

Bernstein Autonomous LLP

Annual Report

For the year ended 31 December 2021

Registered number OC343985



BERNSTEIN AUTONOMOUS



Annual Report

Contents

Members and advisors	1
Members' report	2 - 5
Statement of members' responsibilities	6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in members' interests	13
Notes to the financial statements	14 – 24

Members and advisors

Designated Members	Surendran Chellappah Daniel Gordon Sanford C. Bernstein (Autonomous UK) 1 Ltd	
Registered Office	50 Berkeley Street London W1J 8SB	
Bankers	HSBC Bank Plc 79 Piccadilly London W1V 0EU	BNP Paribas Securities Services 9 Rue du Debarcadere Pantin 93500 France
	Citigroup Canada Square Canary Wharf London E14 5LB	Skandinavisk Enskilda Banken AS 12 Stockholm SE-10640 Sweden
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT	
Solicitors	Linklaters LLP 1 Silk Street London EC2Y 8HQ	

Members' report

The members present their annual report together with the audited financial statements and independent auditors' report, for the year ended 31 December 2021.

Partnership

Bernstein Autonomous LLP is a wholly owned subsidiary of Sanford C. Bernstein (Autonomous UK) I Limited, a company incorporated in United Kingdom.

AllianceBernstein L.P. is the parent undertaking of the smallest group of undertakings within which the Partnership 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.

Principal activities

The principal activity of the Partnership is the provision of high quality independent pan European research in equity and fixed interest instruments for professional and institutional clients and equity and credit instrument broking services to institutional clients.

The development of the Partnership's business is reflected in the attached statement of comprehensive income. The Designated Members consider the result for the year to be satisfactory and do not anticipate any significant changes in business activities of the Partnership in the coming year.

Bernstein Autonomous LLP is a member firm of the Euronext and London Stock Exchanges, various Multilateral Trading Facilities, and is regulated and authorised by the Financial Conduct Authority (the "FCA")

On 1 January 2021, as part of a Group restructure, Sanford C. Bernstein Limited (a group company) transferred its business, trade, assets and liabilities (except those that relate to its European Branches) over to the Partnership at book value.

The group restructure led to Sanford C. Bernstein Limited becoming an intermediate parent Company of the Partnership and the intra-group transfer of the business assets was effected by a capital contribution of £40,994,212 to the Partnership. Sanford C. Bernstein Limited then transferred its entire acquired interest in the Partnership to Sanford C. Bernstein (Autonomous UK) I Limited, the Partnership's immediate parent undertaking, in exchange for shares.

On 4th January 2021, the Partnership changed its name from Autonomous Research LLP to Bernstein Autonomous LLP.

Designated Members

S Chellappah, D Gordon and Sanford C. Bernstein (Autonomous UK) I Limited were designated members throughout the period. A full list of the Partnership's members is found on the UK Companies House government website (<https://www.gov.uk/government/organisations/companies-house>.)

Results

During the year, the Partnership achieved a profit for the year before members' remuneration of £25,579,186 (31 December 2020: £10,912,402). The Partnership's statement of financial position shows a satisfactory position: Members' total interests as at 31 December 2021 amounted to £47,304,850 (31 December 2020: £11,222,932).

Members' report (continued)

Going concern

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

COVID-19

COVID-19 is having a profound impact on business globally. The Partnership has continued to adapt its engagement activities to rapidly changing circumstances.

Engagement with clients has continued to be a fundamental component of the Partnership's day-to-day business activities during 2021. The Partnership has adapted to a working from home environment seamlessly, engaging with clients through video-conferences and phone calls. These engagement efforts have helped develop, maintain and foster the close relationships necessary to continue to deliver our services in a remote environment.

Engagement with employees has been even more critical due to COVID-19 which has resulted in a mostly working from home environment. As well as maintaining the usual engagement models such as hosting local and global town halls and conducting regular employee engagement surveys, the Partnership has regularly kept all employees informed of decisions to open or close the office in-line with government guidelines. Employee Resource Groups have continued to provide another forum for employees to share information, educate, and engage in outreach with the clients and communities.

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. At the date the financial statements are authorised and issued, the Partnership had £2,136,758 of trades which have not settled due to The Central Bank of Russia suspending local custodians ability to process and settle delivery of securities transactions for non-Russian residents. This is a non-adjusting balance sheet event and the Partnership is continuously monitoring the situation and actively working on settling these outstanding trades.

Policy for members' drawings, profit allocation, subscriptions and repayment of members' capital

The Partnership has three classes of members A, B and C. Class A is represented by the corporate member which holds the entire capital interest in the Partnership. Class A members have the right to receive notice of, attend and vote at meetings of members, the right to receive interest on its Capital Contribution, and the right to the residual value of the Partnership on a winding up. All three classes of members are entitled to a share (as determined by the Remuneration Committee) of profits, the right to indemnification and certain information rights as detailed in the Partnership agreement.

Members are required to make their own provision for pension and other benefits. Profits are allocated and divided between members after finalization of the financial statements. Members draw a proportion of their profit shares monthly during the period in which it is made, with the balance of profits being distributed after the period end, subject to the cash requirements of the business.

Members' report (continued)

Climate Risk

The Partnership is committed to being a responsible firm in its approach to environmental stewardship, and being a responsible company in consideration of climate change risks and opportunities. As a company, environmental, social and governance (ESG) and climate considerations are a fundamental part of the Partnership's research. To better the understanding of climate risks and opportunities, the AB Group is investing in data, systems, training and people.

AB's sell-side brokerage business is deeply committed to integrating ESG considerations across its equity research globally. By integrating ESG issues into its fundamental sector research, the Partnership seeks to offer institutional investors an independent industry perspective to help them make better investment decisions. The Partnership has made a long-term commitment to developing ESG investing knowledge and skills across its global research teams. Further information about AB's ESG strategy can be obtained from the AB Group website (<https://www.alliancebernstein.com/corporate-responsibility/resources/pdf/2020-Responsible-Investing-Report.pdf>).

Streamlined Energy and Carbon Reporting (SECR) Obligations

Effective from 1st April 2019, the Partnership is required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government. The emissions reported below relates to the office in London, United Kingdom, where the company exercised direct operational control in the year. The calculations which are unaudited, were performed according to the EPA Stationary Source and Indirect Emissions from the Purchases/Sales of Electricity Guidance using the GHG protocols.

Emissions by Scope:

Scope 1 Emissions – nil

Scope 2 Emissions - 84.57 metric tons CO₂e (converted from 301,921.84 kWh electricity)

Scope 3 Emissions – 18.69 metric tons CO₂e (converted from 6,930.23 rail miles and 120,951.96 air miles)

Total – 103.26 metric tons CO₂e

Intensity Metric:

As the Company is a "people" business, the most suitable metric is 'emissions per employee'.

Scope 1 Emissions – nil

Scope 2 Emissions – 214.64 kg CO₂e

Scope 3 Emissions – 47.44 kg CO₂e

Total – 262.08 kg CO₂e

No specific actions have been taken in 2021 to improve energy efficiency. In the future 2022 office move, the building has an excellent BREEAM rating, it provides low energy fan coil air conditioning, energy recovery on the ventilation system, high performance façade insulation and daylight-linked lighting controls. Furthermore, reduction of air travel and increased virtual meetings is anticipated to be the 'new normal'.

Members' report (continued)

Pillar 3 disclosure

The Partnership's Pillar 3 disclosure as required by the Capital Requirements Directive can be obtained from the Partnership's website (<http://www.autonomous.com/legal>).

Members' statement as to disclosure of information to auditors

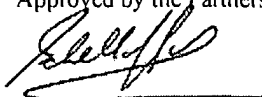
Each of the persons who are Designated Members at the time when this Members' Report is approved has confirmed that:

- so far as each Designated Member is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and
- each Designated Member has taken all the steps that ought to have been taken as a Designated Member, including making appropriate enquiries of fellow Designated Members, in order to be aware of any relevant audit information needed by the Partnership's auditors in connection with preparing their report and to establish that the Partnership's auditors are aware of that information.

Independent Auditors

The Designated Members proposed to reappoint PricewaterhouseCoopers LLP as auditors. PricewaterhouseCoopers LLP has indicated its willingness to continue in office.

Approved by the Partnership Executive Committee and signed on its behalf by



S Chellappah
Designated Member

Date: 22 April 2022

50 Berkeley Street
London
W1J 8SB

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members 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, as applied to limited liability partnerships, members 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 partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the members 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 partnership will continue in business.

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

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

Independent auditors' report to the members of Bernstein Autonomous LLP

Report on the audit of the financial statements

Opinion

In our opinion, Bernstein Autonomous LLP's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2021 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income and the statement of changes in members' interest 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 partnership 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 partnership'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 members' 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 partnership's ability to continue as a going concern.

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

Independent auditors' report to the members of Bernstein Autonomous LLP (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 members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the statement of members' responsibilities in respect of the financial statements, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Bernstein Autonomous LLP (continued)

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 partnership 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 Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 Bernstein Autonomous LLP (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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.

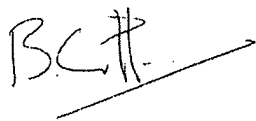
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships 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 partnership, or returns adequate for our audit have not been received from branches not visited by us; 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

Statement of Comprehensive Income
for the year ended 31 December 2021

	<i>Note</i>	2021	2020
		£	£
Revenue	4	94,718,136	21,051,903
Other operating expense	5	(202,013)	(140,060)
Total operating income		94,516,123	20,911,843
Administrative expenses		(67,596,473)	(9,996,707)
Operating profit		26,919,650	10,915,136
Finance income		48,855	-
Finance costs	6	(1,389,319)	(2,734)
Profit for the year before members' remuneration and profit shares available for discretionary division among members	7	25,579,186	10,912,402

There were no other comprehensive income for the year to 31 December 2021 (31 December 2020: £nil).

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

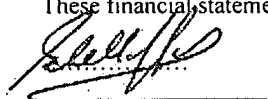
The notes on pages 14 to 24 form part of these financial statements.

Statement of Financial Position
as at 31 December 2021

	Note	2021	2020
		£	£
Current assets			
Financial assets		269,441	-
Trade and other receivables	10	142,360,556	14,972,906
Cash at bank		118,875,723	8,197,292
		<u>261,505,720</u>	<u>23,170,198</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(185,562,982)	(2,888,456)
Net current assets		<u>75,942,738</u>	<u>20,281,742</u>
Total assets less current liabilities		<u>75,942,738</u>	<u>20,281,742</u>
Net assets		<u>75,942,738</u>	<u>20,281,742</u>
Represented by:			
Members' other interests			
Members' capital classified as equity		50,363,552	9,369,340
Other reserves classified as equity		25,579,186	10,912,402
		<u>75,942,738</u>	<u>20,281,742</u>
Total members' interests			
Amounts due from Members (included in debtors)		(28,637,888)	(9,058,810)
Members' other interests		<u>75,942,738</u>	<u>20,281,742</u>
		<u>47,304,850</u>	<u>11,222,932</u>

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 were approved and authorised for issue by the members and were signed on its behalf by:



Surendran Chellappah (Designated Member)

Date: 22 April 2022

Bernstein Autonomous LLP (Company registration number OC343985)

Statement of Changes in Members' Interest
for the year ended 31 December 2021

	EQUITY			DEBT	TOTAL
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors	Members' interests
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	Total
	£	£	£	£	£
Amounts due from members				(13,283,106)	
Balance as at 1 January 2020	9,369,340	12,918,981	22,288,321	(13,283,106)	9,005,215
Profit for the period available for discretionary division among members	-	10,912,402	10,912,402	-	10,912,402
Members' interests after profit for the period	9,369,340	23,831,383	33,200,723	(13,283,106)	19,917,617
Other divisions of profits	-	(12,918,981)	(12,918,981)	12,918,981	-
Drawings	-	-	-	(8,694,685)	(8,694,685)
Amounts due from members				(9,058,810)	
Balance as at 31 December 2020	9,369,340	10,912,402	20,281,742	(9,058,810)	11,222,932
Profit for the year available for discretionary division among members	-	25,579,186	25,579,186	-	25,579,186
Members' interests after profit for the period	9,369,340	36,491,588	45,860,928	(9,058,810)	36,802,118
Other divisions of profits	-	(10,912,402)	(10,912,402)	10,912,402	-
Loans to members	-	-	-	(7,023,812)	(7,023,812)
Additional capital contributions	40,994,212	-	40,994,212	-	40,994,212
Drawings	-	-	-	(23,467,668)	(23,467,668)
Amounts due from members				(28,637,888)	
Balance as at 31 December 2021	50,363,552	25,579,186	75,942,738	(28,637,888)	47,304,850

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of members' other interests.

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

1 General Information

Bernstein Autonomous LLP is a Limited Liability Partnership and is incorporated and domiciled in England and Wales. The address of its registered office is 50 Berkeley Street, London, W1J 8SB.

The principal activity of the Partnership is the provision of high quality independent pan European research in equity and fixed interest instruments for professional and institutional clients and equity and credit instrument broking services to institutional clients.

2 Statement of Compliance

The individual financial statements of Bernstein Autonomous LLP 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 United Kingdom and Republic of Ireland", and applicable law, including Company law as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).

These financial statements comply with the Statement of Recommended Practice Accounting by Limited Liability Partnerships effective for periods commencing on or after 1 January 2019.

3 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Partnership's financial statements, other than as described below.

Basis of preparation

These financial statements are prepared on the going concern basis and in accordance with Company law as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 members have reviewed the Partnership's funding arrangements and assessed the level of financial support from its group parent. On the basis of their assessment of the Partnership's financial position and performance, and the continued availability of parental support, the Partnership's designated members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Change in accounting policy

The Partnership has voluntarily changed its accounting policy during the year. It now records brokerage purchase or sale of financial instruments on the settlement date and settlement date accounting is used for financial reporting purposes. In the prior year, trade date accounting was used by the Partnership. The change has the effect of removing pending trades in the process of ordinary settlement from the statement of financial position. Trades that are past standard settlement terms will remain recorded on the statement of financial position within trade debtors and creditors. This change was made to provide more relevant and reliable financial information in respect of the Partnership's brokerage activities. This is because settlement date accounting has the benefit of greater comparability with peer organisations. The change in accounting policy has reduced the trade receivables and trade payables by £262,779,792 as at 31 December 2021 (2020 - £Nil). The prior year impact of the voluntary change in accounting policy was considered by the Partnership given the FRS 102 requirement to make the change on a retrospective basis, but it is considered not material for adjustment purposes as only £23,327 of trades in the course of ordinary settlement were entered into at 31 December 2020. The change had no impact on the statement of comprehensive income for either year, or retained earnings. The updated policy will be applied consistently in future periods.

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

3 Principal accounting policies *(continued)*

Exemptions

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

The Partnership 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 Partnership is included, can be obtained from the address given in Note 15.

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

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

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 Partnership 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 financial statements is:

Deferred compensation

In respect of the stock awards or deferred cash under the AB Group wide deferred incentive compensation scheme, the members 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.

Functional currencies

The functional and presentation currency of the Partnership 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 statement of income.

Cash at bank

Cash represents deposits held on call with banks and short term highly liquid investment funds. Bank overdrafts are shown within creditors: amounts falling due within one year.

Netting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Partnership 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.

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

3 Principal accounting policies *(continued)*

Financial instruments

The Partnership 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 Partnership becomes a party to the contractual provision of the instruments.

(31) Financial assets

Basic financial assets that are debt instruments and short-term deposits, including 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 present value of the future receipts. The impairment loss is recognised in the income statement. 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 income statement.

Financial assets are derecognised only when the contractual rights to the cash flow from the asset expire, or when the Partnership 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 income statement.

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

Settlement date accounting

As described in the Change in accounting policy section above, the Partnership has voluntarily changed its accounting policy during the year to record brokerage purchase or sale of financial instruments on the settlement date and settlement date accounting is used for financial reporting purposes.

Revenue recognition

Revenue from trade commissions related to broking activities is recognised when the trade is executed on trade date.

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 Partnership 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.

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

3 Principal accounting policies (continued)

Employee benefits – pension costs

During the year, the Partnership 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 statement of Comprehensive Income represents the contributions payable to the plan in respect of the accounting year. Once contributions have been made the Partnership has no further payment obligation.

The assets of the plan are held separately from those of the Partnership 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 Partnership participates in a group wide deferred incentive compensation scheme for selected employees of the Partnership. 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 income statement in the year that the award is granted as the members do not believe there are substantive service conditions.

4 Revenue

An analysis of turnover by class of business is as follows:

	31 Dec 2021 £	31 Dec 2020 £
Independent research sales and stock broking	94,075,935	19,736,330
Credit instruments trading commission	642,201	1,315,573
	<u>94,718,136</u>	<u>21,051,903</u>

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

5 Other operating expense

	31 Dec 2021 £	31 Dec 2020 £
Net foreign exchange losses	202,013	140,060
	<u>202,013</u>	<u>140,060</u>

6 Interest payable and similar expenses

	31 Dec 2021 £	31 Dec 2020 £
Interest payable to group undertakings	593,597	-
Bank interest payable	795,722	2,734
	<u>1,389,319</u>	<u>2,734</u>

7 Profit for the year before members' remuneration and profit shares available for discretionary division among members

	31 Dec 2021 £	31 Dec 2020 £
<i>This is stated after charging</i>		
Auditors' remuneration:		
Fees payable to the Partnership's auditor and its associates for the audit of the financial statements of the Partnership	149,000	34,653
Fees payable to the Partnership's auditor and its associates for other services:		
- CASS Audit – non audit assurance services	<u>44,000</u>	<u>17,745</u>
Total amount payable to the Partnership's auditor and its associates	<u>193,000</u>	<u>52,398</u>

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

8 Information in relation to members

	31 Dec 2021	31 Dec 2020
The average number of members during the period was:	<u>52</u>	<u>20</u>
	<u>52</u>	<u>20</u>
The amount of profit attributable to the member with the largest entitlement was:	<u>£3,360,454</u>	<u>£7,705,728</u>

9 Employees

Staff costs were as follows:

	31 Dec 2021	31 Dec 2020
	£	£
Wages and salaries	18,116,831	2,662,041
Social security costs	2,594,628	487,629
Cost of defined contribution pension scheme	1,082,973	215,407
	<u>21,794,432</u>	<u>3,365,077</u>

The monthly average number of persons employed during the year was:

	2021 Number	2020 Number
Front Office	92	21
Support and administration	29	1
	<u>121</u>	<u>22</u>

There are no individuals other than the designated members who are considered to be key management personnel. Members are remunerated from the profits of the Partnership and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the period in which it is made, with the balance of profits being distributed after the year end, subject to the cash requirements of the business. This treatment is consistent with prior year.

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

10 Trade and other receivables

	2021	2020
	£	£
Trade receivables	78,555,326	3,299,226
Amounts owed by group undertakings (trading)	12,289,668	-
Amounts owed by group undertakings (non trading)	4,705,599	1,630,111
Collateral on stocks borrowed	4,658,937	-
Margin collateral	12,277,254	-
Other debtors	406,839	909
Prepayments and accrued income	829,045	983,850
Amounts due from members	28,637,888	9,058,810
	<u>142,360,556</u>	<u>14,972,906</u>

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

11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank overdrafts	3,562,858	-
Trade payables	57,664,584	-
Amounts owed to group undertakings (trading)	5,090,620	-
Amounts owed to group undertakings (non trading)	110,737,776	709,428
Other taxation and social security	87,265	492,306
Other creditors	-	107,179
Accruals and deferred income	8,419,879	1,579,543
	<u>185,562,982</u>	<u>2,888,456</u>

Amounts owed to group undertakings include:

- a short term loan repayable on 26 January 2022 of €40,000,000 (2020: €Nil) from AllianceBernstein Luxembourg S.à r.l. which is unsecured, incurs an interest rate of 0.01% (2020: N/A);
- a short term loan repayable on 23 February 2022 of \$50,000,000 (2020: \$Nil) loan from AllianceBernstein L.P. which is unsecured, incurs an interest rate of 0.2% (2020: N/A); and
- a short term loan repayable on 23 March 2022 of \$30,000,000 (2020: \$Nil) loan from AllianceBernstein L.P. which is unsecured, incurs an interest rate of 0.4% (2020: N/A).

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

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

12 Financial Instruments

The Partnership has the following Financial instruments:

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Cash at bank	118,875,723	8,197,292
Trade receivables	78,555,326	3,299,226
Amounts owed by group undertakings (trading)	12,289,668	-
Amounts owed by group undertakings (non trading)	4,705,599	1,630,111
Collateral on stocks borrowed	4,658,937	-
Margin collateral	12,277,254	-
Other debtors	4,050	909
	<u>231,366,557</u>	<u>13,127,538</u>

Financial liabilities measured at amortised cost

Bank overdrafts	3,562,858	-
Trade payables	57,664,584	-
Amounts owed to group undertakings (trading)	5,090,620	-
Amounts owed to group undertakings (non trading)	110,737,776	709,428
Other creditors	-	107,179
	<u>177,055,838</u>	<u>816,607</u>

Financial assets measured at fair value

Financial assets at fair value through profit and loss comprise investments in listed equity instruments. Equity investments of £269,441 (2020: £Nil) 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 losses on financial assets and financial liabilities through profit or loss were £363,990 (2020: £175,312) 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.

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

12 Financial Instruments (continued)

Credit risk

The Company places great weight on the effective management of the credit quality of financial assets. All counterparties are reviewed by the Executive Risk 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. Trade receivables include receivables related to customer equities brokerage transactions, which generally have minimal credit risk due to the short term nature of Delivery Versus Payment. The ageing analysis of research receivables as at 31 December 2021 is as per below:

	31 Dec 2021	31 Dec 2020
	£	£
0-30 days	8,335,041	23,327
31-60 days	816,934	-
61-90 days	74,040	-
Over 90 days	833,333	-
	<u>10,059,348</u>	<u>23,327</u>

Liquidity risk

The maturities of amounts owed to group undertakings and subordinated liabilities are disclosed in Note 11 to the financial statements. All other amounts are due on demand.

At 31 December 2021, £262,664,547 (2020: £23,327) were receivable from brokerage trades within settlement date and £262,779,792 (2020: £Nil) were payable on brokerage trades within settlement date.

Market risk

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

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

13 Financial Risks

Capital risk management

The Partnership 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 Partnership 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 Partnership 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.

Note that from 1 January 2022 the Company is subject to the FCA's Investment Firms Prudential Regime. Under the new regime, the Company is obliged to monitor a set of K-Factors and prepare an Internal Capital and Risk Assessment, to replace the ICAAP. An initial assessment indicates that the Company's capital requirements will not materially increase as a result of the move to the new regime.

Credit risk

The Partnership places great weight on the effective management of the credit quality of financial assets. All counterparties are reviewed by the Executive Risk Committee and nearly all are regulated financial institutions. The Partnership does not consider any financial assets as impaired.

Liquidity risk

The maturities of amounts owed to group undertakings and subordinated liabilities are disclosed in Note 11 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.

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

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

14 Related Party Transactions

The Partnership 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)*

15 Immediate and ultimate parent company

The immediate parent undertaking and corporate member of the Partnership is Sanford C. Bernstein (Autonomous UK) 1 Ltd. As a corporate member this company owns the capital of the Partnership and is entitled to a share of the profits and losses.

AllianceBernstein L.P. is the parent undertaking of the smallest group of undertakings within which the Partnership 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.

16 Subsequent events

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. At the date the financial statements are authorised and issued, the Partnership had £2,136,758 of trades which have not settled due to The Central Bank of Russia suspending local custodians ability to process and settle delivery of securities transactions for non-Russian residents. This is a non-adjusting balance sheet event and the Partnership is continuously monitoring the situation and actively working on settling these outstanding trades.