

Registered number
07137975

MASSIVE ANALYTIC LIMITED

Filleted Accounts

31 December 2019

MASSIVE ANALYTIC LIMITED

Registered number: 07137975

Balance Sheet

as at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	3	4,266,538	2,340,440
Tangible assets	4	4,172	6,245
		<u>4,270,710</u>	<u>2,346,685</u>
Current assets			
Debtors	5	1,294,912	292,515
Cash at bank and in hand		26,133	9,749
		<u>1,321,045</u>	<u>302,264</u>
Creditors: amounts falling due within one year	6	(557,361)	(182,518)
Net current assets		<u>763,684</u>	<u>119,746</u>
Total assets less current liabilities		<u>5,034,394</u>	<u>2,466,431</u>
Creditors: amounts falling due after more than one year	7	-	(99,095)
Net assets		<u>5,034,394</u>	<u>2,367,336</u>
Capital and reserves			
Called up share capital		992,399	601,803
Share premium		1,559,553	1,559,553
Revaluation reserve	8	4,053,701	2,212,600
Profit and loss account		(1,571,259)	(2,006,620)
Shareholders' funds		<u>5,034,394</u>	<u>2,367,336</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The profit and loss account has not been delivered to the Registrar of Companies.

Mr G Frangou

Director

Approved by the board on 11 March 2020

MASSIVE ANALYTIC LIMITED

Notes to the Accounts

for the year ended 31 December 2019

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses and are amortised at rates calculated to write off the assets over their estimated useful economic lives.

Research and development

Expenditure on research and development is normally written off in the year it is incurred, except that development expenditure incurred on a clearly defined project and of which future recoverability can reasonably be regarded as assured is carried forward as permitted by FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The expenditure carried forward is treated as an intangible fixed asset and amortised over its expected economic life of three years. Deferred development expenditure is reviewed annually, and where future benefits are deemed to have ceased or be in doubt, the balance of any unamortised expenditure is written off to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures, fittings and equipment	over 5 years
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Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

2 Employees	2019	2018
	Number	Number
Average number of persons employed by the company	<u>3</u>	<u>3</u>

3 Intangible fixed assets

Patent portfolio	Software product	Development costs	Total
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	£	£	£	£
Cost				
At 1 January 2019	2,212,600	-	1,614,228	3,826,828
Additions	-	-	575,516	575,516
Transfers	-	455,799	(1,884,903)	(1,429,104)
Revaluations	(442,600)	2,254,201	-	1,811,601
At 31 December 2019	<u>1,770,000</u>	<u>2,710,000</u>	<u>304,841</u>	<u>4,784,841</u>
Amortisation				
At 1 January 2019	147,500	-	1,338,888	1,486,388
Provided during the year	118,000	180,700	191,819	490,519
Transfers	-	-	(1,429,104)	(1,429,104)
Revaluations	(29,500)	-	-	(29,500)
At 31 December 2019	<u>236,000</u>	<u>180,700</u>	<u>101,603</u>	<u>518,303</u>
Net book value				
At 31 December 2019	<u>1,534,000</u>	<u>2,529,300</u>	<u>203,238</u>	<u>4,266,538</u>
At 31 December 2018	<u>2,065,100</u>	<u>-</u>	<u>275,340</u>	<u>2,340,440</u>

Patent portfolio

The company's patent portfolio was originally valued by the directors by applying the cost approach method and by using the Patent Valuation Calculator developed by a leading patent lawyer and academic.

In December 2019 IPOfferings LLC of New York, USA professionally valued the portfolio and assigned a fair market value between US\$2.0 million and US\$2.65 million. Based on this professional valuation the directors have revalued the portfolio at the mid-range fair market value of £1,770,000 (US\$2.325 million).

The portfolio is being amortised over its overall remaining protection period of 15 years. The patent portfolio is expected to produce future income revenues which will utilise existing tax losses and therefore no deferred tax liability has been recognised on its revaluation.

Software product

The software product developed by the company, Oscar Data Science AI Platform, has been internally valued by using the COCOMO II (Constructive Cost Model). The original Constructive Cost Model was developed by Barry W Boehm in the late 1970s and later revised in 1995 until it was finally published in 2000 in the book Software Cost Estimation with COCOMO II.

The software product is being amortised over its estimated economic life of 15 years. The product is expected to produce future income revenues which will utilise existing tax losses and therefore no deferred tax liability has been recognised on its revaluation.

Development costs

The development costs and accumulated amortisation associated with the Oscar Data Science AI Platform have been eliminated following the capitalisation of the software product. The costs associated with the development of the company's current remaining software products continue to be capitalised and are being written off in equal annual instalments over their estimated economic life of 3 years.

4 Tangible fixed assets

Fixtures,

	fittings & equipment	
	£	
Cost		
At 1 January 2019		20,124
Additions		461
At 31 December 2019		<u>20,585</u>
Depreciation		
At 1 January 2019		13,879
Charge for the year		2,534
At 31 December 2019		<u>16,413</u>
Net book value		
At 31 December 2019		<u>4,172</u>
At 31 December 2018		6,245
5 Debtors	2019	2018
	£	£
Trade debtors	1,249,923	178,455
Corporation tax recoverable	44,989	98,110
Other debtors	-	15,950
	<u>1,294,912</u>	<u>292,515</u>
6 Creditors: amounts falling due within one year	2019	2018
	£	£
Bank loans and overdrafts	238,500	-
Trade creditors	179,931	110,171
Other taxes and social security costs	20,882	42,049
Other creditors	118,048	30,298
	<u>557,361</u>	<u>182,518</u>
7 Creditors: amounts falling due after one year	2019	2018
	£	£
Bank loan	-	99,095
	<u>-</u>	<u>99,095</u>
8 Revaluation reserve	2019	2018
	£	£
At 1 January 2019	2,212,600	-
Revaluations in year	1,841,101	2,212,600
	<u>4,053,701</u>	<u>2,212,600</u>

At 31 December 2019

4,053,701

2,212,600

9 Other information

MASSIVE ANALYTIC LIMITED is a private company limited by shares and incorporated in England. Its registered office is:

26 Hillfield Park

London

N21 3QH

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