AllianceBernstein Limited

Directors' report and consolidated financial statements

For the period ended 31 December 2010

Registered number: 02551144

Directors' report and consolidated financial statements for the year ended 31 December 2010

Contents

Pages

Directors and advisers

Directors	R Alster C Chene M Fedak R Haxe A Husain A Lavi J Ross P Rudden
Company secretaries	MR Manley D Samuels
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 Hay's Galleria 1 Hay's Lane London SE1 2RD

Directors' report for the year ended 31 December 2010

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2010

Principal activities

The principal activities of AllianceBernstein Limited (the "company") and its subsidiary companies, AllianceBernstein Services Limited and ACMBernstein GmbH, (together the "group") are those of investment management and advice or the provision of administrative services to group companies The company is regulated by the Financial Services Authority

Business review and future developments

The group recorded a retained loss of £114 5m in 2010 (2009 £20 4m profit) This was primarily due to dividends paid in the year of £131 7m (2009 £nil) The group's turnover decreased by 15% to £121 9m (2009 £142 8m) This decrease in turnover was mainly due to lower client assets under management down from £24 7bn at the end of 2009 to £21 8bn at the end of 2010

Operating expenses decreased by £14 1m (12%) This decrease was mainly driven by lower staff costs and lower global cost allocations

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

During the year a company restructure resulted in additional share capital and the conversion of some ordinary shares into preference shares In addition two new companies acquired investments in the group The group is now owned jointly by AllianceBernstein Preferred Limited which acquired 50 05% of the group and owns all the newly issued preferred shares, and AllianceBernstein Holdings Limited which acquired 49 95% of the group and holds the rights to the issued ordinary share capital

The group will continue to maintain a stable business platform and seek to maximise client returns at minimal risk levels in the current market

Branches and representative offices

The group has branch offices in The Netherlands and Sweden It also has representative offices in Bahrain, Italy Spain and Switzerland

Results and dividends

The group's loss for the year was £114 5m (2009 £20 4m profit)
A dividend of £131 7m was recommended and paid during the year (2009 £nil)

Directors

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

R Alster
C Chene
M Fedak (appointed 1st January 2011)
R Haxe
A Husain (appointed 1st January 2011)
A Lavi
J Passfield (resigned 15th January 2010)
J Ross
P Rudden (appointed 1st January 2011)
G Tencza (resigned 1st January 2011)

Directors' report for the year ended 31 December 2010 *(continued)*

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 2010 and up to the date of signing the financial statements

Financial risk management

Business risk

Changes in financial market levels have a direct and significant impact on the company's assets under management A significant reduction in assets under management could have a material adverse effect on the revenues and financial condition of the company

In December 2010, the board of directors approved an Internal Capital Adequacy Assessment Process (ICAAP) The ICAAP has been incorporated into the operating arrangements of the group as a core process to be used by senior management to guide their activities and the execution of their risk management roles and responsibilities, especially in the management of regulatory capital

Market risk

(i) Interest rate risk

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

(ii) Foreign exchange risk

The company has one subsidiary in Germany whose shareholders funds, revenues and expenses are denominated in euros The group also operates internationally and is therefore exposed to foreign exchange risk, arising mainly from foreign denominated transactions and recognized assets and liabilities in foreign operations The group is also exposed to USD risk through allocations from head office The group has a policy of selling down excess currencies to mitigate foreign exchange risk

(iii) Price risk

During the year the company was exposed to equity securities price risk on its seed investments in the Global Growth, UK Core Plus, European Flexible and European Growth portfolios, classified on the consolidated balance sheet as current asset investments

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

On an annual basis the directors approve an Operational Risk Management Framework to control, monitor and mitigate the group's operational risk The Risk Oversight Committee meets quarterly to review key risk indicators top risks, processes and control reports and to develop recommendations to prioritise resources required to advance the risk agenda

Liquidity risk

The company has large cash balances and therefore is not exposed to liquidity risk No liquidity risk arises from the current asset investments

Directors' report for the year ended 31 December 2010 *(continued)*

Employees

The group recognises the importance of ensuring that employees understand the aims and objectives of the group, 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 group 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 The group'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

Disabled employee note

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race colour disability or marital status The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes, skills and abilities Appropriate arrangements are made for the continued employment and training career development and promotion of disabled persons employed by the group If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary

Political and charitable donations

The group made no political donations during the year (2009 £nil) The group contributed £46,564 (2009 £30 736) in charitable donations, the majority being matched employee give as you earn donations

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 group and parent company 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 group and the company and of the profit or loss of the group 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 the group 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 the group 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

C Chene
Director
20 April 2011

Registered office
50 Berkeley Street
London
United Kingdom
W1J 8HA

Independent auditors' report to the members of AllianceBernstein Limited

We have audited the group and parent company financial statements (the 'financial statements) of AllianceBernstein Limited for the year ended 31 December 2010 which comprise the group profit and loss account, the group and parent company balance sheets the group statement of total recognised gains and losses, the group and parent company reconciliation of movements in shareholders funds the accounting policies 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 4 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 group s and parent 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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company s affairs as at 31 December 2010 and of the group s loss 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 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 by the parent company, or
- the parent company 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
21 April 2011

Consolidated profit and loss account

For the year ended 31 December 2010

	Note	2010	2009
		£	£
Turnover		121,886,396	142,756,007
Administrative expenses		(98,722,988)	(112,775,067)
Other operating income and charges	5	1,232,273	(1,449,728)
Operating profit		24,395,681	28,531,212
Other interest receivable and similar income	6	610,598	553,025
Interest payable and similar charges	7	(42,169)	-
Profit on ordinary activities before taxation	2	24,964,110	29,084,237
Tax on profit on ordinary activities	8	(7,802,133)	(8,694,497)
Profit on ordinary activities after taxation		17,161,977	20,389,740
Dividend	9	(131,671,912)	-
(Loss)/ profit for the financial year	19	(114,509,935)	20,389,740
(Loss)/ profit for the financial year			
The company		(112,595,974)	19,352,607
Group undertakings		(1,913,961)	1,037 133
	19	(114,509,935)	20,389 740

Other than the amounts disclosed in note 12, 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

Statement of group total recognised gains and losses

For the year ended 31 December 2010

	2010	2009
	£	£
(Loss)/ profit for the financial year	(114,509,935)	20,389,740
Currency translation difference	2,767	(53 404)
Total recognised (losses)/gains relating to year	(114,507,168)	20 336,336

The notes on pages 11 to 24 form part of these financial statements

Consolidated balance sheet
At 31 December 2010

	Note		2010		2009
		£	£	£	£
Fixed assets					
Tangible assets	*10*		11,336,740		13,367,041
Current assets					
Investments	*12*	14,066,861		121,178,310	
Debtors	*13*	50,742,077		76,192,012	
Cash at bank and in hand	*14*	63,171,065		31 143,430	
		127,980,003		228,513,752	
Creditors amounts falling due within one year	*16*	(30,787,095)		(29,566,233)	
Net current assets			97,192,908		198,947,519
Total assets less current liabilities			108,529,648		212,314,560
Creditors amounts falling due after more than one year	*17*		(2,673,483)		(1 585,757)
Net assets			105,856,165		210,728,803
Capital and reserves					
Called up share capital	*18*		19,286,524		9 651,994
Profit and loss account	*20*		86,569,641		201,076,809
Total shareholders' funds	*19*		105,856,165		210,728 803

The notes on pages 11 to 24 form part of these financial statements

These financial statements were approved by the board of directors on April, 2011 and were signed on its behalf by

C Chene
Director
20 *April 2010*

AllianceBernstein Limited
Company registered number 02551144

Company balance sheet

At 31 December 2010

	Note		**2010**		2009
		£	**£**	£	£
Fixed assets					
Tangible assets	*10*		**90,555**		82,451
Investments	*11*		**545,577**		1,417,102
			636,132		1,499,553
Current assets					
Investments	*12*	**14,066,861**		121,178,310	
Debtors	*13*	**65,275,660**		81,001 560	
Cash at bank and in hand	*14*	**52,744,778**		29,662,587	
		132,087,299		231,842,457	
Creditors amounts falling due within one year	*16*	(25,740,632)		(24,100,125)	
Net current assets			**106,346,667**		207,742,332
Total assets less current liabilities			**106,982,799**		209,241,885
Creditors amounts falling due after more than one year	*17*		**(1,244,025)**		(541,667)
Net assets			**105,738,774**		208,700,218
Capital and reserves					
Called up share capital	*18*		**19,286,524**		9 651,994
Profit and loss account	*20*		**86,452,250**		199,048,224
Total shareholders' funds	*19*		**105,738,774**		208,700 218

The notes on pages 11 to 24 form part of these financial statements

These financial statements were approved by the board of directors on April, 2011 and were signed on its behalf by

C Chene
Director
20 April 2010

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

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

Basis of preparation

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

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 24

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)

Basis of consolidation

The group financial statements consolidate the accounts of AllianceBernstein Limited and all its subsidiary undertakings These financial statements are made up to 31 December 2010 The consolidated financial statemtents are based on financial statemtents that are coterminous with those of the parent company

In the company's financial statements, investments in subsidiary undertakings are stated at cost, less any impairment in value Dividends received and receivable are credited to the company s profit and loss account to the extent that they represent a realised profit for the company

In accordance with the Companies Act 2006 AllianceBernstein Limited is exempt from the requirement to present its own profit and loss account

Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Costs includes 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
Computer equipment	-	3 years
Other equipment	-	6 years

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values of these assets exceed their recoverable amount The recoverable amount is the greater of net realisable value and value in use, and is determined based on management's assumptions and estimates

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the 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

The results of subsidiary undertakings drawn up in currencies other than sterling are translated at average rates of exchange ruling during the year The assets and liabilities of these entities are translated at the rate of exchange ruling at the balance sheet date Exchange differences arising on the translation of these amounts from average rates used in the profit and loss account to the closing rate in the balance sheet are taken directly to the statement of group total recognised gains and losses

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

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

Long term incentive scheme

A charge is taken to the profit and loss account based on the fair value of the award at the date it was granted The cost of the award is recognised on a straight line basis over the period from the date of grant to the vesting date

Pension costs

During the year, the group 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

Investments

Current asset investments are stated at fair value, which is determined by reference to official quoted market bid prices at the close of business on the balance sheet date Any resulting gain or loss is included in "Other operating income and charges" in the profit and loss account

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

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover comprised investment management fees, advisory fees and management recharges received from group companies in respect of services rendered by the group Turnover is accounted for on an accruals basis

Certain investment management contracts provide for performance based fees that are calculated as a percentage of investment results in excess of a stated benchmark over a predetermined time frame These performance fees are subsequently recorded as revenue

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

Indicators of impairment are reviewed for all financial assets at each reporting date Such indicators include significant financial difficulties or losses in group undertakings, or significant decline in net assets of group undertakings An impairment loss is recognised in the profit and loss account when there is objective evidence that an asset is impaired

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

2 Profit on ordinary activities before taxation

	2010	2009
Group	**£**	**£**
This is stated after charging		
Auditors' remuneration		
- audit of the company's annual financial statements	**65,375**	51,625
Fees payable to the Auditors' for other services		
- audit of company's subsidiaries	**31,900**	38,500
- taxation services	**73,580**	180,125
- quarterly reviews & other services	**49,363**	64,962
Depreciation and other amounts written off	**3,524,430**	3,645,653
Severance payments	**667,198**	2 646,411
Rent of premises - rentals payable under other operating leases	**5,865,890**	9 416,949

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

3 Remuneration of directors

	2010	2009
	£	£
Directors' emoluments	**2,773,672**	3,096,015
Aggregate amounts receivable under long term incentive schemes	**2,040,825**	2,152,668
Contributions to defined contribution pensions	**50,709**	47,688
	4,865,206	5 296 371

The aggregate emoluments of the highest paid director were £1,362,053 (2009 £1,305,113) Pension contributions were paid on behalf of the highest paid director during the year were £9,259 (2009 £6,234) Money received by the highest paid director under long term incentive schemes was £564 168 (2009 £447,663)

The number of directors to whom retirement benefits are accruing under a defined contribution pension plan was 4 (2009 4)

The number of directors in respect of whose qualifying services shares were received or receivable under a long term incentive scheme was 5 (2009 7)

4 Staff numbers and costs

The aggregate payroll costs were as follows

	2010	2009
	£	£
Wages and salaries	**55,084,113**	61,009,545
Social security costs	**6,994,194**	4,795,126
Pension costs	**1,732,722**	1,728,896
	63,811,029	67,533,567

The average number of employees during the year was 305 (2009 379)

5 Other operating income and charges

	2010	2009
	£	£
Net gain on available for sale investments	**911,089**	1 902 219
Net exchange (loss)/gain on investments	**(142,468)**	599 713
Net exchange gain/(loss) on other operations	**398,782**	(3 234 583)
Impairment of goodwill arising on acquisition of subsidiary	**-**	(798,183)
Other income	**64,870**	81,106
	1,232,273	(1 449,728)

On 24 April 2009 ACMBernstein GmbH paid €1,123,000 (£1,004 243) for the acquisition of 100% of the share capital of ACM Bernstein Deutschland GmbH, formerly a subsidiary of AllianceBernstein (Luxembourg) S A This acquisition was effective from 1st January 2009 from when the results were consolidated under ACMBernstein GmbH

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

6 Other interest receivable and similar income

	2010	2009
	£	£
Bank interest receivable	610,598	548,637
Interest receivable from parent undertaking	-	4,388
	610,598	553,025

7 Interest payable and similar charges

	2010	2009
	£	£
Interest payable in respect of tax charges	42,169	-

8 Tax on profit on ordinary activities

Analysis of tax charge

	2010	2009
	£	£
Current tax ·		
United Kingdom Corporation tax at 28% (2009 28%)	8,043,155	10 231 067
Foreign Tax Paid	182,506	164,570
Trade tax	56,549	48,038
Double tax relief	(118,765)	(132,094)
Adjustments in respect of prior periods - UK Tax	81,522	(559,174)
Adjustments in respect of prior periods - Foreign Taxes	-	97,863
Total current tax	8,244,967	9 850,270
Deferred tax (see note 15)		
Origination/reversal of timing differences	(442,834)	(1,155,773)
Tax on profit on ordinary activities	7,802,133	8,694 497

Factors affecting tax charge for the year

The current tax charge for the year ended December 31 2010 is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

8 Tax on profit on ordinary activities *(continued)*

	2010 £	2009 £
Profit on ordinary activities before corporation tax	**24,964,110**	29,084.237
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	**6,989,951**	8,143 586
Additional German corporation tax charge/(credit) on profit/(loss) of the year at 33 4% (2009 33 4%)	**15,979**	(28 173)
Effect of disallowable expenditure	**169,188**	699,650
Adjustments in respect of prior periods - UK Tax	**81,522**	(559,174)
Adjustments in respect of prior periods - Foreign Taxes	**-**	97,863
Timing difference – Excess capital allowances over depreciation	**247,409**	274,540
Timing differences - Deferred Compensation	**677,177**	1,795,306
Effect of unrealised capital loss on seed investments	**-**	(605,804)
Double tax relief	**(118,765)**	(132,094)
Foreign taxes	**182,506**	164,570
Total current tax	**8,244,967**	9,850,270

Factors that may affect future tax charges

A deferred tax credit of £442 834 was recognised during the year (2009 £1.155 773 credit) The 2010 deferred tax credit relates to timing differences between the tax written down value and net book value of qualifying assets

9 Dividend

A dividend of £131,671,912 13 payable to AllianceBernstein Preferred Limited was recommended and paid during the year (2009 £nil)

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

10 Tangible assets

	Leasehold improvements	Furniture, fixtures and fittings	Computers and other equipment	Total
Group	£	£	£	£
Cost				
At beginning of the year	21,109,691	9,081,842	9,853,597	40,045,130
Additions	1,255,090	49,977	190,224	1.495,291
Disposals	(403,226)	-	(22 790)	(426,016)
At end of the year	21,961,555	9,131,819	10,021,031	41,114,405
Accumulated depreciation				
At beginning of the year	12,090,115	6,766,001	7,821 973	26 678,089
Charge for the year	1,991,360	761,897	771,173	3 524,430
Disposals	(403,226)	-	(21 628)	(424,854)
At end of the year	13,678.249	7,527 898	8 571,518	29,777,665
Net book value				
At 31 December 2010	**8,283,306**	**1,603,921**	**1,449,513**	**11,336,740**
At 31 December 2009	9,019,576	2,315,841	2,031,624	13,367,041

	Leasehold improvements	Furniture, fixtures and fittings	Computers and other equipment	Total
Company	£	£	£	£
Cost				
At beginning of the year	418,959	60,986	144 728	624,673
Additions	-	72,897	-	72,897
Disposals	(403,226)	-	(22 789)	(426 015)
At end of the year	15,733	133,883	121,939	271,555
Accumulated depreciation				
At beginning of the year	408,098	40,493	93,631	542,222
Charge for the year	1,573	51,925	10,134	63,632
Disposals	(403.226)	-	(21,628)	(424 854)
At end of the year	6,445	92,418	82,137	181,000
Net book value				
At 31 December 2010	**9,288**	**41,465**	**39,802**	**90,555**
At 31 December 2009	10,861	20,493	51,097	82 451

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

11 Fixed asset investments

	Company	
	2010	2009
	£	£
Shares in group undertakings		
AllianceBernstein Services Limited	**528,475**	1,400,000
ACM Bernstein GmbH	**17,102**	17,102
	545,577	1,417,102

The impairment relates to the decline in fair value of the company's investment in AllianceBernstein Services Limited (ABSL) The directors performed an impairment review of the shares in group undertakings at 31 December 2010 and it was deemed prudent to write down the value of the shares in ABSL to ABSL's net asset value at year end

Name of group undertaking	% ownership of ordinary shares	Country of incorporation	Principal activity
AllianceBernstein Services Limited	100	United Kingdom	Administrative services
ACM Bernstein GmbH	100	Germany	Marketing and client services

The directors believe that the carrying value of the investments is supported by their underlying net assets

12 Current Asset Investments

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Equity Fund seed investment portfolio	**3,024,941**	5,882 370	**3,024,941**	5,882 370
Fixed Income seed investment portfolio	**6,046,269**	5,355 150	**6,046,269**	5,355,150
UK gilt fund	**4,995,651**	109,940,790	**4,995,651**	109,940 790
	14,066,861	121,178,310	**14,066,861**	121,178 310

Equity Fund seed investments

The seed money was invested in order to build and maintain a performance record for the portfolios The portfolios are marked to market on a monthly basis In 2009 $5.000.000 was invested in a Global Growth equity fund and during 2010 the majority of this fund was redeemed Additionally in 2010 a European Flexible Equity fund was seeded with €3 5m

Fixed Income seed investments

In 2008 the company provided £5 000 000 for the UK Core Plus investment portfolio. a fixed income portfolio The seed money was invested in order to build and maintain a performance record for the portfolios

Fair values are measured using the following fair value hierarchy

Level 1 reflects financial instruments quoted in the market

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

12 Current Asset Investments *(continued)*

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not on observable data

The valuation techniques used by the company are explained in the accounting policies on page 12 The financial assets designated at fair value through the profit and loss are all categorised as Level 1 in the above hierarchy There are no financial liabilities that are designated at fair value through the profit and loss in the financial statements

The management of market risk is described in the Directors' report The foreign exchange risk and price risk are considered to be low

Cash management

Listed securities held as current asset investments are available for sale and are stated at fair value which equates to market bid values and profits and losses arising from this valuation are taken to the profit and loss account

13 Debtors

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Amounts falling due within one year				
Trade debtors	**4,508,149**	5,398,773	**4,508,149**	5,398,773
Amounts owed by group undertakings	**23,927,324**	43,684,270	**43,514,166**	53,661,008
Other debtors	**2,400,429**	2,769 501	**514,451**	1,921 542
Net deferred tax assets (see note 15)	**1,800,990**	1 358 156	**2,000,066**	1,444,141
Prepayments and accrued income	**18,088,457**	22 893,327	**14,722,100**	18,488,111
	50,725,349	76 104,027	**65,258,932**	80,913,575
Amounts falling due after one year				
Deferred performance fees	**16,728**	87 985	**16,728**	87,985
Total debtors	**50,742,077**	76 192,012	**65,275,660**	81,001,560

The Directors consider that the carrying value of debtor amounts falling due within and after one year is approximate to their fair value

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

14 Cash at bank and in hand

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Cash held in Equity Fund seed investment portfolio	**854,465**	251,920	**854,465**	251 920
Cash held in Fixed Income seed investment portfolio	**111,062**	259,454	**111,062**	259,454
Cash held in UK gilt fund	**57,280**	144,899	**57,280**	144,899
Cash at bank and in hand	**62,148,258**	30,487,157	**51,721,971**	29 006,314
	63,171,065	31,143,430	**52,744,778**	29,662,587

15 Deferred taxation

	2010	2009	2010	2009
	£	£	£	£
Deferred tax brought forward	**1,358,156**	202 384	**1,444,141**	429,451
Timing difference between accumulated depreciation and capital allowances	**240,781**	278,468	**396**	2 859
Difference arising on provisions and accruals that become tax deductible once paid	**659,038**	1.050,226	**667,405**	1,011,738
Prior year adjustment and rounding difference	**(456,985)**	(172,922)	**(111,876)**	93
Deferred tax carried forward	**1,800,990**	1.358,156	**2,000,066**	1 444,141

Recognition has been reported for a deferred tax credit of £442,834 (2009 £1.155,773 credit) in the profit and loss account in the current year Deferred tax credits/charges relate to timing differences between the tax written down value and the net book value of qualifying assets The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

16 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	**53,733**	90,350	**49,684**	43,272
Amortisation of lease incentives and onerous lease	**1,809,027**	2 171 154	**-**	1 083 333
Amounts owed to group undertakings	**789,398**	193,242	**1,203,966**	383,737
Taxation and social security	**22,228,083**	21 792 811	**21,982,985**	20 645 821
Accruals and deferred income	**5,906,854**	5,318,676	**2,503,997**	1,943,962
	30,787,095	29 566 233	**25,740,632**	24 100,125
Taxation and social security comprises				
Corporation tax payable	**2,661,255**	4 191 553	**2,517,150**	3 510 935
VAT, PAYE and National Insurance	**19,566,828**	17,601,258	**19,465,835**	17,134,886
	22,228,083	21 792,811	**21,982,985**	20 645,821

The Directors consider that the carrying value of creditor amounts due in less and after more than one year is approximate to their fair value

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

17 Creditors: amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Amortisation of lease incentives				
1-2 years	**2,123,943**	778,570	**1,244,025**	541,667
2-5 years	**-**	157,936	**-**	-
	2,123,943	936,506	**1,244,025**	541,667
Commitment under onerous lease				
1-2 years	**126,582**	126,582	**-**	-
2-5 years	**319,648**	370,465	**-**	-
Over 5 years	**103,310**	152,204	**-**	-
	549,540	649,251	**-**	-
	2,673,483	1 585,757	**1,244,025**	541,667

During 2010 the amount relating to the unwinding of the discount on the commitment under the onerous lease was £27,778

18 Called up share capital

	Company 2010 £	Company 2009 £
Allotted and fully paid		
Preferred Shares of £1 each	**9,651,994**	-
Ordinary Class B Shares of £1 each	**9,634,530**	-
Ordinary Shares of £1 each	**-**	9,651 994
	19,286,524	9 651 994

19 Reconciliation of movements in shareholders' funds

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Shareholders' funds at 1 January	**210,728,803**	190,392,467	**208,700,218**	189,347 611
(Loss)/ profit for the financial year	**(114,509,935)**	20 389,740	**(112,595,974)**	19,352,607
Net proceeds of issue of ordinary share capital	**9,634,530**	-	**9,634,530**	-
Currency translation difference	**2,767**	(53 404)	**-**	-
	105,856,165	210 728 803	**105,738,774**	208 700,218

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

20 Reserves

	Profit and loss account Group		Profit and loss account Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
At beginning of year	**201,076,809**	180,740,473	**199,048,224**	179,695,617
(Loss)/ profit for the financial year	**(114,509,935)**	20,389,740	**(112,595,974)**	19,352,607
Currency translation difference	**2,767**	(53 404)	**-**	-
At end of year	**86,569,641**	201 076,809	**86,452,250**	199,048,224

21 Commitments and contingencies

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

	2010	2009
	£	£
Group and Company		
Operating leases in respect of land and buildings		
Expiring within 1 year	**3,302,500**	59,921
Expiring during years 2 to 5	**598,160**	4,299,189
Expiring after 5 years	**8,257,330**	5,908,775
	12,157,990	10,267,885

AllianceBernstein Limited has agreed to provide financial support to its subsidiary undertaking, AllianceBernstein Services Limited, in order that such undertaking may continue to operate as a going concern AllianceBernstein Limited has agreed that it will provide financial support for a period of no less than eighteen months from the balance sheet date

22 Financial risks

Credit risk

The sum of the total cash and total debtor balances as per notes 13 and 14 gives a maximum credit risk exposure of £113 913,142 The material concentration of this risk is in the United Kingdom, and the remainder relates to branches and representative offices as listed in the Director's report

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

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

22 Financial risks *(continued)*

Liquidity risk

Liquidity risk arises from the time it takes to settle outstanding debtors and creditors that the company holds with customers and counterparties All of the company's financial assets and liabilities are payable on demand

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

At 31 December 2010, the company had net US Dollar assets of £957,042 (2009 £1,738 220) and net Euro assets of £1,685,618 (2009 £3,250,753) All fall due within twelve months of the balance sheet date

Impact on profit for the year (loss) / gain	**2010** **£** If currency weakens 10% vs GBP	**2010** **£** If currency strengthens 10% vs GBP
US Dollar	(74,825)	74,825
Euro	(251 194)	251,194

Price risk

Price risk is the risk that market prices for the company's assets under management measured at fair value may fall The company's performance fees are based on total assets under management therefore fluctuation in the value of these will have a direct impact on the company's profitablility

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 and regulators

Total capital resources are equal to shareholder's funds

	2010 **£**	2009 £
Total shareholders' funds	105,856,165	210 728 803

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 subject to a base capital resources requirement of €50,000 for regulatory purposes The company has been in compliance with its capital requirements throughout the year and at the end of 2010 had a surplus of £57,633,165 In accordance with the rules of the Financial Services Authority the Pillar III risk management disclosure is available on the internet at www alliancebernstein com

Notes to the financial statements for the year ended 31 December 2010 *(continued)*

23 Post balance sheet event

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement The Finance Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 percent to 27 percent from 1 April 2011 Further reductions to the main rate were proposed to reduce the rate by 1 percent per annum to 24 percent by 1 April 2014

Subsequently on 23 March 2011 the Chancellor of the Exchequer announced that there will instead be a 2 percent reduction in the UK corporation tax rate from 1 April 2011 and 1 percent thereafter until 2014

Management performed an assessment of the impact of the changes announced by the Chancellor of the Exchequer on 23 March 2011 to ascertain the effect on the tax payable at the year end It was noted that the effect of the substantively enacted change (reduction of corporation tax rate from 28 percent to 27 percent) at the year end would not be material

The future changes that were announced by the Chancellor had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

24 Immediate and ultimate parent company

The company's immediate holding company is AllianceBernstein Preferred Limited a company registered in England and Wales The consolidated financial statements of AllianceBernstein L P (established in the State of Delaware, USA), within which this company is included can be obtained from AllianceBernstein L P , 1345 Avenue of the Americas, New York, N Y USA

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