

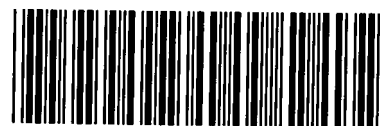
AllianceBernstein Services Limited

Annual Report

For the year ended 31 December 2018

Registered number: 01961063

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Directors, auditors and advisers

| | |
|-----------------------------|--|
| Directors | A Clements D Hutchins J Green |
| Company secretary | M 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 |

Strategic report

For the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and business review

AllianceBernstein Services Limited (the "company") is incorporated in England and Wales, under the Companies Act 2006, as a private company limited by shares. The company's principal activity is to provide administration services to entities within the AllianceBernstein corporate group primarily within the United Kingdom.

Revenue increased 9% to £21.1m (2017: £19.4m) due to an increase in recharges to group companies offset by adverse USD/GBP exchange rate movements whilst administrative expenses increased by 9% to £20.0m (2017: £18.4m), reflecting higher portfolio services 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.

Description of risks and uncertainties

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 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.

Liquidity risk

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

On behalf of the board



J Green
Director

12 April 2019

Company registered number: 01961063

Registered office:
50 Berkeley Street
London
United Kingdom
W1J 8HA

Directors' report

For the year ended 31 December 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Financial risk management

Financial risks and how the Company mitigates these risks have been addressed in note 16 to the financial statements.

Results and dividend

The statement of income and retained earnings for the year is set out on page 8. Profit for the financial year amounted to £0.9m in 2018 (2017: £0.8m).

No dividend has been recommended for payment by the directors (2017: £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:

A Clements
D Hutchins
J Green

Directors' insurance

AllianceBernstein L.P. maintains insurance for the directors in respect of their duties as directors of the company, including third party indemnity.

This was in force during 2018 and at the date of signing the financial statements.

Future developments

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

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 sex or sexual orientation, 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.

Donations

The company made no political donations during the year (2017: £nil).

Directors' report *(continued)*

For the year ended 31 December 2018

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



J Green, Director

12 April 2019

Registered office:
50 Berkeley Street
London
United Kingdom
W1J 8HA

Company registered number: 01961063

Independent auditors' report to the members of AllianceBernstein Services Limited

Report on the financial statements

Opinion

In our opinion, AllianceBernstein Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 December 2018 and the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

Reporting on other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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

Use of this report

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.

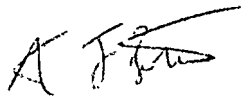
Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 April 2019

Statement of Income and Retained Earnings
for the year ended 31 December 2018

| | <i>Note</i> | 2018 £ | 2017 £ |
|----------------------------------|-------------|--------------|--------------|
| Revenue | 3 | 21,052,366 | 19,387,381 |
| Administrative expenses | | (19,950,637) | (18,384,068) |
| Operating profit | | 1,101,729 | 1,003,313 |
| Finance Income | 4 | 14,799 | 2,660 |
| Gain on disposal of fixed assets | | 9,045 | - |
| Profit before taxation | 5 | 1,125,573 | 1,005,973 |
| Tax on profit | 7 | (157,357) | (230,471) |
| Profit for the financial year | 14 | 968,216 | 775,502 |
| Retained profit brought forward | | 6,484,703 | 5,709,201 |
| Retained profit carried forward | | 7,452,919 | 6,484,703 |

The company has no recognised other comprehensive income other than the profit for the years as disclosed in the profit and loss account, and therefore no separate statement of other comprehensive income has been presented.

All the amounts above are in respect of continuing operations.

Further comments on the statement of income and retained earnings line items are presented in the notes to the financial statements on pages 8 to 18.

Statement of Financial Position
as at 31 December 2018

| | <i>Note</i> | 2018 £ | 2017 £ |
|---|-------------|-------------------------|-------------------------|
| Fixed assets | | | |
| Property, plant and equipment | 8 | <u>2,827,127</u> | <u>3,056,956</u> |
| Current assets | | | |
| Trade receivables | 9 | 5,113,188 | 43,780,870 |
| Cash | 10 | <u>4,940,154</u> | <u>3,630,318</u> |
| | | 10,053,342 | 47,411,188 |
| Creditors: amounts falling due within one year | 12 | <u>(5,176,800)</u> | <u>(43,732,691)</u> |
| Net current assets | | 4,876,542 | 3,678,497 |
| Total assets less current liabilities | | 7,703,669 | 6,735,453 |
| Net assets | | <u>7,703,669</u> | <u>6,735,453</u> |
| Equity | | | |
| Called up share capital | 13 | 1,000 | 1,000 |
| Share premium account | | 249,750 | 249,750 |
| Profit and loss account | | <u>7,452,919</u> | <u>6,484,703</u> |
| Total Equity | 14 | <u>7,703,669</u> | <u>6,735,453</u> |

Further comments on the statement of financial position are presented in the notes to the financial statements. The notes on pages 10 to 18 are an integral part of these financial statements.

These financial statements on pages 8 to 18 were approved by the board of directors on 12-4 2019 and were signed on its behalf by:



J Green
Director

12 April 2019

AllianceBernstein Services Limited
Company registered number 01961063

Notes to the financial statements for the year ended 31 December 2018

1 General Information

AllianceBernstein Services Limited (the "company") provides administration services to entities within the AllianceBernstein corporate group primarily within the United Kingdom.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 50 Berkeley Street, London W1J 8HA.

2 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

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The principal accounting policies which have been applied consistently throughout the year are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

Cash flow statement, financial instruments and related party disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholder. The company has taken advantage of the following exemptions:

The company is exempt from preparing a cash flow statement under FRS 102, paragraph 1.12, as it is a wholly owned subsidiary of a company which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which this company is included, can be obtained from the address given in Note 17.

The company is exempt under FRS 102, paragraph 33, from the requirements concerning wholly owned group related party transaction disclosures.

The company is exempt under FRS 102, paragraph 11.41(b) - 11.48(e), as applicable, from the requirements concerning disclosure of financial instruments.

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, fixtures and fittings | - | 6 years |
| Computers | - | 3 years |
| Other equipment | - | 6 years |

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

2 Accounting policies *(continued)*

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 statement of income and retained earnings on a straight line basis over the life of the lease.

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.

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. Once contributions have been made the group has no further payment obligation.

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.

Functional currencies

The functional currency of the company is pound sterling. 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 statement of financial position date and the gains or losses on translation are included in the statement of income and retained earnings.

Revenue

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

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.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

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 receivables, is impaired. The factors that the company takes into account include age of the trade receivables and specific knowledge regarding the receivables.

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.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. All estimates and assumptions are best estimates undertaken in accordance with the applicable standard, and the directors are of the view that none have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

No significant judgements have to be made by the directors in preparing these financial statement.

3 Revenue

The turnover and profit before taxation are attributable to the principal activity of the company. An analysis of turnover on a contractual basis by geographical location is as follows:

| | 2018 | 2017 |
|----------|-------------------|-------------------|
| | £ | £ |
| UK | 4,944,003 | 5,190,989 |
| Overseas | 16,108,363 | 14,196,392 |
| | <u>21,052,366</u> | <u>19,387,381</u> |

4 Finance Income

| | 2018 | 2017 |
|-------------------------|---------------|--------------|
| | £ | £ |
| Bank and other interest | <u>14,799</u> | <u>2,660</u> |

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Profit before taxation

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| <i>In addition to wages, salaries and other employee costs as stated in note 6 this is stated after charging:</i> | | |
| Auditors' remuneration - audit fee | 34,374 | 33,700 |
| Depreciation and other amounts written off | 1,049,448 | 1,191,028 |
| Net exchange loss | 70 | 466 |
| Rental of premises – rentals payable under other operating leases | 3,147,880 | 3,168,904 |

6 Staff numbers and costs

| | 2018 £ | 2017 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 7,172,718 | 6,371,998 |
| Social security costs | 1,041,647 | 883,143 |
| Other pension costs | 345,518 | 327,450 |
| | 8,559,883 | 7,582,591 |

The monthly average number of employees during the year in administrative and central functions was 61 (2017: 58). The directors did not receive any emoluments in respect to their services to the company.

The directors are directors of other group companies, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the group companies.

7 Tax on profit

The taxation charge for the year is set out below:

Analysis of tax charge

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Current tax: | | |
| UK corporation tax on profit for the year | 226,532 | 154,707 |
| Adjustments in respect of prior years | (10,091) | - |
| Total current tax | 216,441 | 154,707 |
| Deferred tax (note 11) | | |
| Current year | 9,647 | 75,764 |
| Prior year adjustment | (85,899) | - |
| Revaluation of DTA (19.00% to 17.00%) | 63,132 | - |
| Recalculation of deferred compensation balance | (45,964) | - |
| Total deferred tax | (59,084) | 75,764 |
| Tax on profit on ordinary activities | 157,357 | 230,471 |

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Tax on profit (continued)

Factors affecting tax charge for the

The current tax charge for the year ended 31 December 2018 is lower (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%). The differences are explained below.

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Profit on ordinary activities before taxation | 1,125,573 | 1,005,973 |
| Profit on ordinary activities multiplied by the standard rate in the UK of 19.00% (2017: 19.00%) | 213,859 | 193,614 |
| Effect of disallowable expenditure | 22,320 | 37,839 |
| Revelation of DTA (19.00% to 17.00%) | 63,132 | - |
| Recalculation of Deferred Compensation balance | (45,964) | - |
| Adjustments in respect of prior years | (95,990) | - |
| Timing difference – Rate (19.25% to 19.00%) & rounding | | (982) |
| Total tax charge | 157,357 | 230,471 |

The company's profits are taxed at the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%).

8 Property, plant and equipment

| | Leasehold improvements | Furniture, fixtures and fittings | Computers and other equipment | Total |
|---------------------------------|------------------------|----------------------------------|-------------------------------|------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At beginning of the year | 8,300,775 | 1,099,606 | 4,139,912 | 13,540,293 |
| Additions | 161,861 | 135,867 | 521,683 | 819,411 |
| Disposals | - | - | (482,377) | (482,377) |
| At end of the year | 8,462,636 | 1,235,473 | 4,179,218 | 13,877,327 |
| Accumulated depreciation | | | | |
| At beginning of the year | 6,638,358 | 995,390 | 2,849,589 | 10,483,337 |
| Charge for the year | 393,251 | 41,986 | 614,211 | 1,049,448 |
| Disposals | (208) | - | (482,377) | (482,585) |
| At end of the year | 7,031,401 | 1,037,376 | 2,981,423 | 11,050,200 |
| Net book value | | | | |
| At 31 December 2018 | 1,431,235 | 198,097 | 1,197,795 | 2,827,127 |
| At 31 December 2017 | 1,662,417 | 104,216 | 1,290,323 | 3,056,956 |

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Trade Receivables

| | 2018 £ | 2017 £ |
|--|------------------|-------------------|
| Amounts owed by group undertakings | 1,618,661 | 40,376,805 |
| Other receivables | 690,397 | 594,865 |
| Deferred tax asset (see note 11) | 582,583 | 523,499 |
| Prepayments and accrued income | 2,221,547 | 2,285,701 |
| | <u>5,113,188</u> | <u>43,780,870</u> |
| The amounts owed by group undertakings comprise: | | |
| AllianceBernstein LP | 522,151 | 830,876 |
| Other | 1,096,510 | 39,545,929 |
| | <u>1,618,661</u> | <u>40,376,805</u> |

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The deferred tax asset amount includes an estimated £523k (2017: £448k) due in more than one year.

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

10 Cash

| | 2018 £ | 2017 £ |
|--------------|------------------|------------------|
| Cash at bank | <u>4,940,154</u> | <u>3,630,318</u> |

11 Deferred tax

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Deferred tax asset brought forward | 523,499 | 599,263 |
| Timing difference between accumulated depreciation and capital allowances | (21,402) | (70,047) |
| Difference arising on provisions and accruals that become tax deductible once paid | 11,755 | (5,717) |
| Prior year adjustment and rounding difference | 85,899 | - |
| Revaluation of DTA (19.00% to 17.00%) | (63,132) | - |
| Recalculation of Deferred Compensation balance | 45,964 | - |
| Deferred tax carried forward | <u>582,583</u> | <u>523,499</u> |
| Timing difference between accumulated depreciation and capital allowances | 437,712 | 431,063 |
| Difference arising on provisions and accruals that become tax deductible once paid | 144,871 | 92,436 |
| Deferred tax carried forward | <u>582,583</u> | <u>523,499</u> |

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Creditors: amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|------------------|-------------------|
| | £ | £ |
| Trade creditors | 12,964 | 7,819 |
| Amounts owed to group undertakings | 3,026,244 | 41,591,756 |
| Taxation and social security | 163,015 | 263,584 |
| Accruals and deferred income | 1,974,577 | 1,869,532 |
| | <u>5,176,800</u> | <u>43,732,691</u> |

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

13 Called up share capital

| | 2018 | 2017 |
|--|--------------|--------------|
| | £ | £ |
| <i>Allotted and fully paid</i> | | |
| 1000 (2017: 1000) Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

14 Reconciliation of movements in total equity

| | 2018 | 2017 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| At 1 January | 6,735,453 | 5,959,951 |
| Profit for the financial year | <u>968,216</u> | <u>775,502</u> |
| At 31 December | <u>7,703,669</u> | <u>6,735,453</u> |

15 Commitments and contingencies

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

| | 2018 | 2017 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Expiring within 1 year | 4,589,052 | 4,985,770 |
| Expiring during years 2 to 5 | <u>11,472,630</u> | <u>17,450,195</u> |
| | <u>16,061,682</u> | <u>22,435,965</u> |

Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Financial risks

Credit risk

The sum of the total cash and total receivable balances as per notes 8 and 9 gives a maximum credit risk exposure of £10,007k (2017: £47,411k). 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

The company's liquidity risk is mitigated to the extent that it is funded by its parent Allianzbernstein 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 2018, nor at 31 December 2017.

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.

17 Immediate and ultimate holding company

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

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

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

18 Subsequent events

On 25 March 2019, AXA, SA, reduced its stake to a minority position in AXA Equitable Holdings, Inc. through an offering of shares. At signing date, the ultimate holding company and controlling party of AllianceBernstein L.P. is AXA Equitable Holdings, Inc., a financial services company based in New York, N.Y., USA.