

Registered number: 06237847

BRIGHTCOVE UK LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2018



BRIGHTCOVE UK LIMITED
REGISTERED NUMBER: 06237847

BALANCE SHEET
AS AT 31 DECEMBER 2018

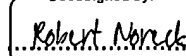
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	46,140	65,919
Investments	5	10,091	10,091
		<u>56,231</u>	<u>76,010</u>
Current assets			
Debtors: amounts falling due within one year	6	2,531,703	2,070,579
Cash at bank and in hand	7	113,079	102,687
		<u>2,644,782</u>	<u>2,173,266</u>
Creditors: amounts falling due within one year	8	(717,301)	(633,315)
Net current assets		<u>1,927,481</u>	<u>1,539,951</u>
Total assets less current liabilities		<u>1,983,712</u>	<u>1,615,961</u>
Net assets		<u>1,983,712</u>	<u>1,615,961</u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		1,982,712	1,614,961
		<u>1,983,712</u>	<u>1,615,961</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:

DocuSigned by:

 Robert Jay Noreck
 Director

Date: 9/27/2019

The notes on pages 3 to 10 form part of these financial statements.

BRIGHTCOVE UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1,000	1,264,774	1,265,774
Comprehensive income for the year			
Profit for the year	-	301,567	301,567
Share option movement	-	48,620	48,620
	<hr/>	<hr/>	<hr/>
At 1 January 2018	1,000	1,614,961	1,615,961
Comprehensive income for the year			
Profit for the year	-	321,699	321,699
Share option movement	-	46,052	46,052
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,000	1,982,712	1,983,712
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 3 to 10 form part of these financial statements.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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. Brightcove Inc. has confirmed to the Directors that it will continue to support the company for the foreseeable future.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £.

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.

2.4 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.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 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.

2.6 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.

2.7 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.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and Loss Account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and Loss Account is charged with fair value of goods and services received.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.8 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.

2.9 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.

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:

Long-term leasehold property	- 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.

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Financial instruments

The Company only enters into basic financial instrument 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.

3. Employees

The average monthly number of employees, including directors, during the year was 56 (2017 - 59).

BRIGHTCOVE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2018	47,574	86,953	168,498	303,025
Additions	-	-	20,928	20,928
At 31 December 2018	47,574	86,953	189,426	323,953
Depreciation				
At 1 January 2018	41,616	81,615	113,875	237,106
Charge for the year on owned assets	2,648	5,338	32,721	40,707
At 31 December 2018	44,264	86,953	146,596	277,813
Net book value				
At 31 December 2018	3,310	-	42,830	46,140
At 31 December 2017	5,958	5,338	54,623	65,919

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	10,091
At 31 December 2018	10,091

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered Office	Principal activity	Class of shares	Holding
Brightcove FZ-LLC	Dubai, United Arab Emirates	Sales Support	Ordinary	100%

6. Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	2,119,754	1,858,645
Other debtors	105,567	53,282
Prepayments	304,359	155,851
Deferred taxation	2,023	2,801
	2,531,703	2,070,579

7. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	113,079	102,687
	113,079	102,687

8. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	101,111	11,014
Corporation tax	15,841	15,699
Other taxation and social security	246,533	214,661
Accruals	353,816	391,941
	717,301	633,315

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. 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 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 plan was 52 and 50 in the years ended 31 December 2018 and 2017, respectively.

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

	Weighted average exercise price (\$) 2018	Number 2018	Weighted average exercise price (\$) 2017	Number 2017
Outstanding at the beginning of the year	8.21	168,008	7.17	202,685
Granted during the year	8.34	67,242	2	46,650
Exercised during the year	6.57	(31,013)	6.31	(18,792)
Cancelled during the year	8.56	(46,968)	9.05	(62,535)
Outstanding at the end of the year	8.51	157,269	8.21	168,008
Option pricing model used			2018 Black Scholes	2017 Black Scholes
Time to maturity (years)			6.2	6.1
Expected volatility			43%	42%
Risk-free interest rate			2.88%	2.08%

As at 31 December 2018 a total number of 64,806 options were exercisable with a weighted average exercise price of \$8.95.

	2018 £	2017 £
Share based payment expense	46,052	48,620
	46,052	48,620

BRIGHTCOVE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Pension commitments

The Company operates a defined contribution 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 £136,621 (2017- £138,548). Contributions totalling £24,192 (2017- £25,569) were payable to the fund at the balance sheet date and are included in creditors.

11. 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 ww.brightcove.com.

12. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 30 September 2019 by Jacqueline Biggs (Senior Statutory Auditor) on behalf of Nortons Assurance Limited.