Registered number: 06237847

BRIGHTCOVE UK LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2019

BRIGHTCOVE UK LIMITED
REGISTERED NUMBER: 06237847

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		*As restated* 2018 £
Fixed assets					
Tangible assets	4		**60,353**		*46,140*
Investments	5		**10,091**		*10,091*
			70,444		*56,231*
Current assets					
Debtors: amounts falling due within one year	6	**2,720,009**		*2,440,412*	
Cash at bank and in hand	7	**400,542**		*113,079*	
		3,120,551		*2,553,491*	
Creditors: amounts falling due within one year	8	**(787,069)**		*(717,301)*	
Net current assets			**2,333,482**		*1,836,190*
Net assets			**2,403,926**		*1,892,421*
Capital and reserves					
Called up share capital			**1,000**		*1,000*
Profit and loss account			**2,402,926**		*1,891,421*
			2,403,926		*1,892,421*

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 Noreck
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Robert Jay Noreck
Director

Date: 6/29/2020 | 4:11:41 PM EDT

The notes on pages 4 to 12 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019 (as previously stated)	1,000	1,982,712	1,983,712
Prior year adjustment	-	(91,291)	(91,291)
At 1 January 2019 (as restated)	1,000	1,891,421	1,892,421
Comprehensive income for the year			
Profit for the year	-	511,505	511,505
At 31 December 2019	1,000	2,402,926	2,403,926

The notes on pages 4 to 12 form part of these financial statements.

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 2018 (as previously stated)	1,000	1,614,961	1,615,961
Prior year adjustment	-	(58,993)	(58,993)
At 1 January 2018 (as restated)	1,000	1,555,968	1,556,968
Comprehensive income for the year			
Profit for the year (restated)	-	335,453	335,453
At 31 December 2018	1,000	1,891,421	1,892,421

The notes on pages 4 to 12 form part of these financial statements.

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 though 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.

The Directors have considered the current business climate in light of COVID-19, reviewed the most current forecast for financial performance and forecast of cash flows, based on these factors is that COVID-19 has not had a material adverse effect.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

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.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 profit or loss 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 profit or loss 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 or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

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 profit or loss 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 profit or loss.

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 profit or loss 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 ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 59 *(2018 - 56)*.

4. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2019	47,574	86,953	189,426	323,953
Additions	-	-	51,991	51,991
At 31 December 2019	47,574	86,953	241,417	375,944
Depreciation				
At 1 January 2019	44,264	86,953	146,596	277,813
Charge for the year on owned assets	2,648	-	35,130	37,778
At 31 December 2019	46,912	86,953	181,726	315,591
Net book value				
At 31 December 2019	662	-	59,691	60,353
At 31 December 2018	*3,310*	-	*42,830*	*46,140*

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	10,091
At 31 December 2019	10,091

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

	2019 £	*As restated* *2018* *£*
Amounts owed by group undertakings	**2,358,499**	*2,028,463*
Other debtors	**10,609**	*105,567*
Prepayments	**232,198**	*304,359*
Deferred taxation	**118,703**	*2,023*
	2,720,009	*2,440,412*

7. Cash and cash equivalents

	2019 £	*2018* *£*
Cash at bank and in hand	**400,542**	*113,079*

8. Creditors: Amounts falling due within one year

	2019 £	*2018* *£*
Trade creditors	**41,068**	*101,111*
Corporation tax	**15,166**	*15,841*
Other taxation and social security	**273,725**	*246,533*
Accruals and deferred income	**457,110**	*353,816*
	787,069	*717,301*

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 benefiting from the 2012 Plan was 59 and 52 in the years ended 31 December 2019 and 2018, respectively.

The following is a summary of the stock option activity for the 2012 Plan:

	Weighted average exercise price ($) 2019	**Number 2019**	*Weighted average exercise price ($) 2018*	*Number 2018*
Outstanding at the beginning of the year	**8.82**	**91,828**	*8.21*	*168,008*
Granted during the year	**10.25**	**109,277**	*8.34*	*67,242*
Exercised during the year	**8.09**	**(17,444)**	*6.57*	*(31,013)*
Cancelled during the year	**10.31**	**(64,738)**	*8.56*	*(46,968)*
Outstanding at the end of the year	**9.43**	**118,923**	*8.51*	*157,269*

	2019	*2018*
Option pricing model used	**Black Scholes**	*Black Scholes*
Time to maturity (years)	**6.2**	*6.2*
Expected volatility	**44%**	*43%*
Risk-free interest rate	**2.25%**	*2.88%*

As at 31 December 2019 a total number of 28,858 options were exercisable with a weighted average exercise price of $8.64.

Share based payments (continued)

The total number of employees benefiting from the RSU Plan was 39 and 49 in the years ended 31 December 2019 and 2018, respectively.

The following is a summary of the stock option activity for the RSU Plan:

	Weighted average exercise price ($) 2019	**Number 2019**	*Weighted average exercise price ($) 2018*	*Number 2018*
Outstanding at the beginning of the year	**8.24**	**172,163**	*7.99*	*176,426*
Granted during the year	**10.33**	**166,304**	*8.59*	*104,983*
Exercised during the year	**11.06**	**(49,571)**	*8.01*	*(46,712)*
Cancelled during the year	**9.38**	**(110,351)**	*8.29*	*(62,534)*
Outstanding at the end of the year	**9.48**	**178,545**	**8.24**	*172,163*

10. Prior year adjustment

The financial statements have been amended in respect of revenue, administrative expenses and amounts owed from group. The adjustment arose due to the omission of RSU plans and the related share based compensation charges from 1 January 2016. The 2016, 2017 and 2018 financial statements did not include a charge in respect of the RSU plan.

The effect of the prior year results is an increase to revenue of £288,828, administrative expenses £275,075 and reduction in amounts owed by group of £32,299. This has resulted in a corporation tax liability of £2,756 and deferred tax liability of £2,915.

The effect of the 2017 results is an increase to revenue of £171,298, administrative expenses £163,141 and reduction in amounts owed by group of £40,463. This has resulted in a corporation tax asset of £3,376.

The effect of the 2016 results is an increase to revenue of £105,000, administrative expenses £100,000 and reduction in amounts owed by group of £18,530. This has resulted in a corporation tax asset of £10,917.

The cumulative effect on the shareholders' funds has resulted in a decrease of £91,292.

11. 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 £140,818 (2018 - £136,621). Contributions totalling £24,592 (2018 - £24,192) were payable to the fund at the balance sheet date and are included in creditors.

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. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on 30 June 2020 by Jacqueline Biggs (Senior Statutory Auditor) on behalf of Nortons Assurance Limited.