Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2020

of

Monument Bank Limited
(formerly Monument Corporation Limited)

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(formerly Monument Corporation Limited)

Contents of the Financial Statements
for the Year Ended 31 December 2020

Monument Bank Limited
(formerly Monument Corporation Limited)

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	M Bhandari V Gupta N S K Booker S M Friedlos M Hagerty J A Likierman F A Pollard I D Evans (appointed as a director on 28 Jan 2021)
REGISTERED OFFICE:	15 Upper Grosvenor Street 2nd Floor London W1K 7PJ
REGISTERED NUMBER:	10921940 (England and Wales)
INDEPENDENT AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

The Directors present their Strategic Report on Monument Bank (formerly Monument Corporation) (the 'Company', 'Bank' or 'Monument') for the year ended 31 December 2020.

On 6 October 2020 Monument received a Banking Licence and entered 'Authorisation with Restriction', having been granted Part 4A permissions by the UK regulators (the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA)). Having gained consent from the FCA to use the name 'Bank', on 9 November 2020 the Company name was changed from 'Monument Corporation Limited' to 'Monument Bank Limited'.

OUR BUSINESS

Monument was founded to meet the needs of the mass-affluent community, one of the most overlooked segments in the UK banking market today. This poorly served community of circa 4.8m people deserves far more than they currently experience from their existing banks. These people work hard for their success and appreciate everything it enables them to do and become. Their loyalty is taken for granted rather than rewarded. Until now, they rarely receive the service they deserve, particularly as they tend to have little time to devote to their Banking needs.

STRATEGY

The mass-affluent community is a highly valuable, growing and yet neglected segment. Legacy technology, increasing cost income ratios and regulatory change has meant that private banks have shifted their focus to high/ultra-high net worth individuals. At the same time, the 'premier' banks have only been able to offer a very limited service proposition and products that do not address what the mass-affluent want or need. As a result, this community have been orphaned and forced to endure poor levels of service.

Our strategy focuses on delivering exceptional levels of service that cater to a time-poor, aspirational community who want to build their legacy. And their success is not bought. It is built. Our differentiation will be delivered through:

- Our focus: focusing everything we do on the needs of our target segment and building the Monument community.

- Our technology: leveraging best-in-class, cloud-based, microservices architecture to bring new digital experiences and innovative offerings.

- Our unrivalled service: All based on one belief - our client's time is more valuable than our own.

THE MONUMENT TEAM

To build a world class Banking institution, we have assembled a driven, diverse Board & Management Team to lead, grow and manage the business:

BOARD MEMBERS

Niall Booker - Chairman
With a very successful career of over 35 years in banking, Niall brings a wealth of wisdom, knowledge and experience to Monument. He was the CEO who led the turnaround of The Co-operative Bank and prior to that was Group Managing Director at HSBC and CEO of HSBC North America during the period when HSBC managed its exit from Household International and rebuilt its relationship with US Regulators. Niall is also the Chairman of the College Council at Glenalmond College and a NED at Non-Standard Finance.

Niall was educated at Glenalmond College and at Gonville and Caius College, Cambridge.

Mintoo Bhandari - Founder & Chief Executive Officer
Mintoo spent most of his career as an investor, building teams, and developing forward thinking institutions. He left Apollo Global Management after nearly 12 years as a Senior Partner and Managing Director, working in New York, London and then successfully setting them up in India. He has also worked at the world's largest university endowment (Harvard University) as an investor and served on the boards of more than 20 companies across three continents.

Mintoo graduated from MIT with a S.B. in Mechanical Engineering and earned his MBA at Harvard.

Vikash Gupta - Non-Executive Director
An entrepreneur and co-founder, Vikash brings a diverse range of knowledge and experience. He is the CEO and co-Founder of VAR Capital, a multi-family office focused on investment management and lending. Prior to that, he spent 7 years at Barclays Wealth in the UK. He has also held roles at Booz & Company and at Sapient as a technologist.

Vikash is involved in several philanthropic projects, including a previous board membership of Spirit of 2012, a not-for-profit organisation set up to keep the spirit of the London 2012 Olympic Games alive.

Fiona Pollard - Remuneration and Nomination Chair
Fiona has a varied portfolio of Non-Executive Director roles including Melton Mowbray Building Society, Nexa Finance, and Visit England. She also runs her own business and property development company. In her banking career, Fiona worked for Barclays, Daiwa Europe Bank, NatWest Capital Markets and most recently, Goldman Sachs.

She was on the Board of SEEDA with responsibility for Business and Tourism as well as being a founder member of the Kent Tourism Alliance, Chair of KM Radio, and one of the Trustees behind the building of the Turner Contemporary Art Gallery in Margate.

Sir Andrew Likierman - Audit Chair
A London Business School professor and former Dean, his past non-executive directorships include the Bank of England and Barclays plc and he is currently the senior national independent director of Times Newspapers Holdings Ltd.

Andrew has won the Sunday Times award for Non-Executive Director of the Year in the public/not for profit sector.

Martin Hagerty - Risk Chair
Martin held senior roles at a variety of large institutions as well as a number of recent Fintechs. He was the CRO at HSBC for the retail Bank in Europe and latterly for Latin America and held similar roles at Marks & Spencer Money, MBNA, and Standard Chartered Bank. He was also the Chair of the Risk Committee for Chetwood Financial and helped Equifax go through the FCA Authorisation process following changes in the UK consumer credit regulations.

Martin was a NED at Oakbrook Finance until February 2021, and was Chairman of Castlight Financial until recently when it was acquired by Experian.

Steve Friedlos - Technology NED
Steve brings 30+ years of technology management experience to our Board. He has held CIO positions across investment Banks, private Banks, brokers and other financial services firms and has led the delivery of complex technology implementations and transformations.

Currently he is CIO at Bupa, and prior to that he was CIO and subsequently COO at The Co-operative Bank plc where he led a successful technology migration and was a key member of the Executive team which turned the Bank around.

Iestyn Evans - CFO (appointed to the Board on 28 January 2021)
Iestyn brings 20 years of diverse experience in Financial Services. Having started his career at Lloyds, he joined us from Target Group, where he held CFO and interim CEO positions. He was previously a partner and Group Finance Director at Omni Partners and Amicus Finance, and interim CFO and COO at Cambridge & Counties Bank.

Iestyn holds a BA in History from Aberystwyth University, an MBA from University of Warwick Business School and is a qualified accountant.

MANAGEMENT TEAM

Steve Britain - Chief Operating Officer
With 30+ years in Financial Services, Steve has built, led and transformed businesses at HSBC, The Co-operative Bank and the fintech, 10x Future Technologies. He is also the Chair at Which? Financial Services. Having created HSBC Premier in the UK over 20 years ago, he readily identifies with, understands and is obsessed with serving our community.

Steve holds an MA in Economics from the University of Cambridge.

John Saunders - Chief Commercial Officer
John has spent over 20 years in Private Banking. Having held senior roles at Coutts, Deutsche, Barclays Wealth and UBS, he has deep knowledge and experience of client service.

John holds an MA in Law from the University of Cambridge and is a qualified solicitor.

Wasim Khouri - Chief Strategy Officer
Wasim focusses on two elements as the Chief Strategic Officer: a client-first approach and the use of modern technology to deliver our strategy. Prior to joining, he spent most of his career at McKinsey working with clients on strategy, revenue growth management and large digital transformations, specialising in consumer-centric organisations and the use of data science.

Wasim holds a MEng in Electrical and Electronic Engineering from Imperial College, London.

Nihar Meta - Chief Risk Officer
Nihar brings deep experience of building and growing Banks. He has interacted with many of the new UK entrants as either a regulator, advisor or investor. As a regulator (FSA and then PRA/FCA), he managed the 'Change in Control' team and was responsible for approving several high-profile new bank entrants, after which he was hired to grow PwC's Bank start-up team, making it a market leading practice.

Nihar holds a MSc in Finance with Distinction from the University of Strathclyde and BSc in Finance from Pennsylvania State University.

Should Feike Brouwers be approved as CRO by the regulators (see below), Nihar will move to the role of Chief Corporate Development Officer during 2021.

Feike Brouwers - Chief Risk officer (Designate)
Feike joined Monument in January 2021 as Chief Risk Officer Designate, subject to regulatory approval.

Feike has over 20 years of experience in retail banking with CRO roles at Kensington Mortgages, Tesco Bank, the Coventry Building Society and as CFO at ING Direct UK and ING Direct France. Feike is also an advisor with Cyber Rescue Alliance, a cyber security consulting firm.

Feike is a Dutch Chartered Accountant and holds a MSc in Economics from Vrije Universiteit Amsterdam and an MBA from William E Simon Business School in Rochester (NY). He is also Certified in Risk and Information Systems Controls (CRISC) by ISACA.

PRINCIPAL RISKS AND UNCERTAINTIES

The Risk Management Framework
Monument will maintain a conservative risk profile whilst supporting the business objectives of the Bank. Our approach to risk and risk management is fully aligned with these twin aims. To maintain this risk profile, Monument has established a Risk Management Framework ("RMF") which defines our approach to managing and controlling the risks to which the Bank is exposed, in a coherent manner. The RMF defines the structure within which we identify, assess, manage, monitor, and report potential and crystallised risk exposure. The purpose of the RMF is to:

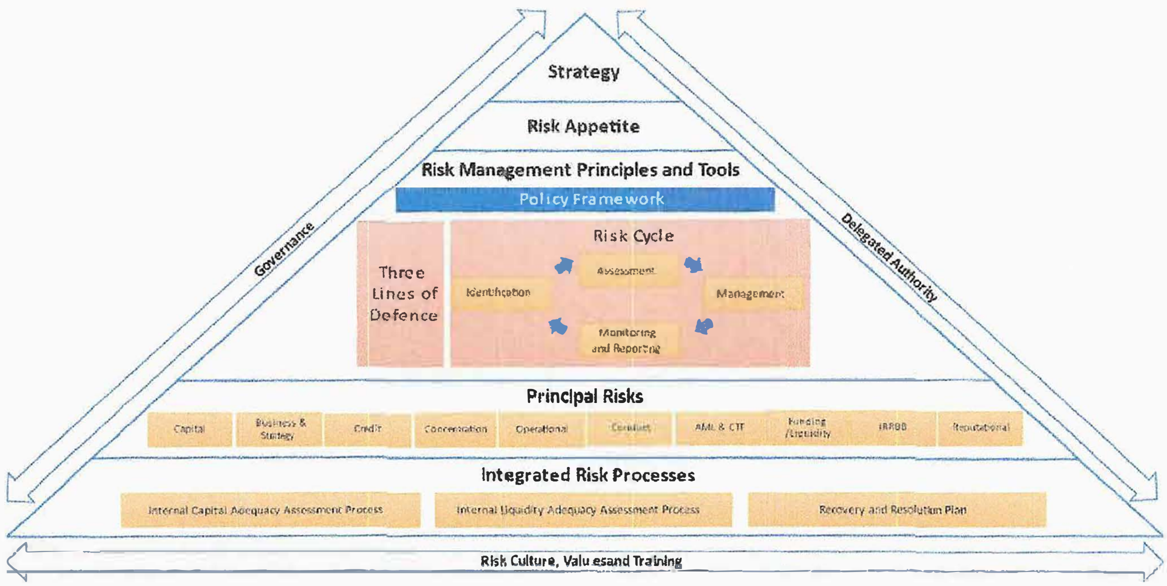
Set the standards of risk management within Monument, including:

- Governance;
- Risk Appetite;
- Risk Assessment and Measurement; and
- Risk Monitoring and Reporting.

In setting these standard, the RMF provides the Board with the ability to set risk appetite which will support profitable business development within acceptable tolerances. The RMF is developed in compliance with relevant UK legislation and regulation and takes account of industry codes of conduct and standards. The framework is subject to constant evaluation, to ensure it remains fit for purpose, takes account of emerging issues, and meets the needs of evolving regulatory standards and best practice.

Risk Strategy and the Three Lines of Defence

A fundamental requirement in delivering our business model in line with our objectives is the effective management of risk. We utilise best practice industry principles and standards within our RMF to provide a basis for a comprehensive, internal governance and controls structure for the management and control of risks, which is summarised in the diagram below:



Central to our risk management strategy and our operating model is the application of the three lines of defence model. The first line of defence is the commercial, business, and operational functions, whilst the second line is the Risk and Compliance function, and third line is Internal Audit (currently outsourced). In this model, primary responsibility for identification and reporting of risk sits with the first line business functions who are responsible for identifying risks in their own functionality. The second line is responsible for identifying risks in their own area as well as monitoring and challenging effectiveness of risk management across the whole firm. In developing the RMF, we have taken account of the key risk categories (Principal Risks in the diagram above) that can materially impact our business outcomes.

Capital Risk

This is the risk that Monument will not hold sufficient capital resources to support our strategy and fall below regulatory minimum requirements. This risk can crystallise through the business suffering operational or credit losses or through growing the business at a rapid rate beyond our means. We may also face this risk if our committed capital cannot be drawn down. At present, Monument has not exited mobilisation and therefore, our biggest capital risk is the risk of not raising sufficient regulatory capital to allow the Bank to exit mobilisation within the regulatory required timelines. Were this to happen, we would consider either requesting an extension to mobilisation, resubmitting an alternate business plan, and / or revisiting our operating model. This risk is managed directly by the ExCo reporting to the Board and the primary owner is the CEO.

Business & Strategy Risk
This is the risk associated with successfully delivering the future performance of the business plan and we consider this risk may arise from any of the following:

- Changes in the macro-economic environment;
- Changes in business performance against targets;
- Competitor Activity;
- New Products; and
- Regulatory Change.

This risk is managed directly by the ExCo and the Board and the primary owner is the CEO.

Credit Risk and Concentration Risk
Given Monument's business model, it is likely that credit risk (the risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations) will be one of the most significant exposures due to loan defaults. We have a conservative approach to credit risk and lending which is reflected in our Credit Risk Policy These set out our mitigations, in the form of our underwriting requirements, at a borrower level and at a security level. Concentration Risk is a specific type of credit risk which arises as a result of a large loss arising from lack of diversification of the loan book. This could relate to a single counterparty, connected counterparties, geographic concentration and/or sector concentration. At present, Monument has not made any loans and therefore does not carry any material credit risk or concentration risk in its balance sheet.

Operational Risk
This is defined as the loss resulting from failed or insufficient internal processes, people, and systems, or through external events. This includes failure to comply with relevant laws or regulations. Operational risk is managed via the Risk and Control Self-Assessment process (RCSA) which is a bottom-up assessment of operational risks which is business wide and performed by the owners of each business line (See Risk Management Framework).

Conduct Risk
This is the risk of creating detriment or harm to a client or a market. We have no appetite for known conduct failings; however, we accept that the risk cannot be completely mitigated for unknown failings. All Monument processes and business practices will seek to achieve good outcomes for clients and avoid harm. There is a heightened conduct risk in relation to vulnerable clients, to which we may become exposed. At present, Monument does not have any clients and so currently, the risk of conduct risk is immaterial.

Anti-Money Laundering (AML) & Counter Terrorist Financing (CTF) Risk
There is a risk that the Bank may be used to process illegal sources of funds, or to facilitate counterterrorist financing. The Bank has no appetite for being utilised for money laundering or counter terrorist financing. Neither is there any appetite for breaches to AML/CTF regulations.. Since the Bank has yet to onboard any clients, the above risks are minimal. The Bank has a robust due diligence process in place for onboarding investors in the Bank.

Funding/Liquidity Risk

This is the risk where we are not able to meet our financial obligations as they fall due despite being solvent. This risk includes meeting such obligations at a very high cost. Monument's Board has no appetite for regulatory liquidity breach and will always maintain sufficient Liquid Asset Buffers. Since the Bank has not granted any loans yet, the current funding/liquidity risk is minimal.

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB is the risk posed by adverse movements in interest rates that cause a mismatch between the rates Banks set on client loans and on deposits. This is linked to our funding risk as it is the risk arising because of mismatches in duration for our deposit and loan books. We will seek to minimise interest rate risk in the Banking book by having structural natural hedging in place in our balance sheet. Given that the Bank has not granted any loans yet and has not raised any deposits, this is risk is currently minimal.

Reputational Risk

Reputational Risk is the risk that an event or issue damages the Monument brand and could result in client and deposit attrition, increased regulatory exposure, lost revenue, increased costs, and depletion in shareholder value. This may occur because of some of the above risks. The Bank will seek to minimise any risk to its reputation and ultimately its brand through a robust system of processes, systems, and controls to mitigate for the risks noted above and indeed the wider risk universe it will be subject to.

FINANCIAL REVIEW

As Monument is in the 'Authorisation with Restriction' phase of the mobilisation journey to launch the Bank, we are pre-revenue, and incur build costs as we set up the business. As such, the results for the business, as set out on page 26, show, as expected, a loss for the financial year of £5,735,001. The comparative loss for year ended 31 December 2019 was £2,636,547.

In building the Bank, we have had great success in raising capital to date, with investors sharing and supporting our vision to create value in the mass affluent segment. To date, we have raised £18,413,424 in allotted share capital, with a further £15,034,157 received and allotted after the end of the financial year in February 2021.

As at 31st December 2020, our Total Capital Ratio (TCR) was 359% (2019 453%).

CORPORATE GOVERNANCE

The Board, with a majority of independent non-executive directors, has great breadth and depth of complementary experience, which provides the requisite skills and experience needed to govern and oversee the development of our proposed business model. In order to fully harness this depth of experience, we have created a governance structure as follows:

Board of Directors

The Board is collectively responsible for the overall management and proper conduct of the Bank to deliver a long-term sustainable business model that delivers the right outcomes for all stakeholders. This is done by:

- Providing leadership to the Bank and direction to the CEO;
- Setting a clear strategy for the Bank and monitoring progress against this;
- Clearly articulating the risk appetite to deliver the strategy and monitoring this regularly;
- Ensuring adequate resources are available to the Bank in order to deliver the strategy;
- Establishing the culture and values of the Bank;
- Ensuring any specific legal and regulatory responsibilities of the Board are fulfilled; and
- Carrying out the duties of the Board, the directors act in accordance with all relevant and applicable legislative and regulatory rules and expectations.

Board of Directors (continued)

To enable it to provide the appropriate governance and oversight expected of a regulated Bank, the board has established, and has regard to advice from, a number of sub-committees (Board Risk, Audit, Remuneration and Nomination) and the Executive Committee.

Each of the Board sub-committees deals with specific areas of the Bank's activities as described below. Each of these has a chair, a clear term of reference with delegated authorities and meets regularly.

Board Risk Committee

The Board Risk Committee is responsible for risk governance and oversight across the business. This is done by:

- Providing advice to the Board on risk strategy, including the oversight of current risk exposures of the firm;
- Developing, for consideration by the Board, the overall firm-wide risk management framework, and the risk appetite;
- Overseeing the firm's credit risk models, risk management performance and establishing the metrics to monitor this;
- Review of outputs of risk monitoring and assurance activity and provide challenge on proposed actions/remediation;
- Review and approval of risk matters in line with delegations, and providing recommendations to the Board for approval as required;
- Reviewing business change, risk events, horizon scanning and regulatory updates, providing recommendations to mitigate risk;
- Providing oversight and challenge of the design and execution of stress and scenario testing;
- Reviewing and challenging effectiveness of the whistleblowing arrangements; and
- Delivering advice, oversight, and challenge necessary to embed and maintain a supportive risk culture throughout the firm, including providing advice on remuneration.

The Board Risk Committee will have regard to relevant advice from the Audit Committee and the Internal Audit function concerning the effectiveness of the control framework.

The Board Risk Committee is chaired by Martin Hagerty.

Audit Committee

The Audit Committee provides oversight of the financial reporting process, the audit process, and the internal controls framework. This is done by:

- Reviewing, monitoring, and challenging the integrity of financial statements, disclosure and reporting requirements, including annual reports and accounts;
- Monitoring the adequacy and effectiveness of internal financial controls, including the mandate and scope of internal and external audit work;
- Reviewing the outputs of internal and external audit activity and any resulting actions required;
- Ensuring the independence and oversight of the external auditor;
- Overseeing the relationship with the external auditor;
- Ensuring the independence and oversight of the outsourced Internal Auditor; and
- Overseeing implementation of Accounting Policies and policy around income and loss recognition.

The Audit Committee is chaired by Sir Andrew Likierman.

Remuneration and Nomination Committee

The purpose of the Remuneration and Nomination Committee is to develop and maintain the process of making recommendations on appointments and reappointments to the board, its sub-committees and the Executive. Additionally, it is responsible for reviewing the succession plans for the executive directors and the Non-Executive Directors. This is achieved by:

- Reviewing the structure, size and composition of Board and its sub-committees, having regard for Monument strategy and diversity;
- Establishing and embedding the nominations process; and
- Overseeing succession planning for Board and Executives.

The Remuneration and Nomination Committee is also responsible for reviewing and making recommendations to the Board on the remuneration policy to ensure the right incentives are in place to deliver the strategy within stated risk appetite. This is done by:

- Overseeing the remuneration strategy and associated policies for the board and the Executive Team; and
- Reviewing the performance of individual executives against objectives to make appropriate recommendations on remuneration.

The Committee will have regard to advice from the Board Risk Committee. Fiona Pollard is the Chair of the Remuneration and Nomination Committee.

The Executive Committee

The role of the Executive Committee is to support the CEO in implementing the strategy agreed by the Board and to drive the performance of the business. The Executive Committee does this by supporting the CEO in:

- Developing strategy and recommending it to the Board for approval;
- Delivering the approved strategy and annual priorities;
- Reviewing annual capital and revenue budgets and recommend to Board for approval;
- Monitoring performance against key financial objectives including delivery of objectives by individual Executive Committee members;
- Reviewing and acting on business and financial reports;
- Receiving and considering reports on operational matters, and taking action as it considers appropriate;
- Reviewing employee development, performance and succession planning and making recommendations to the Remuneration and Nomination Committee in respect of Executive Committee succession planning;
- Actively promoting Monument's culture and values; and
- Receiving reports from and monitoring the performance of the Asset and Liability Committee, Executive Risk and Compliance Committee, Credit Risk Committee and Product Governance Committee

The Executive Risk & Compliance Committee

The Executive Risk & Compliance Committee is responsible for the management and monitoring of risk management and compliance matters throughout the business, escalating issues as required to Executive Committee and the Board Risk Committee.

The Credit Risk Committee

Within Board delegated authority levels, the Credit Risk Committee is the highest-level executive decision-making body for credit decisions. The Credit Risk Committee is responsible for establishing and embedding credit policies, including review and recommendation to Board Risk Committee for approvals. The Credit Risk Committee reviews credit performance across the credit portfolios, including review of actual and estimated impairment provisioning and write-offs. The Credit Risk Committee reviews and approves all special cases as stated within Credit Policy.

The Asset and Liability Committee

The Asset and Liability Committee monitors the composition of the Bank's assets and liabilities, controls financial, capital, liquidity and treasury risks and reviews control procedures including limits, reporting lines and mandates. The Committee will focus on managing internal capital and liquidity levels for both current and future activities to maintain balance sheet growth in line with company strategy and risk appetite.

The Product Governance Committee

The Product Governance Committee is responsible for the review and challenge of significant product and service changes, including new products, withdrawals and changes. The Product Governance Committee reviews client outcomes in relation to products and services and any associated conduct risks of harm. This is done by:

- Establishing the policies relating to product governance, product performance and client outcomes;
- Reviewing new products, proposals for significant product changes and product withdrawal proposals, providing challenge and approvals where appropriate;
- Reviewing product performance, including conduct risk and TCF monitoring; and
- Making recommendations to Executive Committee where issues are identified.

S. 172 STATEMENT

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172{1} (a} to (f), and forms the Directors' statement required under section 414CZA, of The Companies Act 2006.

The Directors consider that they have, in good faith, promoted the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:

Long-term decisions

Monument is a long-term investment by its shareholders, and the management team of the Bank respect this in making assessments of the opportunities to deliver long-term commercial success. In doing so, the Bank appropriately balances the needs of all customers, shareholders, employees, regulators and other parties. Long-term strategic decision-making is conducted in a transparent fashion, with the full engagement of the Board and its sub-committees. Investment decisions are made in a considered and controlled fashion and the need to comply, at all times, with Prudential and Conduct Regulations.

Employees

Monument appreciates that our people are the core to our strong foundations. With a growing team, we have successfully navigated the challenges of building a Bank through a global pandemic and continued to thrive. Our technology, culture and ways of working have enabled us to build through the strength of our collaboration and teamwork. Our vision and values sit at the heart of all we do to ensure we are all aligned in putting our clients front and centre while acting with integrity and attentiveness, being innovative and creating a community for our clients and our colleagues. Diversity is inherent in our teams and our growth, truly reflecting who we are and who we represent, in an open and honest environment that enables all colleagues to bring their true selves to work every day. Monument's innovative scope encourages growth and opportunities for all and our flexible approach to remuneration and development supports this. Our remuneration packages are externally bench marked and then further built upon to support our colleagues. We do this through supporting both physical and mental health, as well as families and external interests, making Monument a place where all our colleagues are proud to be a part of, with a true sense of purpose.

Business relationships with suppliers, customers and others

As a Bank set up to meet the needs of underserved segments of customers, we understand that long-term success is only possible with a business model that places the customer at the heart of our business model, and therefore customer experiencer and the ability to provide excellent service critical to Board decisions. As we build our model, we have actively engaged our founder members in the design of our proposition, to ensure that we meet needs consistently, with a high level of service, and in a fair and transparent manner. The Board and Management team are absolutely aligned on this view, and we consistently focus on providing that experience.

As a SaaS business, we work in co-operation with our suppliers to provide the customer experience and functionality to launch in our chosen segment. As key partners in our business, we believe that dealing with suppliers in the right way is the right thing to do.

In order the create the best business model, creating the best value for customers in terms of price, quality and social impact, we aim to build deep, collaborative relationships with our suppliers to enable them to understand the environment in which we operate so that they can partner with us effectively. This also allows us to understand one of our priorities in understanding the emerging need for supplier risk and operational resilience in our supply chain.

Community and environment

Our vision is to build a financial experience and community that creates more worth in the world. At Monument, we believe we can only achieve this by taking care of our community, colleagues and our environment. And our digital first strategy takes us a long way, enabling us to deliver a superior client service with limited travel.

Our corporate social responsibility strategy continues to evolve and grow with us. We are committing to supporting charitable causes every year, seeking input from a wide range of colleagues to support the causes that matter the most to our teams and communities.

Business conduct

The Board recognise the value of creating a reputation for high business standards, which is key in the highly regulated Banking environment in which the Bank operates. The Board consider this a business conduct issue and discharges oversight of this principally through the governance structures and delegation of authority to the executive management of the Bank. Under the corporate governance framework of the Bank, business conduct matters are addressed through several activities. These include:

- The development of the Bank's strategy and business plan
- The monitoring of executive action relating to the business model creation
- The review and approval of customer policies, including product design, process design and customer interfaces
- Satisfying itself that emerging and principal risks are identified arid understood; and that systems of risk management are being created to cover principal risks around culture, conduct and compliance, and that controls are in place to detect, prevent and mitigate key risks from the Bank's business activities·
- The oversight of creating key frameworks and structures which promote high business standards, including culture and conduct risk management

Additionally, the Bank has a series of values to which staff are expected to adhere, and which drive behaviours, promulgating high standards of business conduct.

For further detail on the Bank's corporate governance structures, refer to the Corporate Governance Report within the Strategic Report.

Interaction between members

The Board acts, always, to deliver fair outcomes that are balanced between all shareholders. As such, the Bank has appropriate membership from key shareholders on the Board, allowing a significant breadth of experience and judgement to be brought to bear on the creation of Monument Bank.

ON BEHALF OF THE BOARD:

DocuSigned by:

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Director

27-Apr-21
Date: ....

Monument Bank Limited
(formerly Monument Corporation Limited)

Report of the Directors
for the Year Ended 31 December 2020

The Directors present their report with the Financial Statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of banking services.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2020.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1st January 2020 to the date of this report.

M Bhandari
V Gupta
N S K Booker
S M Friedlos
M Hagerty
J A Likierman
F A Pollard

Other changes in directors holding office are as follows:

I D Evans was appointed as a director on 28 January 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment by the shareholders via a shareholder resolution.

ON BEHALF OF THE BOARD:

DocuSigned by:

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Director

Date: 27-Apr-21

Independent auditor's report to the members of Monument Bank Limited

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of Monument Bank Limited (the 'Company') for the year ended 31 December 2020 which comprise the income statement, other comprehensive income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the board on 4 January 2021 to audit the financial statements for the year ended 31 December 2020. The period of total uninterrupted engagement including retenders and reappointments is one year. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work performed, we considered going concern to be a key audit matter and our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of the company's ability to continue as a going concern assumption. We assessed this in light of our understanding of the company's long-term strategy, forecasts and current assessment of the impact of Covid-19.

- We reviewed the forecast used to support the going concern assessment for arithmetical accuracy and consistency with our understanding of the business and the environment.
- We reviewed events occurring subsequent to the balance sheet and up to the date of the auditor's report for evidence of management's intent and ability to carry out their plans.
- We reviewed the correspondence with regulators, in order to assess any impact on going concern.
- We considered the impact of the management's plans and sensitivities on the Company's liquidity requirements for the next twelve months and its overall current capital requirements as disclosed in Note 10.

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 entity'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 Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2020
	Intangible asset recognition and assessment for impairment	x
	Going concern and Covid -19	x
Materiality	*Financial statements as a whole* £55,000 based on 1% of total expenses	

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Conclusions relating to going concern' section above, we determined the matter described below to be a key audit matter.

Key audit matter		How the scope of our audit addressed the key audit matter
Intangible asset recognition and assessment for impairment (notes 2 and 11	The capitalisation of software development expenses in respect of internally generated software is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. There is a risk that the software development expenses which include staff costs, are not capitalised in accordance with the accounting framework. Management are required to assess whether capitalised assets are impaired. There is a risk that the impairment assessment is incomplete, due to the judgement involved	We obtained a breakdown of the software expenses capitalised during the year and reviewed the company's methodology and accounting policy for capitalisation of these costs. We assessed whether these were in line with the capitalisation requirement of the accounting framework. We tested a sample of third party software development expenses capitalised. For the sample tested, we assessed whether the costs capitalised met the capitalisation requirements of the accounting framework. For staff costs, we performed audit procedures to confirm the existence and accuracy of payroll costs for the relevant employees through agreeing to payroll records, payment to bank statements and to signed employment contracts. We also obtained time analysis to support that the percentage of costs capitalised are in line with the actual time spent on the projects. For the sample tested, we assessed whether the costs capitalised met the capitalisation requirements of the accounting framework. We reviewed the listing of accrued purchases of intangible assets and agreed to supporting documentation to check the existence and accuracy of these at year end. We have considered the completeness of accrued purchases of intangible assets through testing of post year end transactions. We considered the reasonableness of management's assessment of whether future economic benefits attributable to the capitalised software development costs will flow to the company, based on future business strategy and forecasts. We have considered whether there are any indicators of impairment of the intangible assets, based on requirements of the accounting framework. We assessed the disclosure pertaining to the intangible assets in the financial statements. **Key observations:** Based on the work performed, we consider development costs to have been appropriately capitalised and management's judgements regarding the absence of impairment to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements
	2020 £'000
Materiality	55
Basis for determining materiality	1% total expenses
Rationale for the benchmark applied	Monument Bank Limited has not yet started to generate revenue and as such, the level of expenses of the business is a key metric for the users of the financial statements. We therefore consider it an appropriate basis for our determination of materiality.
Performance materiality	36
Basis for determining performance materiality	65% of materiality

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £1,100. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report, report of the directors and audited financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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, 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 Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and United Kingdom Accounting Standards. We also considered the Company's compliance with licence conditions and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and directors;
- review of minutes of board meetings throughout the period; and
- review of correspondence with regulators during the period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

Use of our report

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

BDO LLP

Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
27 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Monument Bank Limited
(formerly Monument Corporation Limited)

Income Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2019 as restated £
Administrative expenses		5,743,261	2,645,674*
OPERATING LOSS	4	(5,743,261)	(2,645,674)
Interest receivable and similar income	6,7	8,260	9,127
LOSS BEFORE TAXATION		(5,735,001)	(2,636,547)
Tax on loss	8	-	-
LOSS FOR THE FINANCIAL YEAR		(5,735,001)	(2,636,547)

* Prior year adjustment – note 9

Monument Bank Limited
(formerly Monument Corporation Limited)

Statement of Comprehensive Income
for the Year Ended 31 December 2020

	Notes	2020 £	2019 as restated* £
LOSS FOR THE YEAR		(5,735,001)	(2,636,547)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(5,735,001)	(2,636,547)

*For details on the prior year adjustment, please refer to note 9.

Monument Bank Limited (Registered number: 10921940)
(formerly Monument Corporation Limited)

Statement of Financial Position
31 December 2020

	Notes	2020 £	2020 £	2019 as restated* £	2019 as restated* £
FIXED ASSETS					
Intangible assets	11		1,301,285		-
Tangible assets	12		28,978		12,014
			1,330,263		12,014
CURRENT ASSETS					
Debtors	13,17	301,406		118,564	
Cash at Bank		25,112,989		5,506,541	
		25,414,395		5,625,105	
CREDITORS					
Amounts falling due within one year	14,17	1,547,569		58,933	
NET CURRENT ASSETS			23,866,826		5,566,172
TOTAL ASSETS LESS CURRENT LIABILITIES			25,197,089		5,578,186
CAPITAL AND RESERVES					
Called up share capital	18		16,354		13,099*
Share premium	19		18,397,070		6,928,158*
Shares to be issued	19		15,034,157		1,499,595*
Retained earnings	19		(8,250,492)		(2,862,666)*
SHAREHOLDERS' FUNDS			25,197,089		5,578,186

*Prior year adjustment – note 9

The financial statements were approved by the Board of Directors and authorised for issue on 27th April 2021 and were signed on its behalf by:

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27-Apr-21
M Bhandari - Director

DocuSigned by:
Iestyn Evans
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27-Apr-21
I Evans - Director

The notes on pages 31 to 44 form part of these financial statements

Monument Bank Limited
(formerly Monument Corporation Limited)

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called Up Share Capital	Share Premium	Shares To Be Issued	Retained Earnings	Totals
	£	£	£	£	£
Balance at 1 January 2019	11,761	5,376,138	-	(345,014)	5,042,885
Changes in Equity					
Restated loss for the Year (see note 9)				(2,636,547)	(2,636,547)
Restated Employee Share Scheme Charge (see note 9)				118,895	118,895
Total Comprehensive Loss				(2,517,652)	(2,517,652)
Restated Issue of share capital (see note 9)	1,338	1,552,020		-	1,553,358
Restated Shares Issued - Not Allotted (see note 9)			1,499,595		1,499,595
Balance at 31 December 2019	13,099	6,928,158	1,499,595	(2,862,666)	5,578,186
Changes in Equity					
Loss for the Year				(5,735,001)	(5,735,001)
Employee Share Scheme Charge				347,175	347,175
Total Comprehensive Loss				(5,387,826)	(5,387,826)
Issue of Share Capital	3,255	11,468,912	(1,499,595)		9,972,572
Shares Issued -Not Allotted			15,034,157		15,034,157
Balance at 31 December 2020	16,354	18,397,070	15,034,157	(8,250,492)	25,197,089

The notes on pages 31 to 44 form part of these financial statements

Monument Bank Limited
(formerly Monument Corporation Limited)

Statement of Cash Flows
for the Year Ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Restated loss for the financial year*	(5,735,001)	(2,636,547)
Depreciation charges	11,655	4,528
Finance income	(8,419)	(9,127)
Employee Share Scheme Charge	347,175	118,895
(Increase)/decrease in trade and other debtors	(182,842)	2,814
Increase in trade and other creditors	1,488,636	58,363
Net cash used in operating activities	(4,078,796)	(2,461,074)
Cash flows from investing activities		
Expenditure on internally generated intangible assets	(1,301,285)	-
Purchase of tangible fixed assets	(28,620)	(12,280)
Interest received	8,419	9,127
Net cash used in investing activities	(1,321,486)	(3,153)
Cash flows from financing activities		
Share issue	3,254	1,339
Cash inflows from share premium*	9,969,319	1,552,131
Cash inflows from shares to be issued*	15,034,157	1,499,595
Net cash from financing activities	25,006,730	3,053,064
Increase in cash and cash equivalents	19,606,448	588,837
Cash and cash equivalents at beginning of year	5,506,541	4,917,704
Cash and cash equivalents at end of year (note 23)	25,112,989	5,506,541

*see note 9 for prior year adjustment details

The notes on pages 31 to 44 form part of these financial statements

1. STATUTORY INFORMATION

Monument Bank Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The principal activity of the company is that of a Bank.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party
The company does not have any related party transactions to declare for the year.

Significant judgements and estimates
In preparing these financial statements, the directors have made the following judgements:

- Determine the value of share-based payments within the Employee Share Scheme. The calculation is performed using established models and market assumptions to assess the fair value of the scheme shares at balance sheet date. The main assumptions are detailed in note 25.

- Determine the value of intangible assets capitalised to the balance sheet. The calculation is based upon the invoice value of the build components plus the internal time used to build the asset.

- Determine the value of the intangible assets capitalised to the balance sheet. These decisions are based on the value of the relevant purchase invoice for external vendors, and an allocation of time from the relevant salary costs.

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets
Tangible fixed assets, other than investment properties, are depreciated over their useful lives considering residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

continued...

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets such as the computer software are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is not being amortised for the current year. It will be amortised when it will be brought into use. £302,985 of salaries for staff directly attributable to the development of the software has been capitalised.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment at the following rates:

- Office equipment 3 to 5 years;
- Leasehold improvements: the greater of 5 years or the remaining term on the lease;
- Furniture 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Financial assets, financial liabilities and equity

Financial assets are initially measured at transaction price and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations, rather than the legal form for example, the share capital not allotted.

Financial liabilities are initially measured at transaction price (after deducting transaction costs, and subsequently held at amortised cost like the share capital raise costs).

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised as the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are considered in arriving at the operating result.

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share Based Payments

Monument Bank issues equity-settled share options to certain employees of the Bank. Equity-settled share option payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The grant date fair value of a share-based payment transaction is recognised as an employee expense, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. In the absence of market prices, the fair value of the equity at the date of the acquisition is assessed based on the value of the Bank adjusted for factors such as illiquidity, control and exit conditions, and the option price and is compared to the Black Scholes pricing model.

The expected life used in the model is based on management's best estimate, which considers non-transferability, exercise restrictions and behavioural factors. The volatility measure is also based on management's best estimate, as the shares are unlisted and there is no trading.

The amount recognised as an expense in the Income Statement is based on amortising the grant date fair value at a constant rate to the vesting date.

continued...

2. ACCOUNTING POLICIES - continued

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	2,328,159	1,210,314
Social security costs	342,222	151,163
Other pension costs	144,092	93,512
	2,814,473	1,454,989

The average number of employees during the year was as follows:

	2020	2019
Non-Executive Directors	6	6
Executive Committee	6	5
Staff	12	5
	24	16

continued...

3. **EMPLOYEES AND DIRECTORS - continued**

	2020	2019
	£	£
Directors' remuneration	695,097	407,910

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Directors' remuneration	312,704	169,166

During 2020 the Directors only received remuneration in the form of salaries, with no pension or long-term incentive scheme payments made.

Monument believe that 'key management personnel' are the Board Directors, whose remuneration is disclosed above.

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2020	2019
	£	£
Operation lease charge	132,611	110,092
Depreciation - owned assets	11,655	4,527

5. **AUDITORS' REMUNERATION**

	2020	2019
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	55,000	-

6. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£	£
Deposit account interest	8,419	9,127

continued...

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Interest paid	159	-

8. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31st December 2020 nor for the year ended 31 December 2019.

The total unused taxable losses carried forward are £9,617,689.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 as restated* £
Loss before tax	(5,735,001)	(2,636,547)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,089,650)	(500,944)
Effects of:		
Expenses not deductible for tax purposes	17,099	52,321
Capital allowances in excess of depreciation	1,047,728	7,752
Unused tax loss	24,823	440,871
Total tax charge	-	-

*see note 9 for the prior year restatement

9. PRIOR YEAR ADJUSTMENT

There has been an adjustment to the income statement and the reserves for the prior period to recognise share option charge in respect of Employee Share Scheme issued in the prior year. The adjustment is £118,895.

There has been an adjustment to the balance sheet and the reserves for the prior period to recognise monies received for investments in Monuments share capital of £1,499,595. The amount was received in cash but not issued as share capital at the previous balance sheet date and has therefore been reclassified to Shares to be issued.

continued...

10. GOING CONCERN

While 2020 saw the pandemic impact large areas of the UK economy, Monument achieved the entry into the mobilisation stage of the UK regulators process for Bank approval on 6 October 2020. Further, a highly successful series A funding round demonstrated our ability to capital raise in a difficult market. We further believe that our digital model, cloud enabled operating model and architecture will create an ability to compete effectively in the post-pandemic economy. In addition to this, the Series A fundraise has created a substantial cash reserve for us to operate on. However, as we detail in our strategic report on pages 2 -16, there remain key risks in launching as a fully licensed bank by the end of the statutory period, and we continue to manage these carefully as we progress. Given our progress on our mobilisation work and the availability of the substantial cash reserves, we believe the bank has adequate resources to continue as a business for a period of at least 12 months from the approval date of these financial statements. For this reason, the financial statements continue to be prepared on a going concern basis. We have also considered the impacts of the COVID-19 pandemic and the UK leaving the EEA and have concluded that this would not impact the going concern basis under which these accounts have been prepared.

11. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
Additions	1,301,285
At 31st December 2020	1,301,285
NET BOOK VALUE	
At 31st December 2020	1,301,285

As the software asset is still in the construction phase, amortisation of the asset has not begun.

continued...

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2020	7,006	10,993	17,999
Additions	3,656	24,964	28,620
At 31 December 2020	10,662	35,957	46,619
DEPRECIATION			
At 1 January 2020	2,043	3,943	5,986
Charge for year	2,665	8,990	11,655
At 31 December 2020	4,709	12,932	17,641
NET BOOK VALUE			
At 31st December 2020	5,953	23,025	28,978
At 31 December 2019	4,963	7,051	12,014

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other debtors	57,165	85,665
Prepayments	244,241	32,899
	301,406	118,564

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	926,968	-
Accrued expenses	620,601	58,933
	1,547,569	58,933

continued...

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	85,500	114,000
Between one and five years	-	85,500
	85,500	199,500

16. CAPITAL MANAGEMENT

The companies' capital consists of the shareholders equity and reserves. Monument's objective is to ensure that it has sufficient reserves to meet Regulatory requirements, and to raise further equity from new and existing shareholders to fund our growth ambition. During the period the entity complied with regulatory capital requirements.

In addition, Monument's aim is to maintain sufficient cash to allow it to meet its liabilities when they become due, by ensuring that cash flows are well planned and managed, and that the appropriate levels of liquidity are always available. Monument holds its cash across several different institutions to manage counterparty risk, and for the year ended 31 December, made no investments in other holdings, such as Treasury Bills or Gilts.

17. FINANCIAL INSTRUMENTS

Information regarding the Group's exposure to and management of Credit Risk, Concentration Risk, Funding / Liquidity Risk and Interest Rate in the Banking Book (IRRBB) risk is included in the Strategic Report.

	2020	2019
	£	£
Financial Assets		
Financial Assets measured at amortised cost	25,170,154	5,592,206
Financial Liabilities		
Financial Liabilities measured at amortised cost	1,547,569	58,993

Financial assets measured at amortised cost include cash at Bank and other debtors.

Financial liabilities measured at amortised cost include trade and other payables.

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18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
1,635,400	Ordinary	0.01	16,354	13,100

325,400 ordinary shares of 0.01 each were allotted and fully paid for cash during the year, with a further 382,353 shares fully paid for cash pre-year end but allotted on 23 February 2021.

19. RESERVES

	Share Premium	Shares To Be Issued	Retained Earnings	Totals
	£	£	£	£
At 1 January 2020 (Restated – See note 9)	6,928,157	1,499,595	(2,862,666)	5,565,086
Loss for the Year			(5,735,001)	(5,735,001)
Cash Share Issue	11,468,913	13,534,562		25,003,475
Employee Share Scheme Charge			347,175	347,175
At 31 December 2020	18,397,070	15,034,157	(8,250,492)	25,180,735

20. OTHER INFORMATION

As per FRS 102, paragraph 22.8, the directors measure the equity instruments at the fair value of the cash or other resources received or receivable, net of any direct costs of issuing the equity instruments and have applied this to the previous year comparative figures as well.

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21. POST BALANCE SHEET EVENTS

An investment of £15,034,157 was received in cash and included in equity at the year end, being allotted on 23 February 2021.

22. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

23. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	2020	2019
	£	£
Cash and cash equivalents	25,112,989	5,506,541

Year ended 31 December 2019

	2020	2019
	£	£
Cash and cash equivalents	5,506,541	4,917,704

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24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at Bank	5,506,541	19,606,448	25,112,989
Total	5,506,541	19,606,448	25,112,989

25. SHARE BASED PAYMENTS

Monument operates an equity-settled employee share option scheme, the first tranche of which was granted in August 2019. The vesting condition of the scheme requires staff to remain in employment over the three-year period until August 2022.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the Beginning of the Year	21	98,143	-	-
Granted during the Year	-	-	21	98,143
Outstanding at the end of the Year	21	98,143	21	98,143

The scheme granted the options in 2019, but no charge was made to the P&L for the cost of the scheme during that year, and this is reflected in the prior year adjustment stated in note 9. Of the 98,143 shares in the option scheme, none of the shares vested in 2020, and none will vest during 2021.

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25. SHARE BASED PAYMENTS (continued)

The Black-Scholes option pricing model was used to value to equity-settled share-based payment awards and it was considered that this approach would result in a materially accurate estimate of the fair value of the options granted. The following information was used in this valuation:

	2019 Tranche
Option pricing Model Used	Black-Scholes
Weighted Average Share Price at Grant Date	21p
Weighted Average Contractual Life	3 Years
Expected Volatility	10%
Risk free Interest Rate	2%

The share-based remuneration expense comprises:

	2020 £	2019 £
Equity Settled Schemes	347,175	118,895

Monument did not enter into any share-based payment transactions with parties other than employees during 2019 or 2020.