

# AllianceBernstein Preferred Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Registered number: 07095725



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## Directors, auditors and advisers

**Directors**  
I Foster  
J Green  
D Lesser  
M Manley

**Company secretary**  
M Manley

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

**Bankers**  
HSBC Bank Plc  
79 Piccadilly  
London  
W1V OEU

**Independent auditors**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

## Strategic report

*For the year ended 31 December 2020*

The directors present their strategic report and the audited financial statements for the year ended 31 December 2020.

### Principal activities

AllianceBernstein Preferred Limited (the "company") was incorporated in the United Kingdom, on 4 December 2009, under the Companies Act 2006, as a private company limited by shares. The company's functional currency is United States Dollars and its principal activity is to act as an intermediary holding company.

### Business Review

In the first half of 2020, the company placed additional funding totalling £8,000,000 into the ES AllianceBernstein UK OEIC, which was a fund launched for the UK market sponsored by one of its subsidiaries, AllianceBernstein Limited. The unrealised gain was \$4,460,768 and the realised gain for the year was \$5,746 on this investment, as at 31 December 2020. In addition, the company ended the Eurobond loan payable of \$65,000,000 (debt issued and listed on The International Stock Exchange which is the Channel Islands securities exchange) in June 2020. The debt was wholly owned by the company's immediate parent. The company also settled the intercompany loan receivable balances from Sanford C Bernstein Ltd and AllianceBernstein L.P., totalling \$60,000,000, at that same time.

The impact of COVID 19 and Brexit have both been taken into consideration through monitoring the performance of the subsidiary companies. As at signing date, no negative performance or other indications of impairment were shown and it is the opinion of the directors that the underlying investments will continue to be profitable in the environment of market volatility it has faced year to date.

### Results and dividends

The company's profit for the financial year was \$28,127,568 (2019: \$27,491,469). A dividend of \$38,706,500 was recommended by the directors and paid during the year (2019: \$3,000,000). As at the date of signing these financial statements, the Directors have not proposed a final dividend for 2020.

### Key Performance Indicators (KPIs)

As the company's principal activity is to act as an intermediate holding company, the carrying value of the company's investments is the most relevant indicator of performance. The value of investments as at 31 December 2020 was \$57,806,164 (2019: \$57,806,164). The directors assessed that there was no impairment in 2020.

### Risk Management

There are a number of risks and uncertainties which could impact the company, and to mitigate these risks the company operates under strict risk management controls. In light of the company's operating history, liquidity, risk management systems and internal controls, the risk of an unanticipated insolvency and wind up process is minimal. A more detailed assessment of individual risks is disclosed in Note 22 in the notes to the financial statements.

### Section 172 statement

The directors are fully 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. In this statement, the directors outline how 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 stakeholder's interests.

## Strategic report *(continued)*

*For the year ended 31 December 2020*

### Section 172 statement *(continued)*

The key stakeholders of the company include the majority shareholder, AllianceBernstein Holding (Cayman) Limited and the subsidiaries in which it holds an investment; AB Bernstein Israel Limited, AB Risk Premia SICAV-RAIF, AllianceBernstein (Luxembourg), AllianceBernstein Limited, AllianceBernstein Schweiz and CPH Capital Fondsmæglerselskab A/S.

The company maintains close relations with its shareholder AllianceBernstein Holding (Cayman) Limited with representatives of the shareholder being on the Board of the company. Members of the Board also hold director roles across the majority of the subsidiaries.

The Board's principal decisions during the year include;

1. determining the payment and rate of dividend per share payable to its shareholder in accordance with its dividend payment policy. The Board assesses the distributable reserves of the company and its cashflow position when making this decision; and
2. continuing the seed investment in the ES AllianceBernstein UK OEIC, which was a fund launched for the UK market sponsored by one of its subsidiaries, AllianceBernstein Limited.

The company also recognises the importance of the stakeholders and engagement activities of its subsidiaries. The engagement activities and key decisions of its subsidiaries can be seen (where applicable), in the relevant entities Section 172 Statement.

### Future Developments

Global financial markets may continue to experience volatility, travel and border restrictions and general market uncertainty resulting from COVID-19 and the roll-out of the vaccine. Management have assessed the impact of COVID-19 to the company during 2020 and are of the opinion that this will not affect the going concern of the business. Management continues to closely monitor the situation.

The UK has left the European Union. Management has assessed whether there is any Brexit related impact to the company and are of the opinion that this will not affect the going concern of the business.

On behalf of the board



**J Green**

**Director**

27 April 2021

Company registered number: 07095725

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

## Directors' report

*For the year ended 31 December 2020*

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

### Results and dividends

The company's profit for the financial year was \$27,280,022 (2019 profit: \$27,491,469). A dividend of \$38,706,500 was recommended by the directors and paid during the year (2019: \$3,000,000). The company made no political donations during the year (2019: nil). No dividends were recommended or paid by the directors after year end.

### Directors

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

I Foster

J Green

D Lesser

M Manley

### 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 2020 and up to the date of signing the financial statements.

### Financial risk management

There are a number of financial and market risks and uncertainties which could impact the company, and to mitigate these risks the company operates under strict risk management controls. In light of the company's operating history, liquidity, risk management systems, and internal controls, the risk of an unanticipated insolvency and wind-up process is minimal. A more detailed assessment of individual risks is disclosed in Note 22 to the financial statements.

### Going Concern

The financial statements have been prepared on a going concern basis. The potential impact of COVID 19 and Brexit have both been taken into consideration through monitoring the performance of the subsidiary companies and the performance of the OEIC seed investment. As at signing date, no negative performance or other indications of impairment were shown and it is the opinion of the directors that the underlying investments will continue to be profitable in the environment of market volatility it has faced year to date. As a result, the directors have assessed no going concern issues are likely to arise for the company.

### Future developments

The company will continue its normal activities for the foreseeable future including effective use of its capital position. The company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### Independent auditors

PricewaterhouseCoopers LLP continue to be the appointed independent auditors of the company.

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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).

## **Directors' report** *(continued)*

*For the year ended 31 December 2020*

### **Statement of directors' responsibilities** *(continued)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors of the ultimate parent company are responsible for the maintenance and integrity of the financial statements published on 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**

Each of the directors, whose names and functions are listed in Directors' report confirm that, to the best of their knowledge:

- the company financial statements, which have been 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), give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report and the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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.

This information is given and should be interpreted in accordance with the provisions of s.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 the Annual General Meeting.

On behalf of the board



**J Green**  
**Director**

27 April 2021

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

## **Independent auditors' report to the members of AllianceBernstein Preferred Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### *Independence*

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

#### **Conclusions relating to going concern**

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.

#### **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.



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

### **Reporting on other information (continued)**

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 2020 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, 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.

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 Companies Act 2006, 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 posting inappropriate journal entries. Audit procedures performed included:

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

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

- Enquiries of management, including legal, compliance and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations including fraud;
- Reviewing of relevant meeting minutes, including those of the Board;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions and entries posted with unusual amounts, where any such journal entries were identified;
- Reviewing of the financial statement disclosures to underlying supporting documentation to check compliance with Companies Act 2006 and agree to the underlying supporting documentation; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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](http://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.

## **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.



Sarah Chandler (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 April 2021

## Statement of Income and Retained Earnings

For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Income from shares in group undertakings	3	24,399,581	28,052,909
Administrative expenses		(73,589)	(63,253)
Other operating (expenses)/income	4	4,275,588	35,530
<b>Operating profit</b>		<b>28,601,580</b>	<b>28,025,186</b>
Finance income	5	575,044	1,772,696
Finance costs	6	(1,194,544)	(2,587,000)
<b>Profit before taxation</b>	7	<b>27,982,080</b>	<b>27,210,882</b>
Tax on profit	9	(702,058)	280,587
<b>Profit for the financial year</b>		<b>27,280,022</b>	<b>27,491,469</b>
 <b>Retained profit brought forward</b>		 <b>67,274,154</b>	 <b>42,782,685</b>
Dividend on ordinary shares	18	(38,706,500)	(3,000,000)
<b>Retained profit carried forward</b>		<b>55,847,676</b>	<b>67,274,154</b>

All the amounts above are in respect of continuing operations.

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

Further comments on the statement of income and retained earnings line items are presented in the notes to the financial statements on pages 11 to 20. The accompanying notes are an integral part of these financial statements.

## Statement of Financial Position

As at 31 December 2020

	Note	2020	2019 (Restated) *
		\$	\$
<b>Fixed assets</b>			
Investments	10	57,806,164	57,806,164
<b>Current assets</b>			
Debtors	11	2,161,892	89,527,871
Investments	12	14,750,919	140,473
Cash and Cash Equivalents	13	1,791,910	7,007,206
		<u>18,704,721</u>	<u>96,675,550</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,150,331)</u>	<u>(2,694,682)</u>
<b>Net current assets</b>		<u>17,554,390</u>	<u>93,980,868</u>
<b>Total assets less current liabilities</b>		<u>75,360,554</u>	<u>151,787,032</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(65,000,000)
<b>Net assets</b>		<u><u>75,360,554</u></u>	<u><u>86,787,032</u></u>
<b>Equity</b>			
Called up share capital	16	19,512,878	19,512,878
Profit and loss account	17	94,554,176	70,274,154
Dividend paid	18	<u>(38,706,500)</u>	<u>(3,000,000)</u>
<b>Total equity</b>		<u><u>75,360,554</u></u>	<u><u>86,787,032</u></u>

Further comments on the statement of financial position line items are presented in the notes to the financial statements on pages 11 to 20. The accompanying notes are an integral part of these financial statements.

\* See Note 25 for details regarding the reclassification of the money market account from Investments to Cash and Cash Equivalents in 2020 and the subsequent restatement of 2019 figures.

These financial statements on pages 9 to 20 were approved by the board of directors on April 2021 and were signed on its behalf by:

*Green*

J Green  
Director  
27 April 2021

AllianceBernstein Preferred Limited  
Co. Registered number: 07095725

## Notes to the financial statements for the year ending 31 December 2020

### 1 General Information

AllianceBernstein Preferred Limited (the "company") is an intermediary holding company. 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 St, London, United Kingdom, 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 company's financial statements.

#### *Basis of preparation*

These financial statements are prepared on the basis of historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss (as applicable and on the going concern basis), in accordance with the Companies Act 2006 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The principal accounting policies which have been applied consistently throughout the year are set out below.

#### *Going Concern*

The financial statements have been prepared on a going concern basis. The potential impact of COVID 19 has been taken into consideration through monitoring the subsidiary companies. As at signing date, no indications of impairment were shown and it is the opinion of the directors that the underlying investments will continue to be profitable in the environment of market volatility it has faced year to date. As a result, the directors have assessed no going concern issues are likely to arise for the company.

#### *Cash flow statement and related party disclosures*

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

The company is exempt from preparing a cash flow statement under FRS 102, paragraph 1.12, as it is a wholly owned subsidiary of a company which prepares consolidated financial statements which are publicly available. The consolidated financial statements of AllianceBernstein L.P., within which this company is included, can be obtained from the address given in Note 24.

With the exception of its investment in CPH, the company is also exempt under FRS 102, paragraph 33, from the requirements concerning wholly owned group related party transaction disclosures. Further details on the investment in CPH are contained in Note 10.

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

#### *Consolidation Exemption*

The financial statements contain information about AllianceBernstein Preferred Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under the Companies Act 2006 section 401 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, AllianceBernstein L.P. which are publicly available at <http://www.alliancebernstein.com/corporate/investor-relations/reports.htm>

## Notes to the financial statements for the year ending 31 December 2020

(continued)

### 2 Accounting policies (continued)

#### **Functional Currency**

The functional currency of the company is United States Dollars (USD) and this is in line with the functional currency of its parent company, AllianceBernstein Holdings (Cayman) Limited. 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.

#### **Dividends**

The company recognises dividends received on an accruals basis from the time a dividend is declared by one of its subsidiaries.

#### **Finance Income**

Finance income is recognised in profit or loss using the effective interest method. Finance income relates to interest income from intercompany loans within the group, interest income on a short term money market investment fund and bank interest income.

#### **Finance Costs**

Finance costs are recognised in profit or loss using the effective interest method. Finance costs relate to interest expense on intercompany loans within the group.

#### **Investments in subsidiaries**

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

#### **Financial instruments**

The entity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### **Financial assets**

Financial assets held for trading have been designated at fair value through profit and loss. The company recognises financial assets initially at fair value from the trade date, and continues to recognise them through the profit and loss account until the rights to receive cash flows have expired or the company has transferred substantially all the risks and rewards of ownership. Financial assets which are classified as loans and receivables are held at amortised cost using the effective interest method.

#### **Impairment of financial assets**

Indicators of impairment are reviewed for all financial assets at each reporting date. Such indicators include significant financial difficulties or losses in subsidiary undertakings, or a significant decline in the net assets of subsidiary undertakings. An impairment loss is recognised in the profit and loss account when there is objective evidence that an asset is impaired. In 2016, an impairment loss of \$43,000,000 was recognised. There were no indicators of impairment in the years 2017 through to 2020. The underlying investment has exceeded its profit forecast and no decline in net assets was observed up to signing date of the financial statements.

#### **Current asset 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/(expenses)" in the profit and loss account.

## Notes to the financial statements for the year ending 31 December 2020

*(continued)*

### 2 Accounting policies *(continued)*

#### ***Cash and Cash Equivalents***

Cash includes deposits held at call with a bank and an investment in a short term money market fund which is redeemable on demand. The company's cash balance is held by HSBC which is an independently rated party with an A-1 rating. The money market account has underlying investments which are short term, with a weighted average maturity of less than 3 months, highly liquid, they can be readily converted to known amounts of cash, and subject to an insignificant risk of changes in value. See Note 25 for further details of the reclassification of the money market account from Investments to Cash and Cash Equivalents in the current year.

#### ***Taxation***

The charge for taxation is based on the results for the year ended 31 December 2020 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 against which to recover carried forward tax losses and 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 an undiscounted basis. As the company is a member of a group for corporation tax purposes, deferred tax assets will be recognised where losses will be passed between members of the group.

#### ***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. These are held at amortised cost using the effective interest method.

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

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

Critical estimates and judgements include impairment assessments of the company's investments and related contingent liabilities that form part of the holding value. These estimates are based on the underlying performance. Please refer to the "Impairment of financial assets" policy above for further details.

## Notes to the financial statements for the year ending 31 December 2020

(continued)

<b>3</b>	<b>Income from shares in group undertakings</b>	<b>2020</b>	<b>2019</b>
		\$	\$
	Income from shares in group undertakings from AllianceBernstein Limited	9,049,826	9,169,492
	Income from shares in group undertakings from AllianceBernstein Luxembourg S.a.r.l.	10,827,486	10,666,772
	Income from shares in group undertakings from CPH Capital Fondsmaeglerselskab A/S	4,522,269	8,216,645
	<b>Total income received</b>	<b>24,399,581</b>	<b>28,052,909</b>
<b>4</b>	<b>Other operating income</b>	<b>2020</b>	<b>2019</b>
		\$	\$
	Net exchange loss on investments	(192,010)	(101,529)
	Net exchange loss on other operations	(187)	(49,401)
	Interest receivable on investments	1,271	552
	Realised gain on investments	5,746	175,461
	Unrealised gain on investments	4,460,768	10,447
		<b>4,275,588</b>	<b>35,530</b>
<b>5</b>	<b>Finance income</b>	<b>2020</b>	<b>2019</b>
		\$	\$
	Interest receivable from group undertakings	550,564	1,734,932
	Interest receivable from money market fund	17,778	11,932
	Bank interest receivable	6,702	25,832
		<b>575,044</b>	<b>1,772,696</b>
<b>6</b>	<b>Finance costs</b>	<b>2020</b>	<b>2019</b>
		\$	\$
	Interest payable to group undertakings (note 15)	1,194,544	2,587,000
<b>7</b>	<b>Profit before taxation</b>	<b>2020</b>	<b>2019</b>
		\$	\$
	In addition to other operating income and expenses as stated in note 3, this is stated after charging:		
	Auditors' remuneration - audit fees	52,957	57,827
	Other accounting fees (not provided by auditors)	16,681	1,951
		<b>69,638</b>	<b>59,778</b>
<b>8</b>	<b>Remuneration of directors</b>		

The directors did not receive any emoluments in respect of their services to the company during the financial year (2019: \$nil). There were also no employees during the year (2019: nil).

The remuneration of the directors is paid by other group companies, AllianceBernstein Ltd and AllianceBernstein L.P., which make no recharge to the company. The directors are directors of other group companies, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the group companies.



## Notes to the financial statements for the year ending 31 December 2020

(continued)

### 9 Tax on profit

The tax charge / (credit) for the year is set out below.

	2020	2019
	\$	\$
<b>Current Tax:</b>		
UK corporation tax	(166,871)	(159,985)
Adjustments in respect of prior years	21,383	(120,602)
UK corporation tax on profits for the year	<u>(145,488)</u>	<u>(280,587)</u>
<b>Deferred Tax:</b>		
	2020	2019
	\$	\$
Origination of timing differences	847,546	-
Total deferred tax	<u>847,546</u>	<u>-</u>
Tax charge / (credit) on profit	<u>702,058</u>	<u>(280,587)</u>

The current tax charge for the year is lower (2019: lower) than the standard effective rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below.

	2020	2019
	\$	\$
<b>Profit before taxation</b>	<u>27,982,080</u>	<u>27,210,882</u>
UK corporation tax charge on profits for the year at 19% (2019: 19%)	5,316,595	5,170,068
Effects of disallowable income	(4,635,920)	(5,330,053)
Adjustments in respect of prior years	21,383	(120,602)
<b>Total tax charge / (credit)</b>	<u>702,058</u>	<u>(280,587)</u>
	2020	2019
	\$	\$
Deferred tax asset brought forward	-	-
Difference relating to unrealised gains on equity investments	(847,546)	-
Deferred tax carried forward	<u>(847,546)</u>	<u>-</u>
Difference relating to unrealised gains on equity investments	(847,546)	-
Deferred tax carried forward	<u>(847,546)</u>	<u>-</u>

A deferred tax credit of \$847,546 was recognised during the year (2019: \$nil). The 2020 deferred tax charge relates to unrealised gains on equity investments.

### 10 Investments

	2020	2019
	\$	\$
<b>Shares in subsidiaries</b>		
CPH Capital Fondsmaeglerselskab A/S - ordinary shares	38,181,529	38,181,529
AllianceBernstein Limited - preference shares	15,031,543	15,031,543
AllianceBernstein Schweiz AG - ordinary shares	109,188	109,188
AB Bernstein Israel Ltd - ordinary shares	2,570	2,570
	<u>53,324,830</u>	<u>53,324,830</u>

## Notes to the financial statements for the year ending 31 December 2020

(continued)

10 Investments (continued)	2020	2019
	\$	\$
<b>Shares in associates</b>		
AllianceBernstein (Luxembourg) S.a.r.l -	<u>4,481,334</u>	<u>4,481,334</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets. Management reassess the need for impairment each year and concluded that there is no impairment in 2020.

AllianceBernstein Limited preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to seventy three point six seven pence per preference share.

AllianceBernstein (Luxembourg) S.a.r.l preference shares confer the right to the company of a fixed cumulative preferential dividend out of the distributable profits at the annual rate equal to two hundred and eighty nine euros and twenty cents per preference share.

### Summary of fixed asset investments

Name of undertaking	% ownership	Registered Address		Principal activity
AB Bernstein Israel Ltd	100.00	Rothschild Boulevard 22, Suite 1119, Tel Aviv 6688218, Israel	Israel	Investment distribution services
AB Risk Premia SICAV-RAIF SCA	100.00	2-4 rue Eugène Ruppert, L-2453 Luxembourg	Luxembourg	Administration and management of collective investments
AllianceBernstein (Luxembourg) S.a.r.l	20.25	2-4 rue Eugène Ruppert, L-2453 Luxembourg	Luxembourg	Administration and management of collective investments
AllianceBernstein Limited	50.05	50 Berkeley Street, London, United Kingdom, W1J 8HA	United Kingdom	Investment management services
AllianceBernstein Schweiz AG	100.00	Talstrasse 83, CH-8001 Zurich, Switzerland	Switzerland	Investment distribution services
CPH Capital Fondsmæglerselskab A/S	100.00	Lautrupsagde 7, 6 2100 Copenhagen Ø, Denmark	Denmark	Investment management services

### 11 Debtors

	2020	2019
Amounts falling due within one year	\$	\$
Amounts owed by group undertakings	2,161,892	89,406,186
Prepayments and accrued income	-	121,685
	<u>2,161,892</u>	<u>89,527,871</u>

During the year the company had two short term loan agreements with intragroup companies totalling \$80m that were both repaid to the company on 18 June 2020. The first was with AllianceBernstein L.P. for \$60,000,000 and the second loan agreement was with Sanford C. Bernstein Limited for \$20,000,000, both of which are an intragroup companies.

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

## Notes to the financial statements for the year ending 31 December 2020

(continued)

12 Current asset investments	2020	2019 (Restated)*
	\$	\$
Investments brought forward	140,473	-
Additions	10,862,538	130,026
Fair value gain recognised during the year	3,747,908	10,447
	<u>14,750,919</u>	<u>140,473</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets. During the year the company retained and invested a further £8,000,000 in the UK Equities seed investment. The investment fund is categorised as a level 1 as per below.

	Level 1	Level 2	Level 3	Total fair value
	\$	\$	\$	\$
Financial Assets measured at fair value through profit and loss 31 Dec 2019 (restated)*	-	140,473		140,473
Financial Assets measured at fair value through profit and loss 31 Dec 2020	-	14,750,919	-	14,750,919

Fair values are measured using the following fair value hierarchy:

Level 1: reflects financial instruments quoted in the market.

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

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

\* See Note 25 for details regarding the reclassification of the money market account from Investments to Cash and Cash Equivalents in 2020 and the subsequent restatement of 2019 figures.

13 Cash and Equivalents	2020	2019 (Restated)*
	\$	\$
Cash at bank and cash equivalents	<u>1,791,910</u>	<u>7,007,206</u>

\* See Note 25 for details regarding the reclassification of the money market account from Investments to Cash and Cash Equivalents in 2020 and the subsequent restatement of 2019 figures.

14 Creditors: amounts falling due within one year	2020	2019
	\$	\$
Amounts owed to group undertakings	193,571	2,634,900
Accruals and deferred income	109,214	59,782
Deferred tax	847,546	-
	<u>1,150,331</u>	<u>2,694,682</u>

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

## Notes to the financial statements for the year ending 31 December 2020

(continued)

### 15 Creditors: amounts falling due after more than one year

	2020	2019
	\$	\$
Amounts falling due after more than one year		
3.98% unsecured loan notes	<u>-</u>	<u>65,000,000</u>

Unsecured loan notes - On 18 June 2014 the company issued loan notes to its parent company AllianceBernstein Holdings (Cayman) Limited with an aggregate nominal value of \$65m and an interest rate of 3.98%. The loan notes were repaid in full on 18 June 2020. The loan notes were carried at amortised cost less provision for impairment, which management believed approximated fair value.

### 16 Called up share capital

	2020	2019
	\$	\$
Issued and fully paid		
12,466,895 (2019: 12,466,895) ordinary shares of £1 each	<u>19,512,878</u>	<u>19,512,878</u>

### 17 Profit and loss account

	2020	2019
	\$	\$
Retained profit brought forward	67,274,154	42,782,685
Profit for the financial year	<u>27,280,022</u>	<u>27,491,469</u>
Profit and loss account	<u>94,554,176</u>	<u>70,274,154</u>

### 18 Dividends Paid

	2020	2019
	\$	\$
Equity		
Ordinary Shares: \$3.10 (2019: \$0.24) per £1 share	<u>38,706,500</u>	<u>3,000,000</u>
	<u>38,706,500</u>	<u>3,000,000</u>

### 19 Reconciliation of movements in equity

	2020	2019
	\$	\$
At beginning of the year	86,787,032	62,295,563
Profit for the financial year	27,280,022	27,491,469
Dividend	<u>(38,706,500)</u>	<u>(3,000,000)</u>
At end of the year	<u>75,360,554</u>	<u>86,787,032</u>

## Notes to the financial statements for the year ending 31 December 2020

(continued)

### 20 Commitments & Contingencies

	2020	2019
<b>Maturity of financial liabilities</b>	<b>\$</b>	<b>\$</b>
Due within one year	-	-
1-2 years	-	-
2-5 years	-	65,000,000
More than 5 years	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>65,000,000</u></u>

### 21 Financial Instruments

The company has the following financial instruments measured at fair value.

	2020	2019 (restated)*
	<b>\$</b>	<b>\$</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Money market account	-	-
Seed investment	<u>14,750,919</u>	<u>140,473</u>
	<u><u>14,750,919</u></u>	<u><u>140,473</u></u>

\* See Note 26 for details regarding the reclassification of the money market account from Investments to Cash and Cash Equivalents in 2020 and the subsequent restatement of 2019 figures.

#### Financial liabilities measured at amortised cost less provision for impairment

3.98% unsecured loan notes	<u>-</u>	<u>65,000,000</u>
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### 22 Financial risks

**Credit risk:** 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". Any credit risk that exists in the fair value of the company's available for sale investments is not considered to be material. Any credit risk that exists in the recoverability of the intercompany receivable balances is not considered to be material. The AllianceBernstein L.P. consolidated results for the first quarter of 2021 remained strong.

**Interest rate risk:** The only impact on income from interest rate fluctuations is on interest earned on cash balances. The interest rate fluctuation on the bank balance is not considered to be material due to the amount of bank interest income earned during the period.

**Market risk:** The market risk in the of the seed investment in a UK equities fund (\$14,750,919 at year end) is considered to be low, due to the positive performance during 2020. The company is able to withdraw the investment on demand. The company holds a small balance in a money market account as at 31 December 2020. The money market account is highly liquid and the underlying investments are short term, with a weighted average maturity of less than 3 months, highly liquid, they can be readily converted to known amounts of cash, and subject to an insignificant risk of changes in value.

**Foreign exchange risk:** The company operates internationally and is exposed to foreign exchange risk arising primarily with respect to the Sterling and the Euro against US Dollars. As at 31 December 2020, the company had net Sterling assets of \$16,495,043 (2019: \$1,579,589), including \$14,750,919 in a seed investment in a UK equities fund. All receivables are due within twelve months of the balance sheet date.

	<b>\$</b>	<b>\$</b>
	<b>If currency weakens</b>	<b>If currency strengthens</b>
Impact on profit for the year	10% vs USD	10% vs USD
British pound	1,649,504	(1,649,504)

## Notes to the financial statements for the year ending 31 December 2020

(continued)

### 22 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.

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. The company is not subject to any base capital resources requirement.

### 23 Related party transactions

During the year the company repaid the intercompany loan balances on 18 June 2020. Please reference Note 15 for further information.

### 24 Immediate and ultimate parent company

The company's immediate holding company is AllianceBernstein Holdings (Cayman) Limited, a company established in Cayman Islands and with the registered address at c/o Maples Corporate Services Limited, PO Box 309, Ugland House KY1-1104 Grand Cayman, Cayman Islands. AllianceBernstein L.P. (established in the State of Delaware, USA) is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements can be obtained from AllianceBernstein L.P., 1345 Avenue of the Americas, New York, N.Y., USA.

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.

### 25 Restatement of Balance Sheet Item

During 2020, the classification of the money market fund was reassessed, and re-classified within Current Assets section of the Statement of Financial Position, from Investments to the Cash and Cash Equivalents line item. There is no impact of this re-classification on the Statement of Income and Retained Earnings.

The money market account has been reclassified as Cash and Cash Equivalents in 2020, as it an account within a fund that has underlying investments that are short term, with a weighted average maturity of less than 3 months, highly liquid, they can be readily converted to known amounts of cash, and subject to an insignificant risk of changes in value.

Current assets	2019	Adjustment	2019 (Restated)
	£	£	£
Investments	6,679,212	(6,538,739)	140,473
Cash and Cash Equivalents	468,467	6,538,739	7,007,206
	<u>7,147,679</u>	<u>-</u>	<u>7,147,679</u>