2,574,579		2,629,792	
Investments	14	19,128,809		17,089,607	
		<u>21,703,388</u>		<u>19,719,399</u>	
Current assets					
Stocks	16	34,811		23,986	
Debtors	15	2,285,834		1,685,475	
Cash at bank and in hand		22,469,089		19,111,617	
		<u>24,789,734</u>		<u>20,821,078</u>	
Creditors: amounts falling due within one year	17	(184,710)		(129,930)	
Net current assets		<u>24,605,024</u>		<u>20,691,148</u>	
Total assets less current liabilities		<u>46,308,412</u>		<u>40,410,547</u>	
Income funds					
Restricted funds	19	417,617		421,183	
Unrestricted funds		45,890,795		39,989,364	
		<u>46,308,412</u>		<u>40,410,547</u>	

The financial statements were approved by the Trustees on 16/1/21


 Mrs A R Jarvis MBE
 Trustee

Company Registration No. 07004861

THE CINNAMON TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	21		3,292,717		3,073,153
Investing activities					
Purchase of tangible fixed assets		(46,498)		(35,898)	
Purchase of investments		(9,694,615)		(9,037,977)	
Proceeds on disposal of investments		9,415,440		8,718,042	
Interest and dividends received		390,428		538,532	
Net cash generated from investing activities			64,755		182,699
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			3,357,472		3,255,852
Cash and cash equivalents at beginning of year			19,111,617		15,855,765
Cash and cash equivalents at end of year			22,469,089		19,111,617

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

The Cinnamon Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Market Square, Hayle, Cornwall, TR27 4HE, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, with the exception of investments that are measured at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The trustees have assessed the use of the going concern basis and have considered possible events or conditions that might cast a significant doubt on the ability of the charitable company to continue as a going concern. The trustees have considered a period of at least twelve months from the date of approval of these financial statements. In particular, the trustees have considered the charitable company's available cash balances in conjunction with expected working capital requirements and have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the trustees have considered the impact of the ongoing COVID-19 pandemic.

The trustees are of the view that there are no material uncertainties that may create significant doubt over the charitable company's ability to continue as a going concern. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.4 Income

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:-

a) Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donated assets are included at their fair value where this can be reliably measured and a third party is bearing the cost. The value of services provided by volunteers is not quantifiable and accordingly has not been included.

b) Income from the the sale of bought in goods is included at the point of sale of the goods.

c) Dividend and interest income from investments is included in the period in which it is receivable.

d) Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Fundraising costs are those incurred in seeking voluntary contributions and include the costs of goods purchased for resale as part of the trading income.

Governance costs are management and administration costs that are incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses. Costs includes costs directly attributable to making the asset capable of operating as intended by management.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold property	2% on cost
Plant and equipment	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance
Office equipment	25% on reducing balance

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 recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible 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.

The 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 the Statement of Financial Activities.

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 the Statement of Financial Activities.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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

1.10 Cash and cash equivalents

Cash and cash equivalents 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.

1.11 Financial instruments

The charity 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 charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

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.

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised 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. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.12 Taxation

The charity is subject to corporation tax if its trading activities exceed the small trading taxation exemption.

No corporation tax was due in respect of the year ended 31 March 2021, nor to 31 March 2020, as the trading element resulted in a loss.

1.13 Employee benefits

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 charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. 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 net income/(expenditure) for the period.

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no critical judgements in applying the charity's accounting policies. Critical estimates comprise the fair value of investments, which are based on quoted prices.

3 Other trading activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
CT100 Club income	51,997	43,895
Catalogue income	99,647	78,524
Other trading activities	151,644	122,419

4 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Income from listed investments	376,897	464,736
Interest receivable	13,531	73,796
	390,428	538,532

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts (including gift aid)	681,606	737,930
Legacies receivable	6,282,569	4,896,486
Government grants receivable	21,203	-
	<u>6,985,378</u>	<u>5,634,416</u>

6 Raising funds

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	3,847	23,060
<u>Trading costs</u>		
Purchases	77,509	49,256
	<u>81,356</u>	<u>72,316</u>

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Charitable activities

	Poldarves Sanctuary 2021 £	Hillside Sanctuary 2021 £	Community Services 2021 £	Sunnyside & Millbank 2021 £	Total 2021 £	Total 2020 £
Staff costs	-	-	1,590,634	-	1,590,634	1,548,735
Depreciation and impairment	-	-	96,733	-	96,733	108,009
Hire of plant and machinery	(1)	-	3,627	-	3,626	3,436
Rents, rates and water	2,643	3,619	5,609	499	12,370	10,833
Insurance	-	-	41,456	-	41,456	40,729
Light and heat	14,361	11,090	8,726	28	34,205	33,101
Telephone	1,481	2,699	20,293	889	25,362	22,181
Postage and stationery	19	186	208,556	-	208,761	201,495
Advertising	-	-	5,838	-	5,838	6,313
Animal supplies (non food)	6,686	10,728	52,539	-	69,953	89,633
Animal feed	33,099	30,361	28,452	-	91,912	89,109
Cleaning	2,829	3,941	11,018	263	18,051	17,897
Repairs and renewals	10,093	21,268	9,644	819	41,824	25,843
Computer costs	-	137	61,612	-	61,749	62,678
Motor expenses	3,930	3,083	-	-	7,013	8,915
Veterinary fees and medicines	24,004	41,683	670,404	-	736,091	696,253
Travelling	17	117	120,645	-	120,779	133,689
Other charitable expenditure	2,668	1,784	137,447	-	141,899	188,824
	101,829	130,696	3,073,233	2,498	3,308,256	3,287,673
	101,829	130,696	3,073,233	2,498	3,308,256	3,287,673

8 Support costs

Included within charitable activity expenses are the following support costs:

	2021 £	2020 £
Staff costs	347,942	371,990
Office expenditure	239,575	224,485
Computer costs	61,749	62,678
Depreciation	96,733	108,009
	745,999	767,162

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Sanctuary staff	39	36
Community support and administrative staff	39	43
Assessors	-	9
Total	78	88

Employment costs	2021 £	2020 £
Wages and salaries	1,454,513	1,426,064
Social security costs	110,089	99,705
Other pension costs	26,032	22,966
	1,590,634	1,548,735

There were no employees whose annual remuneration was £60,000 or more (2020: none)

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Trustees' expenses

There were no expenses reimbursed to, or paid, on behalf of Trustees in the year (2019: £nil).

11 Net movement in funds

	2021 £	2020 £
Net movement in funds is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	96,734	108,009
Loss on disposal of tangible fixed assets	4,997	4,109
Hire of plant and machinery	3,626	3,436
Auditors remuneration	6,900	5,000
Auditors remuneration for non-audit work	1,800	3,084

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Revaluation of investments	1,760,027	(1,077,321)

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Tangible fixed assets

	Freehold property £	Plant and equipment £	Fixtures and Motor vehicles fittings £	Office equipment £	Total £
Cost					
At 1 April 2020	2,917,455	47,140	74,495	374,762	3,447,624
Additions	37,652	127	3,392	5,327	46,498
Disposals	-	-	(229)	(15,578)	(15,807)
At 31 March 2021	2,955,107	47,267	77,658	364,511	3,478,315
Depreciation and impairment					
At 1 April 2020	450,620	16,639	48,470	277,158	817,832
Depreciation charged in the year	58,560	7,652	7,094	21,221	96,734
Eliminated in respect of disposals	-	-	(161)	(10,669)	(10,830)
At 31 March 2021	509,180	24,291	55,403	287,710	903,736
Carrying amount					
At 31 March 2021	2,445,927	22,976	22,255	76,801	2,574,579
At 31 March 2020	2,466,835	30,501	26,025	97,604	2,629,792

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 April 2020	15,831,877	1,257,730	17,089,607
Additions	9,694,615	-	9,694,615
Valuation changes	1,760,026	-	1,760,026
Disposals	(8,371,790)	(1,043,650)	(9,415,440)
At 31 March 2021	18,914,728	214,080	19,128,808
Carrying amount			
At 31 March 2021	18,914,728	214,080	19,128,808
At 31 March 2020	15,831,877	1,257,730	17,089,607

Fixed asset investments revalued

Investments include listed investments that are included at fair value.

The historical cost value of listed investments at 31 March 2021 is £18,231,321 (2020: £16,873,051).

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Prepayments and accrued income	2,285,834	1,685,475

16 Stocks

	2021 £	2020 £
Goods for resale	34,811	23,986

17 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	26,522	-
Trade creditors	118,636	96,488
Other creditors	5,200	24,041
Accruals and deferred income	34,352	9,401
	184,710	129,930

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £26,032 (2020 - £22,966).

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2019 £	Transfers £	Balance at 1 April 2020 £	Transfers £	Balance at 31 March 2021 £
Property and facilities reserve	275,000	-	275,000	-	275,000
Hillside Sanctuary	149,749	(3,566)	146,183	(3,566)	142,617
	<u>424,749</u>	<u>(3,566)</u>	<u>421,183</u>	<u>(3,566)</u>	<u>417,617</u>

The Hillside Sanctuary fund is in respect of funds specifically donated in connection with the purchase of a second sanctuary, being Hillside Sanctuary.

The property and facilities reserve restricted fund is in respect of funds specifically donated for the purchase, improvement or other costs directly attributable to a physical facility.

20 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	2,431,962	142,617	2,574,579	2,483,609	146,183	2,629,792
Investments	19,128,809	-	19,128,809	17,089,607	-	17,089,607
Current assets/ (liabilities)	24,330,024	275,000	24,605,024	20,416,148	275,000	20,691,148
	<u>45,890,795</u>	<u>417,617</u>	<u>46,308,412</u>	<u>39,989,364</u>	<u>421,183</u>	<u>40,410,547</u>

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21	Cash generated from operations	2021 £	2020 £
	Surplus for the year	5,897,866	1,858,051
	Adjustments for:		
	Investment income recognised in statement of financial activities	(390,428)	(538,532)
	Loss on disposal of tangible fixed assets	4,977	4,107
	Fair value gains and losses on investments	(1,760,027)	1,077,321
	Depreciation and impairment of tangible fixed assets	96,733	108,009
	Movements in working capital:		
	(Increase) in stocks	(10,825)	(4,196)
	(Increase)/decrease in debtors	(600,359)	526,479
	Increase in creditors	54,780	41,914
	Cash generated from operations	3,292,717	3,073,153
22	Analysis of changes in net funds		
	The charity had no debt during the year.		
23	Operating lease commitments		
	At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
		2021 £	2020 £
	Within one year	942	3,228
	Between two and five years	394	7,300
		1,336	10,528

THE CINNAMON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

24 Related party transactions

Transactions with related parties

The charity purchased goods and services from J Dale, a trustee, totalling £78,797 (2020: £74,292) during the year. At the balance sheet date, there was an amount due of £22,271 (2020: £nil) to J Dale included within Creditors: Amounts due within one year.

The charity purchased goods and services from Nalders LLP, an LLP in which D Band is a designated member, totalling £2,628 (2020: £294) during the year. There were no amounts owed to Nalders LLP at the current or previous year end.

During the year the total amount the charity paid to key management personnel in remuneration and benefits was £163,337 (2020: £167,071).