AllianceBernstein Services Limited

Annual Report

For the year ended 31 December 2013

Registered number: 01961063

Directors' report and financial statements

for the year ended 31 December 2013

Contents

Directors and advisers

Directors	I Dawkins D Hutchins P Rudden L Tocchet
Company secretary	A Fowler MR Manley
Registered Office	50 Berkeley Street London United Kingdom W1J 8HA
Bankers	HSBC Bank Plc 79 Piccadilly London W1V OEU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic report

For the year ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013

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 decreased by 17% to £23 2m (2012 £28 1m) due to a decrease in recharges to group companies whilst administrative expenses decreased by 18% to £22 0m (2012 £26 8m), reflecting lower 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

Description of risks and uncertanties

Market risk

(i) Interest rate risk
The company earns interest on cash balances

(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

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

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

By order of the board

Director
9/4/2014 IAN DAWKINS
Company registered number 02551144

Registered office
50 Berkeley Street
London
United Kingdom
W1J 8HA

Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

Results and dividend

The profit and loss account for the year is on page 8

No dividend has been recommended for payment by the directors (2012 £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 (resigned 5 June 2013)
I Dawkins
A Husain (resigned 3 June 2013)
D Hutchins (appointed 3 June 2013)
P Rudden
L Tocchet (appointed 3 June 2013)

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 2013 and at the date of signing the financial statements

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

Directors' report for the year ended 31 December 2013 *(continued)*

Political and charitable donations

The company made no political donations during the year (2012 £nil) The company contributed £8,032 (2012. £8,581) in give as you earn charitable donations

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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)

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 judgements 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 section 418 of the Companies Act 2006

On behalf of the board

Registered office
50 Berkeley Street London
United Kingdom
W1J 8HA

Director
9/4/2014 IAN DAWKINS
Company registered number 01961063

Independent auditors' report to the members of AllianceBernstein Services Limited

Report on the financial statements

Our opinion

In our opinion the financial statements

give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,

have been properly prepared in accordance with (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union, and

have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say below

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by AllianceBernstein Services Limited, comprise

the Profit and Loss Account,

the Balance Sheet, and

the related notes

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice
In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) 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, Strategic Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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)*

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & 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

Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9th April 2014

Profit and loss account

for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover		23,185,820	28,097,819
Administrative expenses		(21,985,979)	(26,779,301)
Operating profit		1,199,841	1,318,518
Other interest receivable and similar income	2	18,063	19,577
Profit on ordinary activities before taxation	3	1,217,904	1,338,095
Tax on profit on ordinary activities	5	(535,087)	(196,395)
Profit for the financial year	13	682,817	1,141,700
Retained profit brought forward		2,491,235	1,349,535
Retained profit carried forward		3,174,052	2 491,235

There is no difference between the profit for the financial years 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

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

Balance sheet
as at 31 December 2013

	Note	2013	2012
		£	£
Fixed assets			
Tangible fixed assets	6	5,939,056	6,381,444
Current assets			
Debtors	7	19,867,418	21,917,811
Cash at bank	8	4,943,893	1,507,314
		24,811,311	23,425,125
Creditors: amounts falling due within one year	10	(26,828,101)	(26,634,940)
Net current liabilities		(2,016,790)	(3,209,815)
Total assets less current liabilities		3,922,266	3,171,629
Provisions for liabilities	11	(497,464)	(429,644)
Net assets		3,424,802	2,741,985
Capital and reserves			
Called up share capital	12	1,000	1,000
Share premium account		249,750	249,750
Profit and loss account		3,174,052	2,491,235
Total shareholders' funds	13	3,424,802	2,741,985

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

These financial statements were approved by the board of directors on 2014 and were signed on its behalf by

IAN DAWKINS

Director

9/4/2014

AllianceBernstein Services Limited
Company registered number 1961063

Notes to the financial statements for the year ended 31 December 2013

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 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 2013 *(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 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 2013 *(continued)*

2 Other interest receivable and similar income

	2013	2012
	£	£
Bank and other interest	18,063	19,577
	18,063	19,577

3 Profit on ordinary activities before taxation

	2013	2012
	£	£
This is stated after charging.		
Auditors' remuneration - audit fee	29,937	28,937
Depreciation and other amounts written off	1,525,213	2,568,248
Net exchange (gain)/loss	(22,628)	44,802
Rental of premises – rentals payable under other operating leases	4,332,919	5,399,762

4 Staff numbers and costs

	2013	2012
	£	£
Wages and salaries	6,259,692	6,466,809
Social security costs	813,182	804,752
Pension costs	322,772	375,046
	7,395,646	7,646,607

The monthly average number of employees during the year was 57 (2012 67)
No directors' remuneration was paid/payable during the year (2012 £nil)

Notes to the financial statements for the year ended 31 December 2013 *(continued)*

5 Tax on profit on ordinary activities

The taxation charge for the year is set out below

Analysis of tax charge

	2013 £	2012 £
Current tax:		
UK corporation tax on profit for the year	**80,141**	941,450
Adjustments in respect of prior years	**21,165**	529,151
Total current tax	**101,306**	1,470,601
Total deferred tax (see note 9)		
Origination/reversal of timing differences	**433,781**	(1,274,206)
Tax on profit on ordinary activities	**535,087**	196,395

Factors affecting tax charge for the year

The current tax charge for the year ended 31 December 2013 is lower (2012 higher) than the standard rate of corporation tax in the UK of 23 25% (2012 24 50%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before taxation	**1,217,904**	1,338,095
Profit on ordinary activities multiplied by the standard rate in the UK of 23 25% (2012 24 50%)	**283,121**	327,797
Effect of disallowable expenditure	**148,866**	226,006
Adjustments in respect of prior years	**21,165**	529,151
Timing difference – Excess capital allowances over depreciation	**(349,222)**	417,681
Timing difference – Other	**(2,624)**	(30,034)
Current charge for the year	**101,306**	1,470,601

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 Accordingly the company's profits are taxed at an effective rate of 23 25%

In addition a number of further changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement A resolution passed by Parliament reduced the main rate of corporation tax to 23% from 1 April 2013 Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and 20% from 1 April 2015 was included in the Finance Act 2013

Notes to the financial statements for the year ended 31 December 2013 *(continued)*

6 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers and other equipment	Total
	£	£	£	£
Cost				
At beginning of the year	8,059,232	1,137,390	3,919,772	13,116,394
Additions	390,119	14,035	800,301	1,204,455
Disposals	(433,103)	(47,337)	(1,649,531)	(2,129,971)
At end of the year	8,016,248	1,104,088	3,070,542	12,190,878
Accumulated depreciation				
At beginning of the year	3 572,170	225,227	2,937,553	6,734,950
Charge for the year	809,722	175,553	539,938	1,525,213
Disposals	(312,451)	(46,359)	(1,649,531)	(2,008,341)
At end of the year	4,069,441	354,421	1,827,960	6,251,822
Net book value				
At 31 December 2013	**3,946,807**	**749,667**	**1,242,582**	**5,939,056**
At 31 December 2012	4,487,062	912,163	982,219	6,381,444

During 2013 the company partially vacated one floor Consequently fixed assets relating to this floor which were not transferred are reflected as disposals

7 Debtors

Amounts falling due within one year

	2013	2012
	£	£
Amounts owed by group undertakings	15,602,357	17,579,649
Other debtors	562,334	676,104
Deferred tax asset (see note 9)	1,048,922	1,482,703
Prepayments and accrued income	2,653,805	2,179,355
	19,867,418	21,917,811

The amounts owed by group undertakings comprise

AllianceBernstein LP	14,885,467	16,649,414
Other	716,890	930,235
	15,602,357	17,579,649

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 2013 *(continued)*

8 Cash at bank

	2013 £	2012 £
Cash at bank	4,943,893	1,507,314

9 Deferred tax

	2013 £	2012 £
Deferred tax asset brought forward	1,482,703	208,498
Timing difference between accumulated depreciation and capital allowances	(486,786)	708,002
Difference arising on provisions and accruals that become tax deductible once paid	(18,666)	(57,847)
Prior year adjustment and rounding difference	71,671	624,050
Deferred tax carried forward	1,048,922	1,482,703
Timing difference between accumulated depreciation and capital allowances	941,793	1,356,908
Difference arising on provisions and accruals that become tax deductible once paid	107,129	125,795
Deferred tax carried forward	1,048,922	1,482,703

10 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	15,305	14,855
Amounts owed to group undertakings	24,965,732	23,945,708
Other creditors including taxation and social security	147,543	384,031
Accruals and deferred income	1,699,521	2,290,346
	26,828,101	26,634,940

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

Notes to the financial statements for the year ended 31 December 2013 *(continued)*

11 Provisions for liabilities

	2013	2012
	£	£
Commitment under onerous lease		
Due in one year	**128,202**	126,617
1-2 years	**118,633**	127,953
2-5 years	**250,629**	175,074
	497,464	429,644

The provisions set out above have been made for an onerous contract relating to office space leased by the company During 2013 the amount relating to the unwinding of the discount on the commitment under the onerous lease was £12,685 (2012 £16,326)

12 Called up share capital

	2013	2012
	£	£
Allotted and fully paid		
1000 *(2012 1000)* Ordinary shares of £1 each	**1,000**	1,000

13 Reconciliation of movements in total shareholders' funds

	2013	2012
	£	£
At beginning of the year	**2,741,985**	1,600,285
Profit for the financial year	**682,817**	1,141,700
At end of the year	**3,424,802**	2,741,985

14 Commitments and contingencies

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

	2013	2012
	£	£
Expiring within 1 year	-	534,678
Expiring during years 2 to 5	**152,796**	129,760
Expiring after 5 years	**4,262,429**	4,106,786
	4,415,225	4,771,224

Notes to the financial statements for the year ended 31 December 2013 *(continued)*

15 Financial risks

Credit risk

The sum of the total cash and total debtor balances as per notes 7 and 8 gives a maximum credit risk exposure of £24,811,311 (2012 £23,425,125) 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 2013, nor at 31 December 2012

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 2013 *(continue*

16 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