

Registered number: 06237847

BRIGHTCOVE UK LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



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COMPANIES HOUSE

BRIGHTCOVE UK LIMITED
REGISTERED NUMBER: 06237847

BALANCE SHEET
AS AT 31 DECEMBER 2016

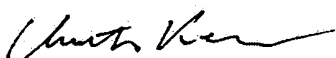
	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	57,519	61,233
Current assets			
Debtors: amounts falling due within one year	5	1,659,473	911,144
Cash at bank and in hand	6	109,002	314,813
		<u>1,768,475</u>	<u>1,225,957</u>
Creditors: amounts falling due within one year	7	(559,746)	(319,521)
Net current assets		<u>1,208,729</u>	<u>906,436</u>
Total assets less current liabilities		<u>1,266,248</u>	<u>967,669</u>
Provisions for liabilities			
Deferred tax	9	(474)	(10,204)
		<u>(474)</u>	<u>(10,204)</u>
Net assets		<u><u>1,265,774</u></u>	<u><u>957,465</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		1,264,774	956,465
		<u><u>1,265,774</u></u>	<u><u>957,465</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C Keenan

Director

Date: 28/09/2017

The notes on pages 3 to 11 form part of these financial statements.

BRIGHTCOVE UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	1,000	817,839	818,839
Comprehensive income for the year:			
Profit for the year	-	138,626	138,626
At 1 January 2016	1,000	956,465	957,465
Comprehensive income for the year			
Profit for the year	-	284,779	284,779
Total comprehensive income for the year	-	284,779	284,779
Transfer to/from profit and loss account	-	-	-
Share based payment	-	23,530	23,530
At 31 December 2016	1,000	1,264,774	1,265,774

BRIGHTCOVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Brightcove UK Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The Company's registered office is 5 New Street, London, EC4A 3TW.

The principal activity of the company for the period was providing sales support to its parent undertaking.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company meets the majority of its day-to-day working capital requirements through support from its ultimate parent company, Brightcove Inc., a company incorporated in the United States of America. At the balance sheet date the amount owed by the parent company was £1,462,571 (2015 - £723,304). Brightcove Inc. has confirmed to the Director that it will continue to support the company for the foreseeable future.

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of amounts charged to the parent company under a sales and marketing agreement. Turnover is recognised when costs are incurred. Turnover is attributable to this one principal activity of the company.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over 5 years
Fixtures and fittings	- straight line over 5 years
Computer equipment	- straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Transitional relief

On transition to FRS102 the company has taken advantage of the transitional relief not to apply the requirements of Section 26 Share Based Payment.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is 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.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 56 (2015 - 44).

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2016	47,574	86,953	89,184	223,711
Additions	-	-	29,389	29,389
At 31 December 2016	<u>47,574</u>	<u>86,953</u>	<u>118,573</u>	<u>253,100</u>
Depreciation				
At 1 January 2016	37,844	60,752	63,882	162,478
Charge for the year on owned assets	2,648	9,729	20,726	33,103
At 31 December 2016	<u>40,492</u>	<u>70,481</u>	<u>84,608</u>	<u>195,581</u>
Net book value				
At 31 December 2016	<u>7,082</u>	<u>16,472</u>	<u>33,965</u>	<u>57,519</u>
At 31 December 2015	<u>9,730</u>	<u>26,201</u>	<u>25,302</u>	<u>61,233</u>

5. Debtors

	2016 £	As restated 2015 £
Amounts owed by group undertakings	1,462,571	723,304
Other debtors	-	9
Prepayments and accrued income	196,902	187,831
	<u>1,659,473</u>	<u>911,144</u>

6. Cash and cash equivalents

	2016 £	2015 £
Cash at bank	<u>109,002</u>	<u>314,813</u>

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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7. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	10,423	10,341
Corporation tax	22,485	43,567
Other taxation and social security	233,170	150,255
Accruals	293,668	115,358
	<u>559,746</u>	<u>319,521</u>

8. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>109,002</u>	<u>314,813</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

9. Deferred taxation

	2016 £	2015 £
At beginning of year	(10,204)	-
Charged to profit or loss	9,730	(10,204)
At end of year	<u>(474)</u>	<u>(10,204)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	<u>474</u>	<u>10,204</u>

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. Share based payments

The company did not have any equity-settled plans or transactions. However the Company's parent, Brightcove Inc. had four stock-based compensation plans, relevant to the Company: the Amended and Restated 2004 Stock Option and Incentive Plan (the 2004 Plan), the 2012 Stock Incentive Plan (the 2012 Plan), the Brightcove Inc. 2012 RSU Inducement Plan (the RSU Plan), and the Brightcove Inc. 2014 Stock Option Inducement Plan (the 2014 Stock Inducement Plan).

The total number of employees benefitting from the stock-based compensation plans was 47 and 41 in the years ended 31 December 2016 and 2015, respectively.

The following is a summary of the stock option activity for all stock option plans:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	6.63	307,123		210,532
Granted during the year	8.83	55,890	6.42	156,916
Exercised during the year	5.14	(47,200)	6.11	(2,112)
Cancelled during the year	8.84	(113,128)	6.31	(58,213)
Outstanding at the end of the year	7.17	202,685	6.63	307,123

	2016 Black Scholes	2015 Black Scholes
Option pricing model used		
Time to maturity (years)	6.2	7.8
Expected volatility	45%	45%
Expected dividend yield	-	-
Risk-free interest rate	1.75%	1.75%
	2016	2015
Exercisable at the end of the year	55,428	108,446

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £79,015 (2015 - £28,970). Contributions totalling £24,121 (2015 - £8,519) were payable to the fund at the balance sheet date and are included in creditors.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. Controlling party

The company is a wholly owned subsidiary of Brightcove Inc., a company incorporated in the United States of America and registered at 290 Congress St, 4th Floor Boston, MA 02210.

The largest and smallest group for which accounts have been prepared is that headed by Brightcove Inc. Copies of the group accounts can be obtained from www.brightcove.com.

13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

14. Auditors' information

The report of the auditors was unqualified.

Jacqueline Biggs
(For and on behalf of Nortons Assurance Limited)