

Registered number: 07810580
Charity number: 1150369

HEADROW MONEY LINE
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

HEADROW MONEY LINE
(A company limited by guarantee)

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HEADROW MONEY LINE**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Trustees	N Rhodes, Chair J Burr (resigned 31 October 2020) N Canwell (appointed 1 September 2021) J Cross (resigned 1 September 2021) R Goldthorpe J Hook (resigned 30 September 2021) I Mills C Smyth (resigned 3 March 2021)
Company registered number	07810580
Charity registered number	1150369
Registered office	Unit F Second Floor Westminster Buildings 31 New York Street Leeds West Yorkshire LS2 7DT
Independent auditor	BHP LLP Chartered Accountants 1st Floor Mayesbrook House Redvers Close Leeds LS16 6QY

HEADROW MONEY LINE

(A company limited by guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The trustees present their annual report together with the audited financial statements of the Company for the 1 October 2020 to 30 September 2021. The Annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities**a. Policies and objectives**

The principal objectives of the company are to provide access to affordable credit and other financial services to individuals who are excluded from mainstream financial services and to provide advice and training in relation to money and debt management. To achieve these objectives the company makes loans to individuals whose alternative would have been to borrow from high cost lenders.

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance**a. Main achievements of the Company**

Throughout the year 527 new loans have been issued with a financial value equivalent to £324,800. Covid 19 continued to impact lending levels throughout the year. In spite of this reduced activity the level of trading deficit was contained at a modest level, reflecting the sound financial and business model adopted by the company for the last decade.

HEADROW MONEY LINE
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Financial review

a. Going concern

Since its inception Headrow Money Line has cooperated with Leeds City Credit Union under a Common Purpose Agreement. Inter alia this Agreement specifies that Leeds City Credit Union will assess applications and, where appropriate, issue loans and collect repayments on behalf of Headrow Money Line.

Following the year end Headrow Money Line received an indication from Leeds City Credit Union that it planned to terminate the Common Purpose Agreement and, subsequently, a letter from Leeds City Credit Union giving six months' notice of termination was received. The Directors of Headrow Money Line were not consulted regarding this decision, and were disappointed by this decision, and the significant impact this has on the operations of Headrow Money Line.

The termination of the Common Purpose Agreement brings to an end a decade of successful collaboration between Headrow Money Line and Leeds City Credit Union. This collaboration has benefitted many citizens of Leeds who are financially excluded by mainstream financial services businesses, and in parallel has strengthened the financial position of both collaborating partners. The collaboration has also supported the policies to alleviate financial exclusion adopted by Leeds City Council, who have been great supporters of Headrow Money Line throughout its existence.

Headrow Money Line has no employees and cannot function without the support of an existing financial services business. On receipt of the indication of termination of the Common Purpose Agreement Headrow Money Line instructed an immediate pause to the issuing of any further new loans. Subsequently, a proposal has been received from Leeds City Credit Union to extend the notice period for a further six months to January 2023, to facilitate the collection of outstanding loans. This proposal has been agreed in principle by both parties, subject to the agreement of acceptable terms and conditions.

In parallel Headrow Money Line has explored the possibility of entering into a similar Common Purpose Agreement with other existing financial services companies, including other CDFIs, to enable the underlying business to continue. However, despite our best efforts, as a Volunteer Board, it does not seem realistic that we will be able to dedicate what could be considerable effort in finding another partner.

The Directors consider that Headrow Money Line will be able to meet its financial obligations as they fall due provided that a satisfactory extension arrangement is made with Leeds City Credit Union around the collection of remaining debtor balances. The Directors consider that such an arrangement is in the financial interest of Leeds City Credit Union and Leeds City Council, both of whom are major creditors of Headrow Money Line. Having reviewed the relevant guidance, the Directors have prepared the accounts on a basis other than going concern as a result of the pause that has been placed on the primary activities of the business.

The Directors have reviewed the assets and liabilities of the Company as at the balance sheet date. The Directors do not consider that there has been any change to the legal terms attaching to the repayment of medium term loans payable by the Company as at 30 September 2021, and these loan balances are presented in the balance sheet based on the repayment terms included in the underlying loan agreements. The Company will have to use some of its reserves to cover the cost of winding down operations in the future, dependent on the outcome of discussions with potential future financial service partners. The directors have considered the current operations of the Company and do not consider that any such expenditure would be material to the financial statements, therefore no provision has been made in these financial statements for such potential future costs.

HEADROW MONEY LINE

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Directors have reviewed the loan balances included as assets at the balance sheet date for any required further provision. Based on the average loan term of the outstanding debtor book and, subject to the agreement of terms for collection of the balances through to January 2023, the Directors do not consider that any further provisions for bad and doubtful debts is required, over and above that included in these financial statements.

b. Reserves policy

The policy in place is to ensure that the charity holds a capital ratio of between 10%-20% with 20% being the optimum holding. The Trustees aim to have sufficient available reserves to facilitate the efficient operation of the company. The capital ratio at the 30th September 2021 was 65.74%, well in excess of the policy requirements.

As at the year ended 30 September 2021, the free reserves held by the charity were £102,491 (2020: £108,072).

c. Principal risks and uncertainties

The Board of Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, with the key risk areas detailed above.

Structure, governance and management**a. Constitution**

Headrow Money Line is registered as a charitable company limited by guarantee and was set up by its Articles of Association dated 14 October 2011.

The company is constituted under its Articles of Association dated 14 October 2011 and is a registered charity number 1150369.

The principal object of the company is to relieve poverty, financial hardship and distress for the public benefit.

b. Methods of appointment or election of trustees

The minimum number of Trustees is three and there is no maximum number of Trustees. The Board may appoint persons as a Trustee, either to fill a vacancy, or as an additional member. Trustees are appointed and removed in accordance with Articles 26 and 27 of the Articles of Association.

c. Organisational structure and decision-making policies

The Board of Trustees administers the company. The Trustees of the company at the year-end are detailed on page 2. The Board meets regularly during the year, The Trustees have appointed a third party, Leeds City Credit Union, to carry out the day to day administrative tasks of the company. There is a Common Purpose Agreement in place which governs the performance of Leeds City Credit Union and the extent of their deferred authority. As set out above, notice of termination of this Agreement has been issued by Leeds City Credit Union.

d. Policies adopted for the induction and training of trustees

The Trustees undertake whatever training they consider appropriate for them to fulfil their responsibilities.

HEADROW MONEY LINE

(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement of trustees' responsibilities

The trustees (who are also the directors of the Company for the purposes 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 . Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 trustees 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.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, BHP LLP, has indicated its willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees and signed on their behalf by:



.....
N Rhodes
(Chair of Trustees)

Date: 10 June 2022

HEADROW MONEY LINE

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADROW MONEY LINE

Opinion

We have audited the financial statements of Headrow Money Line (the 'charitable company') for the year ended 30 September 2021 which comprise the Statement of financial activities, the Balance sheet and the related notes, 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 30 September 2021 and of its incoming resources and application of resources, including its income and expenditure 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that a pause has been placed on the primary activity of the charity and therefore the trustees do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1.2. No material adjustments were required to the carrying value of assets and liabilities as a result of applying this basis.

Our opinion is not modified in respect of this matter.

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

HEADROW MONEY LINE

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADROW MONEY LINE (CONTINUED)

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, except to the extent otherwise explicitly stated in our report, 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.

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 Trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

HEADROW MONEY LINE

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADROW MONEY LINE (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes 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 charitable 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 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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations, relevant to the charitable company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of the charitable company minutes and both legal and consultancy expenses.

There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

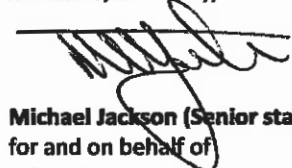
HEADROW MONEY LINE

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADROW MONEY LINE (CONTINUED)

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jackson (Senior statutory auditor)

for and on behalf of

BHP LLP

Chartered Accountants

1st Floor

Mayesbrook House

Redvers Close

Leeds

LS16 6QY

Date: 13 June 2022

HEADROW MONEY LINE**(A company limited by guarantee)**

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies	3	-	-	20,000
Charitable activities	4	121,203	121,203	144,531
Total income		121,203	121,203	164,531
Expenditure on:				
Charitable activities	5	126,784	126,784	169,742
Total expenditure		126,784	126,784	169,742
Net movement in funds		(5,581)	(5,581)	(5,211)
Reconciliation of funds:				
Total funds brought forward		108,072	108,072	113,283
Net movement in funds		(5,581)	(5,581)	(5,211)
Total funds carried forward		102,491	102,491	108,072

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

The notes on pages 13 to 22 form part of these financial statements.

HEADROW MONEY LINE
(A company limited by guarantee)
REGISTERED NUMBER: 07810580

BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Current assets			
Debtors	8	276,373	290,403
Cash at bank and in hand		249,995	249,995
		<u>526,368</u>	<u>540,398</u>
Creditors: amounts falling due within one year	9	(39,519)	(26,871)
Net current assets		486,849	513,527
Creditors: amounts falling due after more than one year	10	(384,358)	(405,455)
Total net assets		<u>102,491</u>	<u>108,072</u>
Charity funds			
Unrestricted funds	11	102,491	108,072
Total funds		<u>102,491</u>	<u>108,072</u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:



N Rhodes
(Chair of Trustees)
Date: 10 JUNE 2022

HEADROW MONEY LINE**(A company limited by guarantee)**

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	13	18,111	19,394
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		(18,111)	(19,399)
		<hr/>	<hr/>
Net cash used in financing activities		(18,111)	(19,399)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year			(5)
Cash and cash equivalents at the beginning of the year		249,995	250,000
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	14	249,995	249,995
		<hr/>	<hr/>

The notes on pages 13 to 22 form part of these financial statements

HEADROW MONEY LINE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies**1.1 Basis of preparation of financial statements**

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a basis other than going concern under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below.

1.2 Going concern

Since its inception Headrow Money Line has cooperated with Leeds City Credit Union under a Common Purpose Agreement. Inter alia this Agreement specifies that Leeds City Credit Union will assess applications and, where appropriate, issue loans and collect repayments on behalf of Headrow Money Line. Subsequent to the year end Headrow Money Line received an indication from Leeds City Credit Union that it planned to terminate the Common Purpose Agreement and, subsequently, a letter from Leeds City Credit Union giving six months' notice of termination was received. The details for this are set out in the trustees report.

Headrow Money Line has no employees and cannot function without the support of an existing financial services business. On receipt of the indication of termination of the Common Purpose Agreement Headrow Money Line instructed an immediate pause to the issuing of any further new loans.

The Directors consider that Headrow Money Line will be able to meet its financial obligations as they fall due provided that a satisfactory extension arrangement is made with Leeds City Credit Union around the collection of remaining debtor balances. The Directors consider that such an arrangement is in the financial interest of Leeds City Credit Union and Leeds City Council, both of whom are major creditors of Headrow Money Line. Having reviewed the relevant guidance, the Directors have prepared the accounts on a basis other than going concern as a result of the pause that has been placed on the primary activities of the business. No material adjustments were required to the carrying value of assets and liabilities as a result of applying the basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. Accounting policies (continued)

1.3 Income

Loan interest receivable; Interest on both loan to individuals and loans to banks (i.e. cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest method and is calculated and accrued on daily basis.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

1.4 Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, its probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

1.5 Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.6 Debtors

Trade and other debtors are recognised at the transaction price, less any impairment. Prepayments are valued at the amount prepaid net of any discounts due.

A provision of 100% is made for all loans made more than one year in arrears. A provision of between 10% and 90% is made for all loans between 1 and 12 months in arrears. The Board have reviewed the provisioning policy at the year end and are satisfied that it reflects the experience on loan book arrears over the past 5 years and therefore, they have concluded that the year end provision is adequate.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

HEADROW MONEY LINE

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. Accounting policies (continued)**1.8 Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1.9 Financial Instruments

Loans to individuals are financial assets with fixed to determinable payments and are not quoted in active market. Loans are recognised when cash is advanced to individuals and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid.

1.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the bad debt provision on loans balances and the basis of this is set out in note 1.6.

HEADROW MONEY LINE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Grants		-	20,000

All income from donations and legacies was unrestricted in the prior year.

4. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Interest income	121,203	121,203	144,531

All income from charitable activities was unrestricted in the prior year.

HEADROW MONEY LINE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

5. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Audit and accountancy fees	12,928	12,928	7,000
Bad and doubtful debts	51,224	51,224	60,331
Professional fees	2,025	2,025	3,503
LCCU fees	42,496	42,496	54,504
Bank interest payable	18,111	18,111	19,399
Conference costs	-	-	5
Contribution towards IT development costs	-	-	25,000
	126,784	126,784	169,742

All expenditure on charitable activities was unrestricted in the prior year.

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8,400	5,250
Fees payable to the Company's auditor in respect of: All non-audit services not included above	2,040	1,750

7. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 30 September 2021, no trustee expenses have been incurred (2020 - £NIL).

HEADROW MONEY LINE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. Debtors

	2021	2020
	£	£
<i>Due within one year</i>		
Amounts owed by related entities	122,184	59,238
Loan balances	154,189	231,165
	276,373	290,403

9. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Amounts owed to related entities	21,190	19,871
Accruals and deferred income	18,329	7,000
	39,519	26,871

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

	2021	2020
	£	£
Other loans	245,000	245,000
Amounts owed to related entities	139,358	160,455
	384,358	405,455

The other loan, which is from Leeds City Council, is repayable on 30 November 2023. Interest is payable annually and is charged at a rate of 3.22% per annum.

Amounts owed to related entities are repayable over 5.5 years by instalments. Interest is payable at a rate of 6% per annum.

HEADROW MONEY LINE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Statement of funds

Statement of funds - current year

	Balance at 1 October 2020 £	Income £	Expenditure £	Balance at 30 September 2021 £
Unrestricted funds				
Reserves	108,072	121,203	(126,784)	102,491

Statement of funds - prior year

	Balance at 1 October 2019 £	Income £	Expenditure £	Balance at 30 September 2020 £
Unrestricted funds				
Reserves	113,283	164,531	(169,742)	108,072

12. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Current assets	526,368	526,368
Creditors due within one year	(423,877)	(423,877)
Total	102,491	102,491

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12. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Total funds 2020 £
Current assets	540,398	540,398
Creditors due within one year	(26,871)	(26,871)
Creditors due in more than one year	(405,455)	(405,455)
Total	108,072	108,072

13. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per Statement of Financial Activities)	(5,581)	(5,211)
Adjustments for:		
Decrease/(increase) in debtors	(46,364)	(46,850)
Decrease in creditors	(8,449)	(14,999)
Impairment losses	60,394	67,055
Finance costs	18,111	19,399
Net cash provided by operating activities	18,111	19,394

14. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	249,995	249,995
Total cash and cash equivalents	249,995	249,995

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15. Analysis of changes in net debt

	At 1 October 2020	At 30 September 2021
	£	£
Cash at bank and in hand	249,995	249,995
Debt due after 1 year	(245,000)	(245,000)
	4,995	4,995

16. Related party transactions

During the period the charity had no loans outstanding from any Trustee.

The charity incurred management charges from Leeds City Credit Union Limited (which is considered a related party on the basis that it shares key management personnel) of £42,496 (2020: £54,504). In the prior year, amounts totalling £20,000 were received in relation to a contribution towards the impact of COVID-19 and £25,000 was contributed to the Credit Union towards the development of an improved IT platform. As at the year end Headrow Money Line held £24,677 (2020: £54,677) within a members account of the Credit Union, amounts totalling £97,507 (2020: £4,561) were owed by Leeds City Credit Union Limited to Headrow Money Line and the charity also had a loan outstanding with them of £160,548 (2020: £180,326). Interest was payable on this loan of £10,222 (2020: £11,510).

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Post balance sheet events

Since its Inception Headrow Money Line has cooperated with Leeds City Credit Union under a Common Purpose Agreement. Inter alia this Agreement specifies that Leeds City Credit Union will assess applications and, where appropriate, issue loans and collect repayments on behalf of Headrow Money Line.

Following the year end Headrow Money Line received an indication from Leeds City Credit Union that it planned to terminate the Common Purpose Agreement and, subsequently, a letter from Leeds City Credit Union giving six months' notice of termination was received. The Directors of Headrow Money Line were not consulted regarding this decision, and were disappointed by this decision, and the significant impact this has on the operations of Headrow Money Line.

Headrow Money Line has no employees and cannot function without the support of an existing financial services business. On receipt of the indication of termination of the Common Purpose Agreement Headrow Money Line instructed an immediate pause to the issuing of any further new loans. Subsequently, a proposal has been received from Leeds City Credit Union to extend the notice period for a further six months to January 2023, to facilitate the collection of outstanding loans. This proposal has been agreed in principle by both parties, subject to the agreement of acceptable terms and conditions.

In parallel Headrow Money Line has explored the possibility of entering into a similar Common Purpose Agreement with other existing financial services companies, including other CDFIs, to enable the underlying business to continue but has not been successful in this regard. Having reviewed the relevant guidance, the Directors have prepared the accounts on a basis other than going concern as a result of the pause that has been placed on the primary activities of the business. However, despite our best efforts, as a Volunteer Board, it does not seem realistic that we will be able to dedicate what could be considerable effort in finding another partner.

The Directors have reviewed the assets and liabilities of the Company as at the balance sheet date. The Directors do not consider that there has been any change to the legal terms attaching to the repayment of medium term loans payable by the Company as at 30 September 2021, and these loan balances are presented in the balance sheet based on the repayment terms included in the underlying loan agreements. The Company may have to use some of its reserves to cover the cost of winding down operations in the future, dependent on the outcome of discussions with potential future financial service partners. The Directors have considered the current operations of the Company and do not consider that any such expenditure would be material to the financial statements, therefore no provision has been made in these financial statements for such potential future costs.

The Directors have reviewed the loan balances included as assets at the balance sheet date for any required further provision. Based on the average loan term of the outstanding debtor book and, subject to the agreement of terms for collection of the balances through to January 2023, the Directors do not consider that any further provisions for bad and doubtful debts is required, over and above that included in these financial statements.