AllianceBernstein Limited

Annual Report

For the year ended 31 December 2019

Registered number: 02551144

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Directors, auditors and advisers

Directors	I Foster J Green J Hammond D Hutchins L Mah M Phelps
Company secretary	L Quinn
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 2019

The directors present their strategic report and the audited consolidated financial statements for the year ended 31 December 2019.

Principal activities

AllianceBernstein Limited (the "company") is incorporated in England and Wales, under the Companies Act 2006, as a private company limited by shares. The principal activities of the company and its subsidiary companies, AllianceBernstein Services Limited and AB Europe 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 Conduct Authority.

Business review

The group recorded a profit for the financial year of £35.2m in 2019 (2018: £31.3m). The group's turnover, which is derived from the provision of investment management services and allocations from the wider group's global transfer pricing policy, increased by 10.90% to £142.5m (2018: £128.5m).

Administrative expenses increased by 8.26% to £99.2m (2018: £91.6m). This increase was mainly driven by higher employee compensation and promotion costs.

Key Performance Indicators

The directors regard revenue as well as AUM as key performance indicators, please see note 3 for details on revenue. Closing AUM contracted with ABL was £21.1bn (2018: £19.1bn). The increase in AUM is primarily due to stronger market performance during 2019 and increased sales, particularly in Q4.

Description of risks and uncertainties

Financial risks

Business risk

Changes in financial market levels have a direct and significant impact on the company's assets under management. A significant reduction in AUM could have a material adverse effect on the revenues and financial condition of the company. The volatilty of the financial markets due to the spread of COVID-19 is an additional risk to AUM.

In August 2019, 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.

The management has identified and assessed the Brexit related risks that apply to the group and are of the opinion that this will not affect the going concern of the remaining business.

Market risk

(i) Interest rate risk

The company earns interest on cash balances and is not otherwise directly 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 of revenue and expenses from head office. The group has a policy of regularly selling down excess currencies to mitigate foreign exchange 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 a provision for debts that are not expected to be collected in full.

Strategic report *(continued)*

For the year ended 31 December 2019

Description of risks and uncertainties *(continued)*
Financial risks *(continued)*
Liquidity risk

The company manages its exposure to liquidity risk by monitoring its cash balances, to ensure sufficient capital is available to meet its obligations as they come due.

Non-financial risks

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.

Section 172 statement

The directors are aware of their duty under Section 172(1) of the Companies Act 2006 to report on the success of the company for the benefit of its shareholders. It is the opinion of the directors they have met the "enlightened shareholder value" requirement through stakeholder engagement activities, which help inform Board decisions and ensure the directors are always aware of their stakeholders' interests.

The key stakeholders of the company include the clients, employees, the wider community, the environment, the related party companies including parent companies and the regulator, the Financial Conduct Authority.

Engagement Activities

Engagement with the company's clients is a fundamental component of day-to-day business activities. Employees regularly engage with clients through in-person meetings, video-conferences and phone calls. These engagement efforts help develop and foster the close relationships necessary to deliver both the specific and more general investment and market information, standard and custom client reports, commentaries, letters and thought leadership. All of these elements are crucial to our clients' needs and, in turn, the success of the company.

The employees of the company are integral to its success. The company actively engages with its employees by regularly hosting local and global town halls and conducting employee surveys. Town halls and surveys provide employees with an opportunity to make their voices heard and share honest feedback on any issues or concerns, including, how to improve the wellbeing of the employees and the business as a whole. Employee Resource Groups are another forum for employees to share information, educate, and engage in outreach with the clients and communities.

Maintaining the highest standards of service and business conduct is a top priority for the company. To facilitate this, one of the key measures taken is to ensure employees attend external seminars and conferences and engage in consultation on upcoming industry change and legislation. This is measured as part of the annual training and competence review which is carried out for all senior managers and certified staff. Through a robust governance program, management information flows across departments and into the Board and the company's Code of Business Conduct and Ethics summarises the values, principles and business practices that guide business conduct and employees towards responsible behaviour in all of their activities.

Community service is also an integral part of the company's culture. The company allows all employees to volunteer up to two days per year to either a charitable organisation or a local community project. By participating together, the company engages with its communities and facilitates working with each other in different settings to forge stronger relationships.

Key Decisions in 2019:

1. Potential office move;

Multiple factors are being considered in relation to a potential change in the location of our office. Whilst no decision has yet been made, the directors are considering value and lease flexibility, as well as workspace, environmental and transportation

2. Publication of the UK Gender Pay Gap Report;

Gender equality and fair treatment of employees is very important to the directors. The company has voluntarily and proactively disclosed the UK Gender Pay Gap Report in 2019, even though the company does not exceed the reporting threshold of 250 employees, as the directors recognise the significance of transparency to its employees, clients and the regulator, the Financial Conduct Authority.

Strategic report *(continued)*

For the year ended 31 December 2019

Section 172 statement *(continued)*

3. Launch of the UK OEIC Range;

The company launched its first open ended UK investment company fund in March 2019. This was a significant step in the strategy to foster the company's business relationships and provide a wider range of investment opportunities to UK clients.

4. 'Big City, Bright Future' and 'Investment 2020' programmes;

Knowing that diverse and inclusive teams generate better ideas and reach more balanced decisions, the directors decided to participate in the 'Big City, Bright Future' programm. e for the third consecutive year. This programme gives students from disadvantaged areas in the UK a work experience opportunity that opens up a world of new life-possibilities, including professional and corporate careers before they head into higher education.

The directors also decided to join the 'Investment 20/20' scheme, which is an asset management specific recruitment program aimed at bringing young people into the industry. The company launched five roles across the firm, aimed at bringing more diverse talent into the workplace.

5. Environmental Initiatives;

The directors introduced initiatives to reduce the company's environmental footprint during the year, such as removing plastic water bottles from the office pantry. The company also rolled out technology initiatives aimed at helping employees work in a more environmentally friendly way, for example by offering employees a stipend to assist with the cost of tablet technology to reduce printing and paper useage. In terms of the company's carbon footprint, end-of-trip facilities are available to encourage employees to consider more environmentally friendly methods of commuting to the office where possible.

6. Brexit

In response to the UK's decision to leave the European Union, the directors put in place contingency plans to ensure that the company can continue to operate within Europe for the long-term. The company is continuing to regularly engage with clients and regulators across Europe and will continue to monitor the situation during the transition period as the UK's relationship with the European Union becomes clearer.

Future developments

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel corona virus pandemic known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the company and the group's performance. Management continues to closely monitor the situation.

The UK has decided to leave the European Union. As the UK continues to negotiate its exit, the company has decided to make the necessary contingency plans to be able to continue operating within Europe post Brexit. As a result, the group sold its European branches and representative offices to Alliance Bernstein (Luxembourg) S.a.r.l. in the first quarter of 2020. The management has identified and assessed the Brexit related risks that apply to the group and are of the opinion that this will not affect the going concern of the remaining business.

The group will continue to maintain a stable business platform and seek to maximise client returns at minimal risk levels in the current market. The directors do not foresee any major changes in the principal activities of the company, but will continue to review any further strategic opportunities which arise and are aligned with the long term success of the business.

JGreen

J Green
Director
23 April 2020

Registered office:
50 Berkeley Street
London
United Kingdom

Company registered number: 02551144

Directors' report

For the year ended 31 December 2019

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2019.

Financial risk management

Financial risks and how the Company mitigates these risks has been addressed in note 25 to the financial statements as well as in the strategic report under description of risks and uncertainties.

Going Concern

The accounts have been prepared under going concern basis, using cashflows and forecasting to substantiate this. The impact of COVID-19 has been taken into consideration through stress testing procedures. Stress testing aims to ensure that capital adequacy is maintained in a variety of scenarios, even in a 'severe' market downturn scenario case. The stress testing did not result in any issues with regards to going concern and as a result, the directors have assessed no going concern issues are likely to arise for the company.

Branches and representative offices

The group had branch offices in Sweden and Spain. It also had representative offices in the Netherlands and Italy however, as a result of Brexit the group sold its European branches and representative offices to Alliance Bernstein (Luxembourg) S.a.r.l. in the first quarter of 2020. The management has identified and assessed the Brexit related risks that apply to the group and are of the opinion that this will not affect the going concern of the remaining business.

Dividends

The consolidated income statement for the year is set out on page 10. An ordinary and preference dividend of £20.0m and £7.1m respectively were recommended and paid during the year (2018: £67m ordinary and £7.1m preference). As at the date of signing these financial statements the Directors have not proposed a final dividend for the year.

Directors

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

J Green
L Mah
I Foster
D Hutchins
J Hammond
M Phelps

Directors' insurance

AllianceBernstein L.P. maintains insurance for the Directors in respect of their duties as directors of the company, including qualified third party indemnity. This was in force in 2019 and up to the date of signing the financial statements.

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 quarterly 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 sex or sexual orientation, 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.

Donations

The company made no political donations during the year (2018: £nil).

Disabled employee note

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.

Directors' report *(continued)*
For the year ended 31 December 2019

Other disclosures

Information on matters such as the future developments of the business are not shown in the directors report because it is discussed in the strategic report instead under s414C(11).

Statement of directors' responsibilities in respect of the financial statements

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 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 group and 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and 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 auditors, PricewaterhouseCoopers LLP. have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at quarterly board meetings.

On behalf of the board

Green

J Green, Director
23 April 2020

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

Company registered number: 02551144

Independent auditors' report to the members of AllianceBerstein Limited

Report on the audit of the financial statements

Opinion

In our opinion, AllianceBerstein Limited 's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows 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 consolidated statement of financial position and the company statement of financial position as at 31 December 2019; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the company statement of changes in equity 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 group 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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 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 2019 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 group and company and their 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 in respect of the financial statements set out on page 6, 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 group's and 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 group or 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.

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.

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

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sarah Chandler

Sarah Chandler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2020

Consolidated income statement

For the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	3	**142,549,736**	128,536,429
Administrative expenses		**(99,214,004)**	(91,641,957)
Other operating (expenses)/income	7	**(340,501)**	36,509
Operating profit		**42,995,231**	36,930,981
Gain on disposal of fixed assets		**-**	9,045
Finance income	8	**636,793**	351,119
Finance costs	9	**(2,274)**	(3,508)
Profit before taxation	4	**43,629,750**	37,287,637
Tax on profit	10	**(8,395,125)**	(6,010,613)
Profit for the financial year	20	**35,234,625**	31,277,024

All the amounts above are in respect of continuing operations.

Consolidated statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £	2018 £
Profit for the financial year	20	**35,234,625**	31,277,024
Currency translation difference	20	**(133,484)**	25,124
Total comprehensive income		**35,101,141**	31,302,148

Further comments on the consolidated income statement and the consolidated statement of comprehensive income line items are presented in the notes to the financial statements.

The accompanying notes from pages 14 to 27 form an integral part of these financial statements.

Consolidated statement of financial position

At 31 December 2019

	Note		2019		2018
		£	£	£	£
Fixed assets					
Property, plant and equipment	*12*		**3,411,734**		2,894,813
Current assets					
Trade and other receivables	*14*	**66,830,969**		45,315,571	
Cash at bank and in hand	*15*	**83,425,009**		91,844,846	
		150,255,978		137,160,417	
Creditors: amounts falling due within one year	*17*	**(47,531,607)**		(41,909,983)	
Net current assets			**102,724,371**		95,250,434
Total assets less current liabilities			**106,136,105**		98,145,247
Net assets			**106,136,105**		98,145,247
Equity					
Called up share capital	*18*		**19,286,524**		19,286,524
Retained earnings	*20*		**86,849,581**		78,858,723
Total shareholders' funds	*19*		**106,136,105**		98,145,247

Further comments on the consolidated statement of financial position are presented in the notes to the financial statements on pages 15 to 27. The accompanying notes are an integral part of these financial statements.

These financial statements on pages 10 to 27 were approved by the board of directors on 22 April 2020 and were signed on its behalf by:

Green

J Green
Director
23 April 2020

AllianceBernstein Limited
Company registered number: 02551144

Company statement of financial position

At 31 December 2019

	Note		**2019**		2018
		£	**£**	£	£
Fixed assets					
Property, plant and equipment	*12*		**29,671**		41,493
Investments in subsidiaries	*13*		**1,417,102**		1,417,102
			1,446,773		1,458,595
Current assets					
Trade and other receivables	*14*	**62,316,360**		42,836,549	
Cash at bank and in hand	*15*	**73,094,009**		86,583,395	
		135,410,369		129,419,944	
Creditors: amounts falling due within one year	*17*	**(40,180,964)**		(41,251,751)	
Net current assets			**95,229,405**		88,168,193
Total assets less current liabilities			**96,676,178**		89,626,788
Net assets			**96,676,178**		89,626,788
Capital and reserves					
Called up share capital	*18*		**19,286,524**		19,286,524
Profit for the financial year	*20*		**34,159,673**		30,085,621
Retained earnings	*20*		**43,229,981**		40,254,643
Total shareholders' funds	*19*		**96,676,178**		89,626,788

The company has taken section 408 exemption with respect to company profit and loss statement. The company reported a profit of £34.2m for the year (2018 £30.1m).

Further comments on the company statement of financial position are presented in the notes to the financial statements on pages 15 to 27. The accompanying notes are an integral part of these financial statements.

These financial statements on pages 10 to 27 were approved by the board of directors on 22 April 2020 and were signed on its behalf by:

Green

J Green
Director
23 April 2020

AllianceBernstein Limited
Company registered number: 02551144

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Note	Called-up share capital	Retained earnings	Total shareholders' funds
		£	£	£
Balance at 1st January 2018	19	**19,286,524**	**121,618,395**	**140,904,919**
Profit	20		31,277,024	31,277,024
Translation adjustment	20		25,124	25,124
Profit and total comprehensive income for the year		-	31,302,148	31,302,148
Dividends	11	-	(74,061,820)	(74,061,820)
Balance at 31st December 2018	19	**19,286,524**	**78,858,723**	**98,145,247**
Profit	20		35,234,625	35,234,625
Translation adjustment	20		(133,484)	(133,484)
Profit and total comprehensive income for the year		-	35,101,141	35,101,141
Dividends	11	-	(27,110,283)	(27,110,283)
Balance at 31st December 2019	19	**19,286,524**	**86,849,581**	**106,136,105**

Company statement of changes in equity
For the year ended 31 December 2019

	Note	Called-up share capital	Retained earnings	Total shareholders' funds
		£	£	£
Balance at 1st January 2018	19	**19,286,524**	**114,316,460**	**133,602,984**
Profit and total comprehensive income for the year		-	30,085,624	30,085,624
Dividends	11	-	(74,061,820)	(74,061,820)
Balance at 31st December 2018	19	**19,286,524**	**70,340,264**	**89,626,788**
Profit and total comprehensive income for the year		-	34,159,673	34,159,673
Dividends	11	-	(27,110,283)	(27,110,283)
Balance at 31st December 2019	19	**19,286,524**	**77,389,654**	**96,676,178**

The accompanying notes from pages 15 to 27 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019 £	2018 £
Net cash from operating activities	*24*	**28,132,174**	109,294,346
Taxation paid		**(8,395,125)**	(6,010,613)
Net cash generated from operating activities		**19,737,049**	103,283,733
Cash flow from investing activities			
Purchase of property, plant and equipment	*12*	**(1,681,122)**	(819,410)
Disposals of property, plant and equipment	*12*	**-**	8,835
Interest received	*8*	**636,793**	351,119
Net cash used in investing activities		**(1,044,329)**	(459,456)
Cash flow from financing activities			
Dividends paid	*11*	**(27,110,283)**	(74,061,820)
Interest paid	*9*	**(2,274)**	(3,508)
Net cash used in financing activities		**(27,112,557)**	(74,065,328)
Net (decrease)/increase in cash and cash equivalents		**(8,419,837)**	28,758,949
Cash and cash equivalents at the beginning of the year		**91,844,846**	63,085,897
Cash and cash equivalents at the end of the year	*15*	**83,425,009**	91,844,846
Cash and cash equivalents consists of:			
Cash at bank and in hand	*15*	**83,425,009**	91,844,846

The accompanying notes from pages 15 to 27 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1 General information

AllianceBernstein Limited (the "company") and its subsidiaries, AlliaceBernstein Services Limited and AB Europe GmbH (together "the group") provide investment management and advice or the provision or administrative services to group companies.

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 group's 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.

In accordance with section 408 of the Companies Act 2006 AllianceBernstein Limited is exempt from the requirement to present its own statement of income and statement of comprehensive income in these financial statements. The profit after tax of the company for the year was £34.2m (2018: £30.1m), arising from the operations of the company.

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. The potential impact of COVID 19 has been taken into consideration through stress testing procedures. Stress testing aims to ensure that capital adequacy is maintained in a variety of scenarios, even in a 'severe' market downturn scenario case. The stress testing did not result in any issues with regards to going concern and as a result, the directors have assessed no going concern issues are likely to arise for the company.

Basis of consolidation

The group financial statements consolidate the financial statements of AllianceBernstein Limited and all its subsidiary undertakings. These financial statements are made up to 31 December 2019. The consolidated financial statements are based on financial statements that are coterminous with those of the parent company, and also on uniform accounting policies.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The company is taking up exemption from the requirements of Financial Reporting Standard 1 to produce a company cash flow statement.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost 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 2019 (continued)

2 Accounting policies *(continued)*

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.

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 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 in the consolidated statement of comprehensive income.

The results of subsidiary undertakings drawn up in currencies other than sterling are translated at average rates of exchange 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 consolidated income statement to the closing rate in the statement of financial position are taken directly to the consolidated statement of comprehensive income.

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, including the effect of lease incentives, are charged to the consolidated income statement on a straight line basis over the life of the lease.

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 year. 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.

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 consolidated income statement.

Investments in subsidiaries

Investment in a subsidiary company is held at cost less accumulated impairment losses.

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 2019 (continued)

2 Accounting policies *(continued)*

Cash

Cash includes deposits held at call with banks and bank overdrafts. The company's cash balances are held by HSBC and MUFG which have an independently rated party with an AA- and A rating respectively.

Revenue

Revenue comprises investment management fees, advisory fees and management recharges received from group companies in respect of services rendered by the group. Revenue 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 when crystallised (right to receive payment is established).

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Interest

Interest income is recognised using the effective interest rate method in the consolidated income statement.

Finance costs

All finance costs are recognised in profit or loss in the period in which they are incurred.

Financial assets

The company recognises financial assets initially at fair value from the trade date, and continues to recognise them through the consolidated income statement 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 receivables, is impaired. The factors that the company takes into account include age of the trade receivable and specific knowledge regarding the receivable.

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.

Employee benefits - deferred compensation

The company participates in a group wide deferred incentive compensation scheme for selected employees of the company. Awards are granted to certain employees under this scheme in the form of AllianceBernstein Holding Units which have the option to be received in cash ('deferred cash'). The awards vest over four years. The cost of employee services received in respect of the stock awards or deferred cash is fully recognised in the consolidated income statement in the year that the award is granted as the directors do not believe there are substantive service conditions.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies *(continued)*

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. The company is subject to income taxes, and judgement is required in determining the extent to which it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts, the company expects to recover its deferred tax asset within the next four years.

3 Revenue

The turnover and profit before taxation are attributable to the principal activities of the group. An analysis of turnover by geographical location is as follows:

	2019	2018
	£	£
UK	**15,655,359**	11,919,731
Overseas	**126,894,377**	116,616,698
	142,549,736	128,536,429

	2019	2018
	£	£
IMA	**42,855,595**	44,633,980
Recharges	**99,694,141**	83,902,449
	142,549,736	128,536,429

4 Profit on ordinary activities before taxation

	2019	2018
Group	**£**	£
In addition to wages, salaries, and other related employee costs in note 6, this is stated after charging:		
Remuneration		
- audit of the company's annual financial statements	**54,258**	53,057
Fees payable to the Auditors for other services:		
- audit of company's subsidiaries	**35,061**	34,374
- taxation services	**-**	-
- other assurance services	**7,000**	7,000
Depreciation	**1,164,201**	1,068,979
Severance payments	**63,997**	183,055
Rent of premises - rentals payable under operating leases	**3,616,767**	3,330,276

5 Remuneration of directors

The remuneration of directors for their roles as directors of the Company was as follows:

	2019	2018
	£	£
Directors' emoluments	**3,306,232**	2,904,596
Aggregate amounts receivable under long term incentive schemes	**1,194,882**	740,354
Contributions to defined contribution pensions	**60,782**	59,400
	4,561,896	3,704,350

Notes to the financial statements for the year ended 31 December 2019 (continued)

5 Remuneration of directors *(continued)*

The aggregate emoluments of the highest paid director for their role as a director of the company were £1,173,287 (2018: 878,529). No pension contributions were paid on behalf of the highest paid director for their role as director of the company during (2018: nil). Money received by the highest paid director for their role as a director of the company under long term incentive schemes was £636,290 (2018: £373,826).

The number of directors to whom retirement benefits are accruing under a defined contribution pension plan was 4 (2018: 5).
The number of directors in respect of whose qualifying services shares were received or receivable under a long term incentive scheme was 6 (2018: 6).

The highest paid director of the company was determined using the highest amount paid for their role as director of the company. There are directors who receive more total remuneration, as they have roles within other group companies, for which the total remuneration is paid by the company and no recharge is made.

6 Staff numbers and costs

	Group		Company	
The aggregate payroll costs were as follows:	**2019**	2018	**2019**	2018
	£	£	**£**	£
Wages and salaries	**54,009,934**	48,073,980	**44,628,027**	38,263,842
Social security costs	**7,267,217**	8,157,598	**6,252,451**	6,996,684
Other pension costs	**1,849,480**	1,511,280	**1,399,750**	1,102,968
	63,126,631	57,742,858	**52,280,228**	46,363,494

The monthly average number of employees during the year was 212 (2018: 186).

Monthly average number of employees by business group	**2019**	2018
Front office	**147**	125
Administrative and central functions	**65**	61
	212	186

7 Other operating (expenses)/income

	2019	2018
	£	£
Net exchange (loss)/gain on other operations	**(340,501)**	36,509

8 Finance income

	2019	2018
	£	£
Bank interest receivable	**636,793**	351,119

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Finance costs	2019	2018
	£	£
Interest payable in respect of tax charges	2,274	3,508

10 Tax on profit

Analysis of tax charge	2019	2018
	£	£
Current tax :		
United Kingdom Corporation tax at 19.00% (2018: 19.00%)	8,568,570	7,236,755
Foreign Tax	269,324	269,267
Trade tax	84,036	75,257
Double tax relief	(83,836)	(176,062)
Adjustments in respect of prior periods - UK Tax	(253,018)	(4,722)
Total current tax	8,585,076	7,400,495
Deferred tax (see note 16)		
Origination of timing differences	(323,736)	(19,004)
Timing differences - Prior year	99,708	(85,899)
Prior year adjustment provisions and accruals	-	(1,665,268)
Revalulation of DTA (17.00% from 19.00%)	34,077	380,289
Tax on profit on ordinary activities	8,395,125	6,010,613

Factors affecting tax charge for the year

The total tax charge for the year is higher (2018: lower) than the standard effective rate of corporation tax in the UK 19.00% (2018: 19.00%). The differences are explained below:

	2019	2018
	£	£
Profit before taxation	43,629,750	37,287,637
UK corporation tax charge on profits of the year at 19.00% (2018: 19.00%)	8,219,949	7,014,651
Additional German corporation tax charge on profit of the year at 36.48% (2018: 31.98%)	145,971	131,857
Effect of disallowable expenditure	(37,049)	175,150
Adjustments in respect of prior periods - UK Tax	(253,018)	5,369
Adjustments in respect of prior periods - Deferred	99,708	(95,989)
Timing difference	-	(28,651)
Timing difference other	-	(1,665,268)
Revaluation of DTA (19.00% to 17.00%) & rounding	34,077	380,289
Double tax relief	(83,837)	(176,062)
Foreign taxes	269,324	269,267
Total tax	8,395,125	6,010,613

Factors that may affect future tax charges

The company's profits are taxed at the standard rate corporation tax in the UK of 19.00% (2018: 19.00%).

A deferred tax credit of £323,736 was recognised during the year (2018: £1,389,881 credit). The 2019 deferred tax charge relates to timing differences between the tax written down value and net book value of qualifying assets as well as timing differences on deferred compensation.

Notes to the financial statements for the year ended 31 December 2019 (continued)

11 Dividends

	Group and Company 2019	2018
	£	£
Equity		
Ordinary Dividends	**20,000,000**	66,951,537
Preferred Shares 2019: £0.7367 (2018: £0.7367) per £1 share	**7,110,283**	7,110,283

The amounts paid above were the final dividends for the financial years ended 31st December.

12 Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and fittings	Computers and other equipment	Total
Group	£	£	£	£
Cost				
At beginning of the year	8,522,696	1,410,690	4,300,891	14,234,277
Additions	650,124	317,439	713,559	1,681,122
Disposals	-	-	(18,615)	(18,615)
At end of the year	9,172,820	1,728,129	4,995,835	15,896,784
Accumulated depreciation				
At beginning of the year	7,085,371	1,207,308	3,046,785	11,339,464
Charge for the year	494,511	91,452	578,238	1,164,201
Disposals	-	-	(18,615)	(18,615)
At end of the year	7,579,882	1,298,760	3,606,408	12,485,050
Net book value				
At 31 December 2019	**1,592,938**	**429,369**	**1,389,427**	**3,411,734**
At 31 December 2018	1,437,325	203,382	1,254,106	2,894,813

	Leasehold improvements	Furniture, fixtures and fittings	Computers and other equipment	Total
Company	£	£	£	£
Cost				
At beginning of the year	29,002	147,012	125,596	301,610
Additions	-	-	-	-
Disposals	-	-	(18,615)	(18,615)
At end of the year	29,002	147,012	106,981	282,995
Accumulated depreciation				
At beginning of the year	20,483	141,123	98,511	260,117
Charge for the year	1,327	2,188	8,307	11,822
Disposals	-	-	(18,615)	(18,615)
At end of the year	21,810	143,311	88,203	253,324
Net book value				
At 31 December 2019	**7,192**	**3,701**	**18,778**	**29,671**
At 31 December 2018	8,519	5,889	27,085	41,493

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Investments in subsidiaries

	Company	
	2019	2018
	£	£
Shares in group undertakings		
AllianceBernstein Services Limited	**1,400,000**	1,400,000
AB Europe GmbH	**17,102**	17,102
	1,417,102	1,417,102

The company owns 100% of the issued share capital consisting of 1000 ordinary £1 shares of AllianceBernstein Services Limited ("ABSL"), a company registered in England and Wales, registration address 50 Berkeley Street, London, United Kingdom, W1J 8HA and which has been included in the consolidation. ABSL provides administration services to other group companies.

The company also owns 100% of the ordinary shares of a Germany subsidiary company, AB Europe GmbH, a company incorporated in Germany, registered address Maximillianstrasse 21, 80539, Munich, Germany and which has been included in the consolidation. This subsidiary provides marketing and client service services to existing and potential German and Austrian clients of the company.

14 Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade receivables	**3,520,948**	1,992,388	**3,520,948**	1,992,388
Amounts owed by group undertakings	**46,470,577**	28,010,789	**46,076,592**	29,354,724
Other receivables	**1,426,812**	1,352,865	**513,515**	430,434
Net deferred tax assets (see note 16)	**3,464,985**	3,278,424	**2,929,515**	2,695,840
Prepayments and accrued income	**11,947,647**	10,681,105	**9,275,790**	8,363,163
Total trade and other receivables	**66,830,969**	45,315,571	**62,316,360**	42,836,549

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Group net deferred tax includes an estimated £2,638k (2018: £3,278K) due in more than one year. Company net deferred tax includes an estimated £2,162k (2018: £2,672K) due in more than one year.

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

Trade receivables includes £nil (2018: £nil) falling due after more than one year.

15 Cash at bank and in hand

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Cash at bank and in hand	**83,425,009**	91,844,846	**73,094,009**	86,583,395

Cash includes deposits held at call with banks and bank overdrafts. The company's cash balances are held by HSBC and MUFG which are an independently rated parties with AA- and A ratings respectively. AllianceBernstein Limited has access to a HSBC class guaranteed facility of £500,000 and £123,000.

Notes to the financial statements for the year ended 31 December 2019 (continued)

16 Deferred taxation

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Deferred tax brought forward	**3,278,424**	1,888,543	**2,695,840**	1,365,044
Timing difference between accumulated depreciation and capital allowances	**(7,618)**	(19,948)	**2,204**	1,454
Difference arising on provisions and accruals that become tax deductible once paid	**327,962**	39,966	**352,501**	27,196
Prior year adjustment and rounding difference	**(99,706)**	1,704,188	**(83,336)**	1,619,304
Revaluation from 19.00% to 17.00%	**(34,077)**	(380,289)	**(37,694)**	(317,158)
Recalculation of Deferred Compensation balance	**-**	45,964	**-**	-
Deferred tax asset carried forward	**3,464,985**	3,278,424	**2,929,515**	2,695,840
Timing difference between accumulated depreciation and capital allowances	**401,469**	446,339	**(960)**	15,276
Difference arising on provisions and accruals that become tax deductible once paid	**3,063,516**	2,832,085	**2,930,475**	2,680,564
Deferred tax carried forward	**3,464,985**	3,278,424	**2,929,515**	2,695,840

Recognition has been reported for a deferred tax asset of £3,464,985 (2018:£3,278,424 asset) in the balance sheet in the current year. Deferred tax assets/liabilities relate to timing differences between the tax written down value and the net book value of qualifying assets as well as timing differences on deferred compensation. 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.

17 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade payables	**39,538**	61,304	**25,139**	48,339
Amounts owed to group undertakings	**7,581,025**	1,994,406	**2,954,664**	3,888,009
Taxation and social security	**29,314,981**	34,905,221	**29,012,280**	34,729,229
Accruals and deferred income	**10,596,063**	4,949,052	**8,188,881**	2,586,174
	47,531,607	41,909,983	**40,180,964**	41,251,751
Taxation and social security comprises				
Corporation tax payable	**4,160,840**	3,286,070	**3,935,162**	3,251,531
VAT, PAYE and National Insurance	**25,154,141**	31,619,151	**25,077,118**	31,477,698
	29,314,981	34,905,221	**29,012,280**	34,729,229

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 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 2019 (continued)

18 Called up share capital

	Group and company	
	2019	2018
	£	£
Issued and fully paid		
Preferred Shares of £1 each	**9,651,994**	9,651,994
Ordinary Class B Shares of £1 each	**9,634,530**	9,634,530
	19,286,524	19,286,524

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Total shareholders' funds at 1 January	**98,145,247**	140,904,919	**89,626,788**	133,602,984
Profit for the financial year	**35,234,625**	31,277,024	**34,159,673**	30,085,624
Dividends (see note 11)	**(27,110,283)**	(74,061,820)	**(27,110,283)**	(74,061,820)
Currency translation difference	**(133,484)**	25,124	**-**	-
Total shareholders' funds at 31 December	**106,136,105**	98,145,247	**96,676,178**	89,626,788

20 Retained earnings

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
At 1 January	**78,858,723**	121,618,395	**70,340,264**	114,316,460
Profit for the financial year	**35,234,625**	31,277,024	**34,159,673**	30,085,624
Dividends (see note 11)	**(27,110,283)**	(74,061,820)	**(27,110,283)**	(74,061,820)
Currency translation difference	**(133,484)**	25,124	**-**	-
At 31 December	**86,849,581**	78,858,723	**77,389,654**	70,340,264

21 Related party transactions

During the year transactions relating to the principal activities of both the group and the company arose with AllianceBernstein L.P. and its subsidiaries. These transactions included purchases paid on behalf of the group as well as services provided by the group. The net amount of these transactions for the year was £(19,612)k (2018: £63,412k) for the group, and £(14,943)k (2018: £62,613k) for the company. The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned. Key management of the company are the directors - information on their emoluments is included in Note 5. The company is exempt under FRS 102, paragraph 33, from the requirements concerning wholly owned group related party transaction disclosures.

Notes to the financial statements for the year ended 31 December 2019 (continued)

22 Financial instruments

The group has the following financial instruments	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets that are debt instruments measured at amortised cost				
Trade receivables	**3,520,948**	1,992,388	**3,520,948**	1,992,388
Amounts owed by group undertakings	**46,470,577**	28,010,789	**46,076,592**	29,354,724
Other receivables	**1,426,812**	1,352,865	**513,515**	430,434
	51,418,337	31,356,042	**50,111,055**	31,777,546
Financial liabilities measured at amortised cost				
Trade payables	**39,538**	61,304	**25,139**	48,339
Amounts owed to group undertakings	**7,581,025**	1,994,406	**2,126,400**	3,888,009
Accruals and deferred income	**10,596,063**	4,949,052	**8,188,881**	2,586,174
	18,216,626	7,004,762	**10,340,420**	6,522,522

23 Total of future minimum lease payments under non-cancellable operating leases

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

	2019 £	2018 £
Group and Company		
Operating leases in respect of land and buildings:		
Due within 1 year	**4,939,163**	4,999,904
Due during years 2 to 5	**7,017,939**	11,954,460
	11,957,102	16,954,364

Included within the amounts disclosed above (2018) was an expected uplift in rent, which was based on contractually stipulated rent review clauses within the company's lease arrangements. The 2018 figures are actuals based on the conclusion of the rent review carried out during the year.

With respect to all significant litigation matters, the company considers the likelihood of the outcome. If the company determines the likelihood of a negative outcome is probable, and the amount of the loss can be reasonably estimated, an estimated loss for the expected outcome of the litigation is recorded. If the likelihood of a negative outcome is reasonably possible and the company is able to determine an estimate of the possible loss or range of loss in excess of amounts already accrued, if any, that fact together with the estimate of the possible loss or range of loss is disclosed. However, it is often difficult to predict the outcome or estimate a possible loss or range of loss because litigation is subject to inherent uncertainties, particularly when plaintiffs allege substantial or indeterminate damages. Such is also the case when the litigation is in its early stages, or when the litigation is highly complex or broad in scope. In such cases, the company discloses that it is unable to predict the outcome or estimate a possible loss or range of losses.

As at 31 December 2019 the company had no ongoing, pending or threatened litigation matters.

Notes to the financial statements for the year ended 31 December 2019 (continued)

24 Reconciliation of operating profit to net cash inflow from operating activities

	2019	2018
	£	£
Operating profit	**42,995,231**	36,930,981
Depreciation of property, plant and equipment	**1,164,201**	1,068,979
Foreign currency translation (gain)/loss	**(133,484)**	25,124
(Increase)/decrease in trade receivables	**(21,515,398)**	65,048,517
Increase in creditors	**5,621,624**	6,220,745
Net cash flow from operating activities	**28,132,174**	109,294,346

25 Financial risks

Credit risk

The sum of the total cash and total receivable balances as per notes 14 and 15 gives a maximum credit risk exposure of £150,255,978 (2018: £137,160,417). The material concentration of this risk is in the United Kingdom, and the remainder relates to branches and representative offices as listed in the Directors' 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. The company's cash balances are held by HSBC which is an independently rated party with an AA rating.

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.

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 2019, the company had net US Dollar assets of £849,779 (2018: £845,969) and net Euro assets of £5,084,431 (2018: £1,629,537). All fall due within twelve months of the balance sheet date.

	2019	2019
	£	£
Impact on profit for the year (loss) / gain	If currency weakens 10% vs GBP	If currency strengthens 10% vs GBP
US Dollar	(84,978)	84,978
Euro	(508,443)	508,443

In addition the company is exposed to currency fluctuations in the different currencies which it invoices clients. Client fees are often calculated using a dollar denominated assets under management figure translated at quarter end rates, which also gives rise to a foreign exchange risk.

Notes to the financial statements for the year ended 31 December 2019 (continued)

25 Financial risks (continued)

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.

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. In accordance with the rules of the Financial Conduct Authority the Pillar III risk management disclosure is available on the internet at www.alliancebernstein.com.

26 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.

During the financial year AXA. SA. reduced its stake to a minority position in Equitable Holdings, Inc., formerly AXA Equitable Holdings, Inc.

At signing date, the ultimate holding company and controlling party of AllianceBernstein L.P. is Equitable Holdings, Inc., a financial services company based at 1290 Avenue of the Americas, New York, N.Y., USA.

27 Subsequent events

The UK has decided to leave the European Union. As the UK continues to negotiate its exit, the company has decided to make the necessary contingency plans to be able to continue operating within Europe post-Brexit. As a result, the group sold its European branches and representative offices to Alliance Bernstein (Luxembourg) S.a.r.l, effective 1 January 2020 for Sweden, Italy and the Netherlands and effective 20 March 2020 for Spain. The management has identified and assessed the Brexit related risks that apply to the group and are of the opinion that this will not affect the going concern of the remaining business.

In addition, beginning in January 2020, global finanical markets have and continue to experience significant volatility resulting from the spread of a novel corona virus pandemic known as COVID-19. The outbreak has resulted in travel and border restrictions, supply chain disruptions, exchange rate fluctuations, lower consumer demand and general market uncertainty. Asset managers, such as AB, rely heavily on the performance of the financial markets to generate increases in assets under management ("AUM") and revenues. While our group results for the first quarter of 2020 remain strong, the ongoing economic impact and the potential for continued declines in the financial markets could have a significant negative effect on our AUM and revenues, particularly if economic activity and financial markets do not recover or recover slowly. Additionally, as most of our workforce is now working remotely, we are mindful of a possible increased risk related to cyber attacks, which could significantly disrupt our business functions. The directors are currently unable to estimate the ongoing economic impact of COVID-19, however they have performed stress testing scenario analytics of the potential outcomes.