

AllianceBernstein Services Limited

Directors' report and financial statements

For the year ended 31 December 2011

Registered number 01961063



Directors' report and financial statements
for the year ended 31 December 2011

Contents

| | |
|---|--------|
| Directors and advisers | 1 |
| Directors' report | 2 - 3 |
| Statement of directors' responsibilities | 3 - 4 |
| Independent auditors' report to the members of AllianceBernstein Services Limited | 5 - 6 |
| Profit and loss account | 7 |
| Balance sheet | 8 |
| Notes to the financial statements | 9 - 17 |

Directors and advisers

Directors

R Alster
I Dawkins
A Husain
P Rudden

Company secretary

MR Manley

Registered Office

50 Berkeley Street
London
United Kingdom
W1J 8HA

Bankers

HSBC Bank Plc
79 Piccadilly
London
W1V 0EU

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

AllianceBernstein Services Limited (the "company") is a service company, providing administration services to entities within the AllianceBernstein corporate group primarily within the United Kingdom

Turnover increased by 23% to £35.8m (2010: £29.2m) due to an increase in recharges to group companies whilst administrative expenses increased by 4% to £34.0m (2010: £32.7m), reflecting higher staff and office related expenses

Key performance indicators

The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company

Future developments

Currently there are no significant future developments for the company. The company will continue its normal activities for the foreseeable future.

Results and dividend

The profit and loss account for the year is on page 7

No dividend has been recommended for payment by the directors (2010: £nil)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are as follows:

R Alster

C Chene (resigned 13 July 2011)

I Dawkins (appointed 13 July 2011)

A Husain (appointed 18 November 2011)

P Rudden (appointed 17 November 2011)

Directors' insurance

AllianceBernstein L.P. maintains insurance for the directors in respect of their duties as directors of the company. This was in force during 2011 and at the date of signing the financial statements.

Financial risk management

Market risk

(i) Interest rate risk

The company earns interest on cash balances and is not exposed to interest rate risk.

(ii) Foreign exchange risk

The company is exposed to foreign exchange risk, arising mainly from foreign currency denominated transactions and recognized assets.

(iii) Price risk

The company is not exposed to price risk.

Directors' report for the year ended 31 December 2011 *(continued)*

Financial risk management (continued)

Credit risk

Credit risk arises from cash deposits with banks and financial institutions as well as credit exposures in respect of outstanding receivables. The cash deposits with banks and high-quality financial institutions are a means of minimising credit risk. There is a credit control monitoring process whereby aged receivables are reviewed on a regular basis and where appropriate, an amount set aside as provision for debts that are not expected to be collected in full.

Operational risk

Operational risk can result from inadequate or failed internal processes, people and systems or from external events. The firm has a dedicated Risk Management function which facilitates the ongoing identification, assessment, monitoring, controlling and mitigation of risks. The Risks and Controls Oversight committee escalates key risks to the board for consideration which are in turn developed in scenarios for capital modelling.

Liquidity risk

The company's liquidity risk is mitigated to the extent that it is funded by its parent AllianceBernstein Limited.

Employees

The company recognises the importance of ensuring that employees understand the aims and objectives of the company, and are clear on what is expected of them, and has policies and practices that make the company a desirable place to work. The company requires employees to act ethically and encourages staff to be aware of the wider community. Communication with employees is via email and AllianceBernstein's intranet site. In addition, employees' views on decisions that are likely to impact them may be aired either at frequent town hall meetings or via the annual employee performance review process.

Non-discrimination and equal opportunity policy

The company does not discriminate against any employee or applicant for employment on the basis of race, colour, religion, age, disability or any other basis that is prohibited by law. AllianceBernstein's policies, as well as its practices, seek to ensure that employment opportunities are available to all employees and applicants, based solely on job-related criteria. This policy of non-discrimination applies to all employment practices including, but not limited to, hiring, compensation, benefits eligibility, promotions, transfers and redundancies. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training is arranged.

Creditor payment policy

The company agrees payment terms when entering into new business contracts with its suppliers. The company seeks to abide by the agreed terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Political and charitable donations

The company made no political donations during the year (2010: £nil). The company contributed £11,379 (2010: £11,252) in give as you earn charitable donations.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Statement of directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when this report is approved, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors to make themselves aware of any audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s 418 of the Companies Act 2006.

On behalf of the board



Director **IAN DAWKINS**
28 May 2012

Company registered number 01961063

Registered office
50 Berkeley Street
London
United Kingdom
W1J 8HA

Independent auditors' report to the members of AllianceBernstein Services Limited

We have audited the financial statements of AllianceBernstein Services Limited (the "company") for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of AllianceBernstein Services Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 May 2012

Profit and loss account
for the year ended 31 December 2011

| | <i>Note</i> | 2011 £ | 2010 £ |
|---|-------------|-------------------|------------------|
| Turnover | | 35,805,818 | 29,228,533 |
| Administrative expenses - Normal | | (33,713,500) | (32,668,680) |
| Administrative expenses - Exceptional | 2 | (251,888) | - |
| Operating profit/(loss) | | 1,840,430 | (3,440,147) |
| Other interest receivable and similar income | 3 | 38,053 | 13,963 |
| Profit/(loss) on ordinary activities before taxation | 4 | 1,878,483 | (3,426,184) |
| Tax on profit/(loss) on ordinary activities | 6 | (806,673) | 428,245 |
| Profit/(loss) for the financial year | 14 | 1,071,810 | (2,997,939) |
| Retained profit brought forward | | 277,725 | 3,275,664 |
| Retained profit carried forward | | 1,349,535 | 277,725 |

There is no difference between the profit/(loss) for the financial year and total recognised gains and losses

There is no material difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the year is not given.


All the amounts above are in respect of continuing operations

Balance sheet
as at 31 December 2011

| | Note | 2011 £ | 2010 £ |
|--|------|--------------|--------------|
| Fixed assets | | | |
| Tangible fixed assets | 7 | 12,207,080 | 11,198,064 |
| Current assets | | | |
| Debtors | 8 | 23,227,145 | 20,799,378 |
| Cash at bank | 9 | 7,798,833 | 10,260,711 |
| | | 31,025,978 | 31,060,089 |
| Creditors, amounts falling due within one year | 11 | (41,193,017) | (40,300,222) |
| Net current liabilities | | (10,167,039) | (9,240,133) |
| Total assets less current liabilities | | 2,040,041 | 1,957,931 |
| Creditors, amounts falling due after more than one year | 12 | (439,756) | (1,429,456) |
| Net assets | | 1,600,285 | 528,475 |
| Capital and reserves | | | |
| Called up share capital | 13 | 1,000 | 1,000 |
| Share premium account | | 249,750 | 249,750 |
| Profit and loss account | | 1,349,535 | 277,725 |
| Total shareholder's funds | 14 | 1,600,285 | 528,475 |

The notes on pages 9 to 17 form part of these financial statements

These financial statements were approved by the board of directors on May 2012 and were signed on its behalf by


Director IAN DAWKINS
28 May 2012

AllianceBernstein Services Limited
Company registered number 1961063

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and on the historical cost basis except for the measurement at fair value of the current asset investments and in accordance with the Companies Act 2006

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied that this is appropriate as they have received a written undertaking from the parent company, AllianceBernstein Limited, that states that should the company lack sufficient cash or other liquid assets to enable it to carry on business as a going concern, the company may, for a period of no less than eighteen months, call upon AllianceBernstein Limited to advance the required amount for a period

Cash flow statement and related party disclosures

The company is exempt from preparing a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of an entity which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which the company is included, can be obtained from the address given in Note 17

The company is also exempt from the requirements of Financial Reporting Standard 8 to disclose related party transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

| | | |
|------------------------|---|---|
| Leasehold improvements | - | lesser of their useful lives or the terms of the related leases |
| Furniture and fittings | - | 6 years |
| Computer equipment | - | 3 years |
| Other equipment | - | 6 years |

Lease commitments

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as 'operating leases'. Costs under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease. Incentives received to enter into leases are amortised over the period until the next rent review period

Onerous lease obligations

When a leasehold property ceases to be used in the business, a liability is recognised for unavoidable costs of future lease obligations in excess of anticipated income from the leasehold property. The liability is discounted at market rates to reflect the long term nature of the cash flows

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

1 Accounting policies *(continued)*

Pension costs

During the year the company continued to contribute to a Group Personal Pension plan (which is a defined contribution scheme) paying contributions for its employees. Pension contributions are based on a percentage of employee salary. The amount charged against profits represents the contributions payable to the plan in respect of the accounting period.

The assets of the plan are held separately from those of the company in independently administered funds. There were no outstanding or prepaid contributions at the year end.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of any timing differences which have arisen but not reversed by the balance sheet date. Provision is made for any deferred taxation only to the extent that it is probable that an actual liability will crystallise. As the company is a member of a group for corporation tax purposes, deferred tax assets will not be recognised where losses will be passed between members of the group.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Turnover

Turnover represents the charges for administrative services, all of which is derived from group companies and accounted for on an accrual basis.

Financial assets

The company recognises financial assets initially at fair value from the trade date, and continues to recognise them through the profit and loss account until the rights to receive cash flows have expired or the company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade debtors, is impaired. The factors that the company takes into account include age of the trade debtor and specific knowledge regarding the debtor.

Financial liabilities

The company recognises financial liabilities from the trade date, and continues to recognise them until the liability has been settled, extinguished or has expired.

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

2 Exceptional Charge

In 2011 the AllianceBernstein group, and hence AllianceBernstein Services Limited, implemented changes to its employee long-term incentive compensation award program. The changes provide employees with a higher degree of certainty that they will receive the incentive compensation they are awarded, and for the company, better align the costs of employee compensation and benefits with the company's current year financial performance. The amendment to all outstanding deferred compensation awards of active employees resulted in the immediate recognition in 2011 of the cost of all unamortised deferred incentive compensation awards from prior years that would otherwise have been expensed in future periods. In addition the full expense associated with the 2011 deferred incentive compensation awards is recognised in the current year.

The exceptional item disclosed includes all costs associated with prior year awards that have been expensed in 2011. This includes the employee award itself and the related employer taxes.

3 Other interest receivable and similar income

| | 2011 £ | 2010 £ |
|-------------------------|----------------------|----------------------|
| Bank and other interest | 11,552 | 13,795 |
| Other income | <u>26,501</u> | <u>168</u> |
| | <u><u>38,053</u></u> | <u><u>13,963</u></u> |

4 Profit/(loss) on ordinary activities before taxation

| | 2011 £ | 2010 £ |
|---|------------------|------------------|
| <i>This is stated after charging:</i> | | |
| Auditors' remuneration | 29,641 | 31,900 |
| Depreciation and other amounts written off | 3,224,308 | 3,458,283 |
| Net exchange loss | 22,888 | 968 |
| Rental of premises – rentals payable under other operating leases | <u>9,565,464</u> | <u>4,986,145</u> |

5 Staff numbers and costs

| | 2011 £ | 2010 £ |
|-----------------------|--------------------------|--------------------------|
| Wages and salaries | 9,834,791 | 9,842,808 |
| Social security costs | 1,060,660 | 1,119,777 |
| Pension costs | <u>522,505</u> | <u>555,631</u> |
| | <u><u>11,417,956</u></u> | <u><u>11,518,216</u></u> |

The monthly average number of employees during the year was 108 (2010: 119).
No directors' remuneration was paid/payable during the year (2010: £nil).

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

6 Tax on profit/(loss) on ordinary activities

The taxation charge for the year is set out below

Analysis of tax charge

| | 2011 £ | 2010 £ |
|--|-----------------------|-------------------------|
| Current tax* | | |
| UK corporation tax on profit/(loss) for the year | 1,184,783 | (522,955) |
| Adjustments in respect of prior periods | 29,463 | (18,381) |
| Total current tax | <u>1,214,246</u> | <u>(541,336)</u> |
| Deferred tax | | |
| Timing differences | (407,573) | 113,091 |
| Total deferred tax (note 10) | <u>(407,573)</u> | <u>113,091</u> |
| Tax on profit/(loss) on ordinary activities | <u><u>806,673</u></u> | <u><u>(428,245)</u></u> |

Factors affecting tax charge for the year

The current tax charge for 2011 is higher (2010 lower) than that based on the standard rate of corporation tax of 26.49% for the year ended 31 December 2011 (2010 28%). The difference is explained below

| | 2011 £ | 2010 £ |
|---|-------------------------|---------------------------|
| Profit/(loss) on ordinary activities before corporation tax | <u><u>1,878,483</u></u> | <u><u>(3,426,184)</u></u> |
| Profit/(loss) on ordinary activities multiplied by the standard rate in the UK of 26.49% (2010 28%) | 497,669 | (959,332) |
| Effect of disallowable expenditure | 267,161 | 197,972 |
| Adjustments in respect of prior periods | 29,463 | (18,381) |
| Timing difference – Excess capital allowances over depreciation | 26,341 | 247,002 |
| Timing difference – Other | 393,612 | (8,597) |
| Current charge/(credit) for the year | <u><u>1,214,246</u></u> | <u><u>(541,336)</u></u> |

The standard rate corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly the company's profits are taxed at an effective rate of 26.49%.

In addition a number of further changes to the UK corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

7 Tangible fixed assets

| | Leasehold improvements | Fixtures and fittings | Computers and other equipment | Total |
|---------------------------------|---------------------------|--------------------------|----------------------------------|-------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At beginning of the year | 21,092,346 | 8,434,635 | 8,869,440 | 38,396,421 |
| Additions | 4,027,554 | 1,219,893 | 834,587 | 6,082,034 |
| Disposals | (10,950,727) | (4,825,165) | (5,954,818) | (21,730,710) |
| At end of the year | <u>14,169,173</u> | <u>4,829,363</u> | <u>3,749,209</u> | <u>22,747,745</u> |
| Accumulated depreciation | | | | |
| At beginning of the year | 12,818,126 | 6,785,710 | 7,594,521 | 27,198,357 |
| Charge for the year | 1,876,648 | 724,922 | 622,738 | 3,224,308 |
| Disposals | (9,475,596) | (4,490,258) | (5,916,146) | (19,882,000) |
| At end of the year | <u>5,219,178</u> | <u>3,020,374</u> | <u>2,301,113</u> | <u>10,540,665</u> |
| Net book value | | | | |
| At 31 December 2011 | <u>8,949,995</u> | <u>1,808,989</u> | <u>1,448,096</u> | <u>12,207,080</u> |
| At 31 December 2010 | <u>8,274,220</u> | <u>1,648,925</u> | <u>1,274,919</u> | <u>11,198,064</u> |

During 2011 the company vacated one of its two main office premises. Consequently fixed assets relating to the former office which were not transferred are reflected as disposals.

8 Debtors

Amounts falling due within one year

| | 2011 £ | 2010 £ |
|---|-------------------|-------------------|
| Amounts owed by group undertakings | 18,552,212 | 15,597,262 |
| Other debtors including taxation | 1,717,084 | 1,849,697 |
| Deferred tax asset (see note 10) | 208,497 | - |
| Prepayments | <u>2,749,352</u> | <u>3,352,419</u> |
| | <u>23,227,145</u> | <u>20,799,378</u> |
| The amounts owed by group undertakings | | |
| AllianceBernstein LP | 17,182,438 | 14,885,788 |
| Other | <u>1,369,774</u> | <u>711,474</u> |
| | <u>18,552,212</u> | <u>15,597,262</u> |

The directors consider that the carrying value of debtors due in less than one year is approximate to their fair value.

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

9 Cash at bank

| | 2011 £ | 2010 £ |
|--------------|------------------|-------------------|
| Cash at bank | <u>7,798,833</u> | <u>10,260,711</u> |

10 Deferred taxation

| | 2011 £ | 2010 £ |
|--|----------------|------------------|
| Deferred tax brought forward | (199,075) | (85,984) |
| Timing difference between accumulated depreciation and capital allowances | 185,398 | 240,385 |
| Difference arising on provisions and accruals that become tax deductible once paid | 167,712 | (8,367) |
| Prior year adjustment and rounding difference | <u>54,463</u> | <u>(345,109)</u> |
| Deferred tax carried forward | <u>208,498</u> | <u>(199,075)</u> |
| Timing difference between accumulated depreciation and capital allowances | (45,643) | 114,727 |
| Difference arising on provisions and accruals that become tax deductible once paid | <u>254,141</u> | <u>(313,802)</u> |
| Deferred tax carried forward | <u>208,498</u> | <u>(199,075)</u> |

11 Creditors, amounts falling due within one year

| | 2011 £ | 2010 £ |
|--|-------------------|-------------------|
| Trade creditors | 19,500 | 4,048 |
| Amounts owed to group undertakings | 37,740,190 | 35,085,789 |
| Other creditors including taxation and social security | 700,870 | 98,417 |
| Accruals and deferred income | 1,845,225 | 3,103,866 |
| Deferred tax liability (see note 10) | - | 199,075 |
| Onerous lease | 165,251 | 128,161 |
| Amortisation of rent free period | <u>721,981</u> | <u>1,680,866</u> |
| | <u>41,193,017</u> | <u>40,300,222</u> |

The directors consider that the carrying value of creditors due in less than and after one year is approximate to their fair value

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

12 Creditors: amounts falling due after more than one year

| | 2011 | 2010 |
|----------------------------------|----------------|------------------|
| | £ | £ |
| Amortisation of rent free period | | |
| 1-2 years | - | 879,916 |
| Commitment under onerous lease | | |
| 1-2 years | 136,729 | 126,582 |
| 2-5 years | 303,027 | 319,648 |
| Over 5 years | - | 103,310 |
| | <u>439,756</u> | <u>549,540</u> |
| | <u>439,756</u> | <u>1,429,456</u> |

During 2011 the amount relating to the unwinding of the discount on the commitment under the onerous lease was £21,284

13 Called up share capital

| | 2011 | 2010 |
|---------------------------------|--------------|--------------|
| | £ | £ |
| <i>Allotted and fully paid</i> | | |
| 1000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

14 Reconciliation of movements in shareholder's funds

| | 2011 | 2010 |
|--------------------------------------|------------------|----------------|
| | £ | £ |
| At beginning of the year | 528,475 | 3,526,414 |
| Profit/(loss) for the financial year | 1,071,810 | (2,997,939) |
| At end of the year | <u>1,600,285</u> | <u>528,475</u> |

15 Commitments and contingencies

Annual commitments under operating leases which cannot be terminated prior to the expiry of their term are as follows

| | 2011 | 2010 |
|---|------------------|------------------|
| | £ | £ |
| Operating leases in respect of land and buildings | | |
| Expiring within 1 year | - | 3,302,500 |
| Expiring during years 2 to 5 | 1,473,247 | 598,160 |
| Expiring after 5 years | 3,808,310 | 5,821,080 |
| | <u>5,281,557</u> | <u>9,721,740</u> |

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

16 Financial risks

Credit risk

The sum of the total cash and total debtor balances as per notes 8 and 9 gives a maximum credit risk exposure of £31,025,978. The material concentration of this risk is in the United Kingdom, and the remainder relates to branches and representative offices of the parent company.

The company does not hold any collateral as security. For the purposes of the company's disclosures regarding credit quality, all financial assets subject to credit risk fall into the category "Financial assets neither past due nor impaired".

Financial assets neither past due nor impaired can be analysed according to the geographical location used by the company when assessing customers and counterparties. The majority of the company's domestic and international customers and counterparties are located in the United Kingdom.

Liquidity risk

Direct liquidity risk arises from the time it takes to settle outstanding debtors and creditors that the company holds with customers and counterparties. The company's overall liquidity risk is mitigated to the extent that it is funded by its parent AllianceBernstein Limited.

Market risk

a) Interest rate risk

The only impact on income from interest rate fluctuations is on interest earned on cash balances.

b) Foreign exchange risk

The Company had no significant foreign currency assets at 31 December 2011, nor at 31 December 2010.

Capital risk management

The company's objectives when managing capital are

- to safeguard the company's ability to continue as a going concern,
- to provide returns for shareholders and benefits for other stakeholders,
- to maintain an optimal capital structure to reduce the cost of capital,
- to maintain financial strength to support new business growth, and
- to satisfy the requirements of its clients.

The board has a dividend payment policy in place, which assesses the distributable reserves of the company and its cash flow position in its decision to pay dividends. This is consistent with prior years. The company is not subject to a capital adequacy requirement.

Notes to the financial statements for the year ended 31 December 2011 *(continued)*

17 Immediate and ultimate holding company

The immediate holding company is AllianceBernstein Limited, a company registered in England and Wales. Copies of the financial statements of AllianceBernstein Limited may be obtained from 50 Berkeley Street, London, United Kingdom, W1J 8HA.

The consolidated financial statements of AllianceBernstein L P (established in the State of Delaware, USA), within which this company and its immediate holding company are included, can be obtained from AllianceBernstein L P, 1345 Avenue of the Americas.

The ultimate holding company and controlling party is AXA, S A, a French holding company for an international group of companies.