

Registered number  
07137975

MASSIVE ANALYTIC LIMITED

Filleted Accounts

31 December 2021

**MASSIVE ANALYTIC LIMITED**

Registered number: 07137975

**Balance Sheet**

as at 31 December 2021

	Notes	31/12/21 £	30/6/21 £
<b>Fixed assets</b>			
Intangible assets	3	12,270,000	4,699,285
Tangible assets	4	16,817	15,196
Investments	5	1,141	1,141
		<u>12,287,958</u>	<u>4,715,622</u>
<b>Current assets</b>			
Work in progress		226,500	235,344
Debtors	6	991,483	1,015,339
Cash at bank and in hand		1,133	10,858
		<u>1,219,116</u>	<u>1,261,541</u>
<b>Creditors: amounts falling due within one year</b>			
	7	(1,307,460)	(3,072,967)
<b>Net current liabilities</b>			
		<u>(88,344)</u>	<u>(1,811,426)</u>
<b>Total assets less current liabilities</b>			
		<u>12,199,614</u>	<u>2,904,196</u>
<b>Creditors: amounts falling due after more than one year</b>			
	8	(1,409,167)	(39,167)
<b>Provisions for liabilities</b>			
	9	(1,759,600)	-
<b>Net assets</b>			
		<u>9,030,847</u>	<u>2,865,029</u>
<b>Capital and reserves</b>			
Called up share capital		1,709,250	1,101,803
Share premium		1,947,103	1,559,553
Revaluation reserve	10	9,746,844	4,053,701
Profit and loss account		(4,372,350)	(3,850,028)
<b>Shareholders' funds</b>			
		<u>9,030,847</u>	<u>2,865,029</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 24 March 2022

# MASSIVE ANALYTIC LIMITED

## Notes to the Accounts

for the period from 1 July 2021 to 31 December 2021

### 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 or valuation 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.

#### ***Revaluation of intangible fixed assets***

Intellectual property intangible fixed assets are periodically revalued and stated at what the company perceives as their fair value, as determined by reference to an active market and as permitted by FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

#### ***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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#### ***Work in progress***

Work in progress represents the accumulated value of time and resources expended on projects

that are yet to be invoiced and is stated in the accounts at revenue value.

### **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.

### **Pensions**

Contributions to defined contribution plans are expensed in the period to which they relate.

<b>2 Employees</b>	<b>31/12/21</b>	<b>30/6/21</b>
	<b>Number</b>	<b>Number</b>
Average number of persons employed by the company	<u>13</u>	<u>15</u>

### **3 Intangible fixed assets**

<b>Patent portfolio</b>	<b>Software source code</b>	<b>Development costs</b>	<b>Total</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>

**Cost**

At 1 July 2021	1,770,000	2,710,000	1,653,988	6,133,988
Additions	-	-	596,045	596,045
Transfers	-	1,351,323	(2,250,033)	(898,710)
Revaluations	1,080,000	5,358,677	-	6,438,677
At 31 December 2021	<u>2,850,000</u>	<u>9,420,000</u>	<u>-</u>	<u>12,270,000</u>

**Amortisation**

At 1 July 2021	413,000	451,733	569,970	1,434,703
Provided during the period	59,000	90,333	328,740	478,073
Transfers	-	-	(898,710)	(898,710)
Revaluations	(472,000)	(542,066)	-	(1,014,066)
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Net book value**

At 31 December 2021	<u>2,850,000</u>	<u>9,420,000</u>	<u>-</u>	<u>12,270,000</u>
At 30 June 2021	<u>1,357,000</u>	<u>2,258,267</u>	<u>1,084,018</u>	<u>4,699,285</u>

**Revaluation of patent portfolio and software source code**

Intellectual property intangible fixed assets are periodically revalued and stated at what the company perceives as their fair value. The directors are confident that the revaluation model used by the company satisfies the criteria of FRS 102 which allows a revaluation model to be used only if a fair value can be determined by reference to an active market.

The directors are confident that the internally calculated value of the company's IP assets is a fair and reasonable assessment of the actual market value. The directors intend to have the assets independently valued by a suitable IP consulting firm within the next twelve months and do not expect an independent valuation to show a significant material difference.

**Patent portfolio**

The company's original patent portfolio was independently valued in December 2019 by patent and IP broker IPOfferings LLC of New York, USA, which assigned a fair market value between US\$2.0 million and US\$2.65 million. The original portfolio comprised patent grants for Apparatus For Controlling a Self-Driving Vehicle in several countries, including the US, China, Japan, Israel and Germany, and UK-only grants for Apparatus For Controlling a Spacecraft During Docking and Apparatus for controlling a Manufacturing Plant. The latter was not included in the aforesaid valuation by IPOfferings LLC.

Since December 2019, the company has filed two more patents with worldwide protection for Apparatus For Generating Covert Radio Communications, which is at the PCT stage, and the Mobile Or Airborne Relay Network and Protocol.

In view of the additions, the overall patent portfolio was internally revalued on 31 December 2021 at a total fair value of £2,850,000. The valuation was performed by the directors and based on the original valuation by IPOfferings LLC and on their current understanding of the international patent market.

As from 1 January 2022 the portfolio will be amortised over its average overall remaining expiration period of 12 years. The patent portfolio is expected to produce future income revenues which will utilise existing tax losses and the deferred tax liability provision on its revaluation has been reduced by an amount equivalent to the deferred tax asset attributable to the tax losses.

**Software source code**

The original software product developed by the company, Oscar Enterprise AI, was internally

valued in December 2019 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 company has since developed further software products and advanced connectivity solutions and artificial precognition tools, namely Nethra Video Analytics, Aftos Robotics and Eigenn Quantum Enhanced Control. The products are currently at different Technology Readiness Levels (TRL), ranging from technology development to customer productisation and full market productisation, and the current revaluation reflects the appropriate readiness level for each product.

In view of the additions, the overall software source code suite was internally revalued on 31 December 2021 at a total fair value of £9,420,000. The valuation was performed by the directors and the company's technical personnel by using the same method as for the Oscar Enterprise AI original valuation, i.e. the COCOMO II (Constructive Cost Model).

As from 1 January 2022 the software source code suite will be amortised over its remaining estimated economic life of 12 years . The software source code suite is expected to produce future income revenues which will utilise existing tax losses and the deferred tax liability provision on its revaluation has been reduced by an amount equivalent to the deferred tax asset attributable to the tax losses.

#### Development costs

The costs and accumulated amortisation associated with the development of the software products described above have been eliminated following the revaluation of the software source code suite. Future costs associated with the further development of the company's software products will continue to be capitalised and written off in equal annual instalments over their estimated economic life of 3 years.

#### 4 Tangible fixed assets

	<b>Fixtures, fittings &amp; equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2021	37,632
Additions	4,613
At 31 December 2021	<u>42,245</u>
<b>Depreciation</b>	
At 1 July 2021	22,436
Charge for the period	2,992
At 31 December 2021	<u>25,428</u>
<b>Net book value</b>	
At 31 December 2021	<u>16,817</u>
At 30 June 2021	15,196

#### 5 Investments

**Investments in  
subsidiary**

		<b>undertakings</b>
		<b>£</b>
<b>Cost</b>		
At 1 July 2021		1,141
At 31 December 2021		<u>1,141</u>
<b>6 Debtors</b>	<b>31/12/21</b>	<b>30/6/21</b>
	<b>£</b>	<b>£</b>
Trade debtors	747,805	499,969
Corporation tax recoverable	191,556	476,209
Other debtors	52,122	39,161
	<u>991,483</u>	<u>1,015,339</u>
<b>7 Creditors: amounts falling due within one year</b>	<b>31/12/21</b>	<b>30/6/21</b>
	<b>£</b>	<b>£</b>
Bank loans	10,000	10,000
Trade creditors	645,334	851,203
Other taxes and social security costs	117,472	127,692
Convertible loan notes	130,000	924,847
Shareholders' loans	-	663,000
Other creditors	404,654	496,225
	<u>1,307,460</u>	<u>3,072,967</u>
<b>8 Creditors: amounts falling due after one year</b>	<b>31/12/21</b>	<b>30/6/21</b>
	<b>£</b>	<b>£</b>
Bank loan	34,167	39,167
Director's loan	272,000	-
Shareholders' loans	1,103,000	-
	<u>1,409,167</u>	<u>39,167</u>
<b>9 Deferred taxation</b>	<b>31/12/21</b>	<b>30/6/21</b>
	<b>£</b>	<b>£</b>
At 1 July 2021	-	-
Deferred taxation arising on the revaluation of intangible fixed assets	1,759,600	-
At 31 December 2021	<u>1,759,600</u>	<u>-</u>
<b>10 Revaluation reserve</b>	<b>31/12/21</b>	<b>30/6/21</b>

	£	£
At 1 July 2021	4,053,701	4,053,701
Revaluations in year	7,452,743	-
Deferred taxation arising on the revaluation of intangible fixed assets	(1,759,600)	-
At 31 December 2021	<u>9,746,844</u>	<u>4,053,701</u>

## 11 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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