# Sanford C. Bernstein Limited

Annual Report
For the year ended 31 December 2021
Registered number 03760267



BERNSTEIN

# Annual Report

## Contents

## Directors and advisors

| | |
|---|---|
| **Directors** | Surendran Chellappah<br>Daniel Gordon<br>John Richmond McConnell<br>Joanna Clare Green |
| **Secretary** | Hackwood Secretaries Limited<br>1 Silk Street<br>London<br>EC2Y 8HQ |
| **Registered Office** | 50 Berkeley Street<br>London<br>W1J 8SB |
| **Independent Auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>7 More London Riverside<br>London<br>SE1 2RT |
| **Solicitors** | Linklaters LLP<br>1 Silk Street<br>London<br>EC2Y 8HQ |

# Strategic report

In accordance with Section 414A of the Companies Act 2006, the directors present their Strategic Report on the performance of Sanford C. Bernstein Limited (the "Company") for the year ended 31 December 2021, the financial position of the Company as at 31 December 2021 and the principal risks to which the Company is exposed.

## Principal activity

The principal activity of the Company is the distribution and dissemination of investment research via the Company's network of deregulated European branches, operating on a cost-plus basis.

Following a Group restructure on 1 January 2021, the Company transferred its business, trade, assets and liabilities (except those that relate to the European branches) over to its affiliate, Autonomous Research LLP, which going forward is be known as Bernstein Autonomous LLP. As a result, the Company no longer provides equity broking services to institutional clients.

The Company is regulated and authorised by the Financial Conduct Authority (the "FCA").

An allotment of shares occurred during the year whereby 1 new ordinary share of £1 was issued to AllianceBernstein Corporation of Delaware in exchange for non-cash consideration of the entire shareholding of Sanford C. Bernstein (Autonomous UK) 1 Limited. Through its 100% ownership of Sanford C. Bernstein (Autonomous UK) 1 Limited, the Company is also the intermediate holding company of Bernstein Autonomous LLP.

## Review of the business and future developments

The year ended 31 December 2021 saw the Company's total operating income fall to £5,010,465 (2020: £86,341,443) and generated a loss on ordinary activities after taxation of £25,090,044 (2020: profit of £2,113,876). This is as a result of the change in business model from 1 January 2021 to act as a research introductory to Bernstein Autonomous LLP and cease conducting brokerage services, as well as Group restructuring that took place during the year which gave the Company ownership of Sanford C. Bernstein (Autonomous UK) 1 Limited. Following the Group restructuring, an impairment assessment was performed in respect of the valuation of the investment in Sanford C. Bernstein (Autonomous UK) 1 Limited and the result of this impairment assessment concluded that the investment was impaired. This was because the value of the net assets of the subsidiary were less than the carrying value of the investment. The investment was therefore written down to its recoverable amount, which resulted in an impairment charge of £24,573,098 in the profit and loss account.

The Company had net assets of £28,765,596 (2020: £41,233,549) as at 31 December 2021. Average headcount decreased to 9 (2020: 135).

The Company opened a Spanish Branch in January 2021 to establish a direct presence and greater access to the Spanish market.

Following the business transfer on 1 January 2021, 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.

# Strategic report (continued)

**Key Performance Indicators (KPIs)**

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

**Risk Management**

During the year ended 31 December 2021, the Company ceased performing brokerage activities. The Company's exposure to financial risks are limited and that includes possible changes in foreign currency exchange rates, credit and liquidity risk.

The Company has in place risk management policies that seek to limit the adverse effects of these risk factors on the financial performance of the Company.

The Company has the risk of impairment of its investment in subsidiaries. The Company mitigates these risks by monitoring the fair value of the investments periodically and making decisions in advance to ensure adequate steps are taken to limit the risk.

Green

On behalf of the board

**J Green**
*Director*

50 Berkeley Street
London
W1J 8SB

22 April 2022

# Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

## Company

Sanford C. Bernstein Limited is a wholly owned subsidiary of AllianceBernstein Corporation of Delaware, a United States of America registered company. At the date of signing the financial statements, the ultimate parent undertaking and controlling party of AllianceBernstein L.P. is Equitable Holdings, Inc., a financial services company based in New York, N.Y., USA.

The Company has Branches in Sweden, Germany, Italy and the Netherlands and opened a Spanish Branch in January 2021. The Company previously provided equity broking services to institutional clients, however following the Group restructure on 1 January 2021 the focus changed to introducing research business to the AllianceBernstein Group from its network of deregulated European branches.

## Results and dividends

The profit and loss account for the year is set out on page 11.

The directors do not recommend the payment of a dividend (2020: £nil). The loss after taxation for the financial year was £25,090,044 (2020: profit of £2,113,876). A review of the business, including events affecting the Company since the end of the financial year and an indication of likely future developments in the business of the Company is stated in the strategic report on page 2. Certain disclosures on financial risk management are also made on pages 3.

## Russia-Ukraine conflict

In February 2022, tensions between Russia and Ukraine escalated resulting in Russia invading Ukraine. The economic ramifications of this conflict include increases in energy prices, rising pressure on inflation rates, fluctuations in foreign exchange rates, unease in stock market trading and interest rate rises in addition to instability for companies with trade and/ or assets in Russia, Belarus or Ukraine. The Company is closely monitoring developments including the broader potential impact on the economy but to date there has been no material direct impact on the Company.

## Going concern

The directors have reviewed the Company's funding arrangements and assessed the level of financial support from its parent. On the basis of their assessment of the Company's financial position and performance, and the continued availability of parental support, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Following the business transfer on 1 January 2021, the directors have assessed no going concern issues are likely to arise as the Company will remain operationally active in future periods and the directors have no plans to liquidate the Company or cease trading.

## Directors during the year

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

| | |
|---|---|
| Surendran Chellappah | |
| Daniel Gordon | |
| John Richmond McConnell | |
| Alexandra Paola Perricone | (Resigned 5 January 2021) |
| Joanna Clare Green | (Appointed 29 January 2021) |

# Directors' report (continued)

**Directors' insurance**

AllianceBernstein L.P. maintains insurance for all of the directors in respect of their duties as directors of the Company, including a qualifying third party indemnity provision. This was in force in 2021 and up to the date of signing the financial statements.

**Pillar 3 disclosure**

The Company's Pillar 3 disclosure as required by the Capital Requirements Directive can be obtained from the Company's website (http://www.bernsteinresearch.com/CMSObjectBR/SCBL_Pillar_3_Disclosures.pdf).

**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 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 Company's auditors are aware of that information.

**Independent Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and PricewaterhouseCoopers LLP will therefore continue in office. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

Approved by the board of directors and signed on its behalf by

**J Green**
*Director*
Green
22 April 2022

50 Berkeley Street
London
W1J 8SB

## 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 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 Company will continue in business.

The directors are responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# *Independent auditors' report to the members of Sanford C. Bernstein Limited*

## Report on the audit of the financial statements

### Opinion

In our opinion, Sanford C. Bernstein Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2021; the profit and loss account and the 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# *Independent auditors' report to the members of Sanford C. Bernstein Limited (continued)*

## 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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

# *Independent auditors' report to the members of Sanford C. Bernstein Limited* (continued)

*Auditors' responsibilities for the audit of the financial statements (continued)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's ('FCA') regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate manual journal entries that could be used to manipulate financial performance. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading key correspondence with the Financial Conduct Authority;
- Incorporation of an element of unpredictability in our testing through altering the nature, timing and/or extent of work performed;
- Identifying and testing a sample of manual journal entries that met specific fraud risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

# *Independent auditors' report to the members of Sanford C. Bernstein Limited* *(continued)*

*Use of this report*

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

William Elliott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 April 2022

## Profit and Loss Account
***for the year ended 31 December 2021***

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| **Revenue** | | 4,994,697 | 86,795,019 |
| Other operating income / (expense) | 5 | 15,768 | (453,576) |
| Total operating income | | 5,010,465 | 86,341,443 |
| Administrative expenses | | (4,858,148) | (82,322,792) |
| Impairment of investments | 11 | (24,573,098) | - |
| **Operating (loss) / profit** | | (24,420,781) | 4,018,651 |
| Finance income | | - | 28,818 |
| Finance costs | 6 | (10) | (1,566,593) |
| **(Loss) / Profit on ordinary activities before taxation** | 7 | (24,420,791) | 2,480,876 |
| Tax on profit | 10 | (669,253) | (367,000) |
| **(Loss) / Profit for the financial year** | | (25,090,044) | 2,113,876 |

Loss for the year and total comprehensive expense were £25,090,044 (2020 Profit: £2,113,876). There were no items of other comprehensive income.

Further comments on the profit and loss account line items are presented in the notes to the financial statements, which form an integral part of these financial statements.

## Statement of Financial Position
*as at 31 December 2021*

| | Note | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Investments | *11* | 29,043,205 | | - | |
| **Current assets** | | | | | |
| Financial assets | | - | | 296,275 | |
| Trade and other receivables | *12* | 602,922 | | 424,467,138 | |
| Deferred tax asset | *10* | 50,511 | | 66,890 | |
| Cash at bank | | - | | 89,919,630 | |
| | | 653,433 | | 514,749,933 | |
| **Total Assets** | | 29,696,638 | | 514,749,933 | |
| **Current liabilities** | | | | | |
| Financial liabilities | | - | | - | |
| Creditors: amounts falling due within one year | *13* | (931,042) | | (473,516,384) | |
| **Net current (liabilities) / assets** | | (277,609) | | 41,233,549 | |
| **Total assets less current liabilities** | | | 28,765,596 | | 41,233,549 |
| **Net assets** | | | 28,765,596 | | 41,233,549 |
| **Equity** | | | | | |
| Called up share capital | *14* | | 23 | | 22 |
| Share premium account | | | 90,664,423 | | 78,042,333 |
| Profit and loss account | | | (61,898,850) | | (36,808,806) |
| **Total equity** | | | 28,765,596 | | 41,233,549 |

Further comments on the statement of financial position line items are presented in the notes to the financial statements, which form an integral part of these financial statements.

These financial statements on pages 11 to 26 were approved by the board of directors on 22 April 2022 and were signed on its behalf by:

**J Green**
Green
*Director*

Sanford C. Bernstein Limited

Company registration number 03760267

## Statement of Changes in Equity
*for the year ended 31 December 2021*

**FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital | Share premium account | Profit and loss account | **Total equity** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **Balance as at 1 January 2020** | **22** | **78,042,333** | **(38,922,682)** | **39,119,673** |
| Profit for the year | **-** | **-** | **2,113,876** | **2,113,876** |
| **Balance as at 31 December 2020** | **22** | **78,042,333** | **(36,808,806)** | **41,233,549** |

**FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Called up share capital | Share premium account | Profit and loss account | **Total equity** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **Balance as at 1 January 2021** | **22** | **78,042,333** | **(36,808,806)** | **41,233,549** |
| Issuance of share capital | **1** | **12,622,090** | **-** | **12,622,091** |
| Loss for the year | **-** | **-** | **(25,090,044)** | **(25,090,044)** |
| **Balance as at 31 December 2021** | **23** | **90,664,423** | **(61,898,850)** | **28,765,596** |

# Notes to the financial statements for the year ended 31 December 2021
*(forming part of the financial statements)*

## 1 General Information

Sanford C. Bernstein Limited previously provided equity broking services to institutional clients to 31 December 2020. Following the change in business model on 1 January 2021, the Company's focus is the distribution and dissemination of investment research via the Company's network of deregulated European branches, operating on a cost-plus basis. The Company has Branches in Sweden, Germany, Italy, the Netherlands, and Spain.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 50 Berkeley Street, London, W1J 8SB.

## 2 Statement of Compliance

The individual financial statements of Sanford C. Bernstein Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, compromising FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and applicable law, including the Companies Act 2006).

## 3 Principal accounting policies

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

***Basis of preparation***

These financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 under the historical cost convention as modified for certain financial assets and financial liabilities measured at fair value through profit or loss. The principal accounting policies, which have been applied consistently for the years presented, are set out below.

The directors have reviewed the Company's funding arrangements and assessed the level of financial support from its parent. On the basis of their assessment of the Company's financial position and performance, and the continued availability of parental support, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

***Exemptions***

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the following exemptions:

The Company is exempt from preparing a cash flow statement under FRS 102, paragraph 1.12, as it is a wholly owned subsidiary of a company which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which this Company is included, can be obtained from the address given in Note 19.

The Company is exempt under FRS 102, paragraph 33, from the requirements concerning wholly owned group related party transaction disclosures. The Company is exempt under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the parent of the Group because all of its subsidiaries are exempt from consolidation under section 405 of the Companies Act 2006.

The Company is exempt under FRS 102, paragraph 1.12, from disclosure requirements relating to its deferred incentive compensation awards.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 3 Principal accounting policies (continued)

***Critical accounting judgements and estimation uncertainty***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The judgement in respect of deferred compensation that has a significant effect on the carrying amounts of assets and liabilities are:

*(i) Deferred compensation*
In respect of the stock awards or deferred cash under the AB Group wide deferred incentive compensation scheme, the directors have used judgement in determining that there are no substantive service conditions attached to these awards, therefore the entire expense is recognised in the year they are granted.

***Investments in subsidiaries***

Investment in subsidiary companies are held at cost less accumulated impairment losses. An investment is considered a subsidiary once control is achieved. This is recognised once the Company has power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Investments are subject to an annual impairment review and are held at no more than their recoverable amount, which is the higher of fair value less costs to sell or their value in use.

***Property, plant and equipment and depreciation***

Substantially all fixed assets in use by the Company are owned by AllianceBernstein Services Limited and a charge for the depreciation of those assets is charged by AllianceBernstein Services Limited to administrative expenses in the statement of income.

***Functional and presentation currencies***

The functional and presentation currency of the Company is pound sterling (GBP, £). Transactions in foreign currencies are recorded using the rate of exchange ruling during the month 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.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

### 3 Principal accounting policies (continued)

***Cash at bank***

Cash in the prior year represented deposits held at call with banks. Bank overdrafts are shown within creditors: amounts falling due within one year. During the year, the Company transferred its banking facilities as part of a group restructure to a related group undertaking, Bernstein Autonomous LLP.

***Netting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Financial instruments***

The Company is a financial institution for the purposes of FRS 102 and adopts Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial instruments are recognised when the Company becomes a party to the contractual provision of the instruments.

(i) Financial assets

Basic financial assets that are debt instruments, including short-term deposits, trade receivables, amounts owed by group undertakings, stock borrowing collateral and margin collateral are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period these assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the expected future receipts. The impairment loss is recognised in the profit and loss account. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets at fair value through profit and loss, comprising investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account.

Financial assets are derecognised only when the contractual rights to the cash flow from the asset expire, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

(ii) Financial liabilities

Basic financial liabilities at amortised cost, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price. These are subsequently carried at amortised cost, using the effective interest rate method and the interest payable will be recognised in the profit and loss account. Financial liabilities at fair value through profit and loss, including short positions are initially measured at fair value and subsequently at fair value through profit and loss, with gains or losses recognised in the profit and loss account.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

***Transaction date accounting***

All financial transactions are recorded at the transaction date and transaction date accounting is used for financial reporting purposes.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 3 Principal accounting policies (continued)

***Revenue recognition***

Revenue from trade commissions related to broking activities is recognised when the trade is executed on trade date. The Company ceased providing brokerage activities to customers during the current year due to a Group restructure. It has continued to distribute and disseminate investment research services via its network of deregulated European branches.

Revenue from a contract to provide research services is recognised in the period in which the services are provided in accordance with the contractually defined terms of payment when all of the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- it is probable that the Company will receive the consideration due under the contract; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

***Finance income and costs***

Finance income and costs are recognised using the effective interest rate method.

***Employee benefits - pension costs***

During the year, the Company continued to contribute to a Group Personal Pension plan (which is a defined contribution scheme) paying contributions for its employees. Pension contributions are based on a percentage of employee salary. The amount charged against the profit and loss account represents the contributions payable to the plan in respect of the accounting year. Once contributions have been made the Company 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 *(2020:£nil)*.

***Employee benefits – short term benefits***

Short term benefits are recognised as an expense in the period in which the service is received.

***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 profit and loss account in the year that the award is granted as the directors do not believe there are substantive service conditions.

***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 in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 4 Particulars of income

The Company's operating income, loss before taxation and net assets were all generated from one class of business during the year: distribution and dissemination of investment research services.

## 5 Other operating income / (expense)

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Net foreign exchange gains / (losses) | 15,768 | (453,576) |
| | 15,768 | (453,576) |

## 6 Finance costs

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Interest payable to group undertakings | - | 509,771 |
| Bank interest payable | 10 | 1,056,822 |
| | 10 | 1,566,593 |

## 7 (Loss) / Profit on ordinary activities before taxation

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| ***This is stated after charging*** | | |
| Auditors' remuneration: | | |
| Fees payable to the Company's auditor and its associates for the audit of the financial statements of the Company and its branches | 27,145 | 104,766 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| - Audit related assurance services | 18,000 | 43,967 |
| Total amount payable to the Company's auditor and its associates | 45,145 | 148,733 |

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 8 Remuneration of directors

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Directors' emoluments | - | 4,658,792 |
| Pension contributions | - | 140,489 |
| | - | 4,799,281 |

| | | |
|---|---|---|
| The emoluments, excluding pension contributions, of the highest paid director were | - | 1,082,513 |
| Pension contributions in relation to the highest paid director were | - | 21,600 |

The number of directors to whom retirement benefits are accruing under the Company's defined contribution plan was nil *(2020:8)*.

The directors did not receive any emoluments in respect of their services to the Company during the year.

Certain directors of the Company have emoluments paid by related entities of the Company, which make no recharge to the Company. The remuneration of the directors is deemed to be wholly attributable to their services of their respective related entities. Accordingly, the above details include no remuneration in respect to these directors.

## 9 Staff numbers and costs

The aggregate payroll costs were as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 2,771,260 | 29,311,425 |
| Social security costs | 462,081 | 4,313,508 |
| Other pension costs | 147,730 | 1,511,465 |
| | 3,381,071 | 35,136,398 |

The monthly average number of employees (including directors) during the year was:

| | 2021 | 2020 |
|---|---|---|
| | Number | Number |
| Front office | 9 | 105 |
| Support and administration | - | 30 |
| | 9 | 135 |

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 9 Staff numbers and costs (continued)

### Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The only key management personnel of the Company are the directors of the Board, whose remuneration is stated in note 8.

## 10 Tax on profit

### Analysis of tax charge

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| - UK Corporation Tax on profit of the year | - | 184,469 |
| - Disposal of customer intangibles | 608,000 | - |
| - Adjustments in respect of prior years | (12,488) | (68,092) |
| Overseas taxation | 71,188 | 317,513 |
| **Total current tax** | 666,700 | 433,890 |
| Deferred tax: | | |
| Origination and reversal of timing differences: | | |
| - Current year | 16,379 | 19,374 |
| - (Recognition)/Derecognition of deferred tax assets | (13,826) | (86,264) |
| Effect of changes in tax rates | - | - |
| **Total deferred tax** | 2,553 | (66,890) |
| Tax on profit | 669,253 | 367,000 |

### Factors affecting tax charge for the year

The tax charge for the year is higher (2020: lower) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below.

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| (Loss) / Profit on ordinary activities before taxation | (24,420,791) | 2,480,876 |
| UK Corporation Tax charge on (loss) / profit for the year at 19% *(2020: 19%)* | (4,639,950) | 471,367 |
| Effect of: | | |
| Permanent differences | 4,639,950 | (267,524) |
| Changes in corporation tax rates | - | - |
| Origination and reversal of timing differences | 2,553 | (86,264) |
| Overseas taxation | 71,188 | 317,513 |
| Disposal of customer intangibles | 608,000 | - |
| Adjustments in respect of prior years | (12,488) | (68,092) |
| Tax on profit | 669,253 | 367,000 |

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 10 Tax on profit on ordinary activities (continued)

### Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021.

| **Deferred tax asset** | **2021** | 2020 |
|---|---|---|
| | **£** | **£** |
| Timing differences on deferred compensation | **50,511** | **66,890** |
| | **50,511** | **66,890** |

| | | |
|---|---|---|
| 1 January | **66,890** | - |
| Current year utilisation | **(16,379)** | **(19,374)** |
| Recognition/(Derecognition) of deferred tax assets | - | **86,264** |
| Effect of changes in tax rates | - | - |
| 31 December | **50,511** | **66,890** |

Deferred tax assets and liabilities are measured at the balance sheet date according to the enacted or substantively enacted tax rate in the local jurisdiction. A deferred tax asset of £50,511 (2020: £66,890) has been recognised in the statement of financial position in the current year. Of this balance, an estimated £27,276 (2020: £36,133) is due in more than one year.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 11 Investments

| **Investments in subsidiaries** | **2021** | 2020 |
|---|---|---|
| | **£** | **£** |
| **Balance as at 31 December 2020** | **-** | **-** |
| Additions in the period | **53,616,303** | **-** |
| Impairments in the period | **(24,573,098)** | **-** |
| **Balance as at 31 December 2021** | **29,043,205** | **-** |

Additions in the period of £53,616,303 (2020: £nil) represents the acquisition of entire shareholding of Sanford C. Bernstein (Autonomous UK) 1 Limited via a share issue following a Group restructure on 1 January 2021. Subsequently, this investment was impaired by £24,573,098 (2020: £nil) to the value of the net assets in Sanford C. Bernstein (Autonomous UK) 1 Limited, (as a proxy for fair value), being the assessed recoverable amount of the investment.

At year end, the Company held investments in the subsidiaries below:

| | **Country of registration** | **Nature of business** | **Interest** |
|---|---|---|---|
| Sanford C. Bernstein (Autonomous UK) 1 Limited | UK | Intermediate holding | 100% capital interests |
| Sanford C. Bernstein (CREST Nominees) Limited | UK | Dormant | 100% capital interests |

The registered address of the above subsidiaries are at 50 Berkeley Street, London, England, W1J 8HA.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 12 Trade and other receivables

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Trade receivables | - | 404,119,399 |
| Amounts owed by group undertakings | 526,612 | 7,743,137 |
| Margin collateral | - | 11,136,205 |
| Other debtors | 55,202 | 618,381 |
| Prepayments and accrued income | 21,108 | 850,016 |
| | 602,922 | 424,467,138 |

Trade receivables are all due within one year. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The directors consider that the carrying value of trade and other receivables measured at amortised cost approximates their fair value.

On 1 January 2021, trade receivables and other receivables balances at that date were transferred in full to Bernstein Autonomous LLP without modification to the original terms, following a Group restructure.

## 13 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Bank overdrafts | - | 6,744,683 |
| Trade payables | - | 337,007,093 |
| Amounts owed to group undertakings (trading) | - | 27,269,416 |
| Amounts owed to group undertakings (non trading) | 524,651 | 95,436,116 |
| Corporation Tax | 30,973 | 373,055 |
| Other taxation and social security | - | - |
| Accruals and deferred income | 375,418 | 6,686,021 |
| | 931,042 | 473,516,384 |

Amounts owed to group undertakings include:

- a short term loan of €nil (2020: €40,000,000 repayable on 26 February 2021) from AllianceBernstein Luxembourg S.à r.l. which is unsecured, incurs an interest rate of 0% (2020: 0.01%); and
- a short term loan of $nil (2020: $65,000,000 repayable on 29 January 2022) loan from AllianceBernstein L.P. which is unsecured, incurs an interest rate of 0% (2020: 0.4%).

The remaining balances are unsecured, interest free and repayable on demand. Overdrafts are repayable on demand and incur market rates of interest.

On 1 January 2021, trade creditor balances at that date were transferred in full to Bernstein Autonomous LLP without modification to the original terms, following a Group restructure.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 14 Financial Instruments

The Company has the following Financial instruments:

| | 2021 £ | 2020 £ |
|---|---|---|
| **Financial assets measured at amortised cost** | | |
| Cash at bank | - | 89,919,630 |
| Trade receivables | - | 404,119,399 |
| Amounts owed by group undertakings (non trading) | 526,612 | 7,743,137 |
| Stock borrowing collateral | - | - |
| Margin collateral | - | 11,136,205 |
| Other debtors | - | 4,659 |
| | 526,612 | 512,923,030 |
| **Financial assets measured at fair value through profit or loss** | | |
| Equity trading positions | - | 97 |
| Equity investments | - | 296,178 |
| | - | 296,275 |
| **Financial liabilities measured at amortised cost** | | |
| Bank overdrafts | - | 6,744,683 |
| Trade payables | - | 337,007,093 |
| Amounts owed to group undertakings (trading) | - | 27,269,416 |
| Amounts owed to group undertakings (non trading) | 524,651 | 95,436,116 |
| | 524,651 | 466,457,308 |

### Financial assets measured at fair value

Financial assets at fair value through profit and loss comprise investments in listed equity instruments and positions in listed equity instruments. Long and short equity trading positions of £nil (2020: £97) and £nil (2020: £nil) respectively, represent amounts valued using quoted prices for identical instruments in an active market, and are recorded at Level 1 in the fair value hierarchy. Equity investments of £nil (2020: £296,178) represent amounts valued using a quoted price, and are recorded at Level 2 in the fair value hierarchy due to an inactive market.

### Items of income, expense, gains or losses

Net gains or losses on financial assets and financial liabilities through profit or loss were £nil (2020: £175,312 loss) and were derived from changes in market price. Finance income and finance costs recognised in the statement of income and retained earnings were derived from financial assets that are debt instruments measured at amortised cost, and financial liabilities measured at amortised cost, respectively.

### Credit risk

The Company places great weight on the effective management of the credit quality of financial assets. All counterparties are reviewed by the credit committee and nearly all are regulated financial institutions. The Company does not consider any financial assets as impaired. The maximum exposure to credit risk for each class of financial asset is best represented by its carrying amount. Stock borrowing collateral is fully collateralised by equity instruments received; these instruments fully mitigate the associated credit risk.

# Notes to the financial statements for the year ended 31 December 2021 *(continued)*

## 14 Financial Instruments (continued)

### Liquidity risk

The maturities of amounts owed to group undertakings are disclosed in Note 12 to the financial statements. All other amounts are due on demand.

### Market risk

The effect of a reasonable range of changes in market risk inputs (including interest rate, currency and price risks) is not material.

## 15 Called up share capital

| | **2021** | 2020 |
|---|---|---|
| | **£** | **£** |
| ***Authorised*** | | |
| 1,000 (*2020: 1,000*) ordinary shares of £1 each | **1,000** | **1,000** |
| ***Issued and fully paid*** | | |
| 23 (*2020: 22*) ordinary shares of £1 each | **23** | **22** |

An allotment of shares occurred during the year whereby 1 new ordinary share of £1 was issued to AllianceBernstein Corporation of Delaware in exchange for non-cash consideration of the entire shareholding of Sanford C. Bernstein (Autonomous UK) 1 Limited. This resulted in share premium of £12,622,090 being recognised.

## 16 Financial Risks

*Capital risk management*
The Company manages its capital resources with reference to regulatory capital requirements (Pillar 1 under the Capital Requirements Regulation and Directive ("CRD IV"), plus Pillar 2/Individual Capital Guidance ("ICG") set by the FCA and relevant CRD IV buffers). The Company manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as ICAAP) in accordance with guidelines and rules implemented by the FCA. Under this process the Company is satisfied that there is either sufficient capital to absorb potential losses or that there are mitigating controls in place which make the likelihood of the risk occurring remote.

Both the minimum regulatory capital requirement and the Pillar 2 assessment are compared with total regulatory capital on a daily basis and monitored by the finance department.

On 31 December 2021, the Company had regulatory capital resources in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2).

*Financial risk management*
Further disclosures regarding the nature and extent of relevant risks arising from financial instruments, and the Company's approach to managing these risks, are included in the Strategic Report.

## 17 Related Party Transactions

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with AB Group companies stated in Note 3.

## Notes to the financial statements for the year ended 31 December 2021 *(continued)*

### 18 Immediate and ultimate parent company

The immediate parent undertaking is AllianceBernstein Corporation of Delaware, a company incorporated in Delaware, United States of America.

AllianceBernstein L.P. is the parent undertaking of the smallest group of undertakings within which the company and its immediate parent company are included. The consolidated financial statements of AllianceBernstein L.P. can be obtained from 501 Commerce Street, Nashville, Tennessee 37203, United States of America.

The ultimate holding company and controlling party of AllianceBernstein L.P. is Equitable Holdings, Inc., a financial services company based in New York, N.Y., USA.