

Company Number: 02182153

SPENCER HOUSE LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2016

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COMPANIES HOUSE

SPENCER HOUSE LIMITED

Registered Office

27 St James's Place
London
SW1A 1NR

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Solicitors

Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

SPENCER HOUSE LIMITED

The Directors present the Report and Audited Accounts of Spencer House Limited (the “Company”) for the year ended 31 December 2016.

Strategic Report

The Company is engaged in running an events and day tours business within Spencer House, an 18th Century private palace located adjacent to Green Park. It also performs the property and facilities management function for the buildings that comprise the property portfolio of its direct parent, RIT Capital Partners plc .

The principal risks and uncertainties facing the business are interlinked with the current economic climate. Reductions in amounts available for discretionary spending could impact the ability of an establishment such as Spencer House to earn revenue.

The net assets of the Company amounted to £2,035,254 at 31 December 2016 (year ended 31 December 2015: £1,502,786).

Report of Directors

Financial Results and Dividends

The profit for the year and prior year is shown on page 7. The Directors are satisfied with the performance of the business and recommend the payment of an interim dividend of £1.79 per £1 share (year ended 31 December 2015: £nil).

Given the straightforward nature of the business, the Company’s Directors are of the opinion that analysis using Key Performance Indicators (“KPI”) is not necessary for an understanding of the development, performance or position of the business.

Future Developments

The Directors expect the current business volumes and composition to continue for the foreseeable future, subject to significant changes in the economic climate as noted above.

Directors

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

Lord Rothschild
D W A Budge (Resigned 31st March 2016)
N C Jones (Appointed 1st April 2016)
J A Kestenbaum
C Stallworthy
K E Thorpe
C J Wise (Resigned 12th May 2016)

Creditors Payment Policy

The Company does not follow a specific code of practice in relation to the payment of its suppliers. The Company’s policy is to agree with all its suppliers the terms of payment and conditions of business at the outset of its business transactions and, subject to the terms and conditions being met by the supplier, to make payment promptly on those terms.

SPENCER HOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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. They 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.

Disclosure of Information to Auditors

In accordance with Section 418 of Companies Act 2006, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps necessary that he/she ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

SPENCER HOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

Status of Company

Spencer House Limited is incorporated as a private limited Company in England and Wales under the Companies Act. The Registered Office is shown on page 1.

Directors' Indemnities

The Company has in place qualifying third party indemnity provisions for the benefit of the Directors, under a Group arrangement, which were made during the year and remain in force at the date of this report.



Financial Instruments and Risk Management

The Company policies are set out in Note 14 to these financial statements.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

The financial statements on pages 7 to 22 were approved by the Board of Directors on 22 March 2017 and signed on its behalf by:



K E Thorpe
Director
22 March 2017

SPENCER HOUSE LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SPENCER HOUSE LIMITED

Report on the financial statements

Our opinion

In our opinion, Spencer House Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Report and Accounts (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

SPENCER HOUSE LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
SPENCER HOUSE LIMITED

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.



Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 March 2017

SPENCER HOUSE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016	Year ended 31 December 2015
	Note	£	£
Revenue	2	3,681,904	3,447,348
Cost of sales		(816,652)	(729,921)
Gross profit		2,865,252	2,717,427
Operating expenses	3	(2,333,947)	(2,460,414)
Operating profit		531,305	257,013
Profit before tax	4	531,305	257,013
Taxation	6	1,163	13,127
Profit for the year		532,468	270,140

The Company has no recognised gains and losses other than in the results above, and therefore no separate change to Statement of Other Comprehensive Income has been prepared.

The notes on pages 11 to 22 form part of these accounts.

SPENCER HOUSE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	31 December 2016		31 December 2015	
		£	£	£	£
Non-current assets					
Property, plant and equipment	7		42,887		38,874
Deferred tax asset	8		72,461		71,298
			<u>115,348</u>		<u>110,172</u>
Current assets					
Inventories	9	60,562		82,272	
Trade and other receivables	10	414,207		496,626	
Cash and cash equivalents		<u>1,773,219</u>		<u>1,135,946</u>	
			2,247,988		1,714,844
Current liabilities					
Trade and other payables	11	<u>(328,082)</u>		<u>(322,230)</u>	
			<u>(328,082)</u>		<u>(322,230)</u>
Net current assets			1,919,906		1,392,614
Net assets			<u>2,035,254</u>		<u>1,502,786</u>
Equity					
Share capital	12		504,136		504,136
Retained earnings			<u>1,531,118</u>		<u>998,650</u>
Total equity			<u>2,035,254</u>		<u>1,502,786</u>

The accounts were approved by the Board of Directors and authorised for issue on 22 . March 2017.
They were signed on the Board's behalf by:



K E Thorpe
Director

Company number: 02182153

The notes on pages 11 to 22 form part of these accounts.

SPENCER HOUSE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Retained earnings	Total Equity
	£	£	£
Year ended 31 December 2016			
Balance at 1 January 2016	504,136	998,650	1,502,786
Profit and total comprehensive income for the year	-	532,468	532,468
Balance at 31 December 2016	<u>504,136</u>	<u>1,531,118</u>	<u>2,035,254</u>

	Share capital	Retained earnings	Total Equity
	£	£	£
Year ended 31 December 2015			
Balance at 1 January 2015	504,136	728,510	1,232,646
Profit and total comprehensive income for the year	-	270,140	270,140
Balance at 31 December 2015	<u>504,136</u>	<u>998,650</u>	<u>1,502,786</u>

The notes on pages 11 to 22 form part of these accounts

SPENCER HOUSE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
Cash flows from operating activities:		
Profit before tax	531,305	257,013
Decrease in trade and other receivables	82,419	145,480
Decrease/(Increase) in inventories	21,710	(4,836)
Increase/(decrease) in trade and other payables	5,852	(102,305)
Depreciation	27,046	19,193
Loss on sale of fixed asset	-	2,605
Net cash from operating activities	668,332	317,150
Cash flows from investing activities:		
Purchase of property, plant and equipment	(31,059)	(18,414)
Disposal of property, plant and equipment	-	-
Net cash used in investing activities	(31,059)	(18,414)
Net increase in cash and cash equivalents	637,273	298,736
Cash and cash equivalents at the beginning of financial year	1,135,946	837,210
Cash and cash equivalents at the end of financial year	1,773,219	1,135,946

The notes on pages 11 to 22 form part of these accounts.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(i) Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost basis. The Company is domiciled in the United Kingdom.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods. The Group has decided not to early adopt in the current year accounts:

Not yet endorsed:

IFRS 9 Financial instruments – Classification and Measurement

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies (continued)

(i) Basis of Accounting (continued)

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application. The Company will consider the financial impact of any new standards as they are implemented.

The financial statements have been prepared on a going concern basis and under the historical cost basis. The principal accounting policies adopted are set out below.

(ii) Revenue

Revenue from events, day tours and other group entities is credited to the income statement on an accruals basis. Revenue is stated exclusive of Value Added Tax.

(iii) Inventory

All inventories are held in the balance sheet at the lower of cost and net realisable value. Cost of sales are determined using an average cost basis.

(iv) Expenses

All expenses are accounted for on an accruals basis.

(v) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible for tax purposes. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies (continued)

(vi) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprises cash balances and deposits held at call and short notice with banks.

(vii) Property, Plant and Equipment

Property, plant and equipment are shown at cost less depreciation. Depreciation is provided on all property, plant and equipment. It is calculated by the Company on a straight line basis by reference to the original cost, estimated useful life and residual value. The period of estimated useful life for this purpose is between 2 and 5 years for computer equipment, furniture and fittings, china, glass and silver, linen and kitchen equipment.

Work in progress comprises assets under construction or pending installation which are stated at cost and are not depreciated until ready for their intended use.

(viii) Trade and Other Receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(ix) Trade and Other Payables

Other payables are not interest-bearing and are stated at their nominal value.

(x) Critical Accounting Assumptions and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed below:

Deferred tax asset

Management judgement is required in determining the deferred tax assets and liabilities to be recognised in the financial statements. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

2. Revenue

Revenue from group undertakings represents £1,748,565 of total income (year ended 31 December 2015: £1,807,863).

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
Function income	1,871,480	1,606,890
Other income	1,810,424	1,840,458
	<u>3,681,904</u>	<u>3,447,348</u>

3. Operating Expenses

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
Wages and salaries	925,811	940,999
Restructuring costs	-	132,078
Social security costs	107,044	123,928
Other pension costs	100,050	119,367
Total employment costs	<u>1,132,905</u>	<u>1,316,372</u>
Other administrative expenses	<u>1,201,042</u>	<u>1,144,042</u>
Total administrative expenses	<u>2,333,947</u>	<u>2,460,414</u>
Monthly average number of persons employed in the year	<u>14</u>	<u>17</u>
Property	9	11
Events	5	5
Curatorial	0	1

4. Profit for the year

Profit for the year is stated after charging £27,046 in respect of depreciation (year ended 31 December 2015: £19,193).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

5. Directors' Emoluments and Auditors' Remuneration

Emoluments attributable to Directors' services to Spencer House Limited comprise:

Aggregate Directors' Emoluments	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Wages and salaries	220,773	191,288
Social security costs	30,466	26,398
Termination costs	-	88,785
Other pension costs	23,840	25,151
	<u>275,079</u>	<u>331,622</u>

There were no retirement benefits accrued to Directors (year ended 31 December 2015: nil) under a defined benefit pension scheme and defined contribution payments were made on behalf of five Directors (year ended 31 December 2015: six).

The highest paid Director had aggregate emoluments of £113,072 and exercised no share-based payment awards during the year (year ended 31 December 2015: £108,855 and exercised no share-based payment awards).

Four Directors exercised Share Appreciation Rights whose value is related to the price of the parent Company's shares during the year (year ended 31 December 2015: Three).

Six Directors were entitled to share based payment awards (year ended 31 December 2015: Five).

For the purposes of IAS 24 only Directors are considered to be key management personnel. Their compensation attributable to the Company is split as follows:

Key management personnel's emoluments	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Short-term benefits	251,239	217,686
Termination benefits	-	88,785
Post-employment benefits	23,840	25,151
	<u>275,079</u>	<u>331,622</u>

Auditors' Remuneration

Audit fees of £13,900 were borne by the parent Company (year ended 31 December 2015: £13,481).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

6. Taxation

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Corporation tax charge	-	-
Adjustment in respect of prior years	-	-
Current tax (credit)/charge	-	-
Deferred tax (credit)/charge	(6,028)	(21,107)
Adjustment in respect of prior years	-	-
Effect of changes in tax rates	4,865	7,980
Tax (credit)/charge	<u>(1,163)</u>	<u>(13,127)</u>

The tax (credit)/charge for the year differs from the standard rate of corporation tax in the UK of 20.00% (year ended 31 December 2015: 20.25%) The differences are explained below.

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Profit before tax	<u>531,305</u>	<u>257,013</u>
Profit before tax at the standard rate of 20.00% (31 December 2015: 20.25%)	106,261	52,036
Effect of		
Disallowable expenses	50	317
Recognition of deferred tax asset	-	(16,327)
Effect of changes in tax rates	4,865	7,980
Utilisation of tax losses by group relief	<u>(112,339)</u>	<u>(57,133)</u>
Total tax (credit)/expense	<u>(1,163)</u>	<u>(13,127)</u>

The standard rate of corporation tax in the UK remained unchanged at 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20%.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

7. Property, Plant and Equipment

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Work in progress¹	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2016	52,043	15,255	11,539	7,122	32,669	2,999	121,627
Additions	4,493	-	-	699	25,867	-	31,059
Transfer	-	-	-	-	2,999	(2,999)	-
At 31 December 2016	56,536	15,255	11,539	7,821	61,535	-	152,686
Accumulated Depreciation							
At 1 January 2016	36,811	9,455	9,106	4,309	23,072	-	82,753
Charge for the year	6,869	3,461	1,796	1,999	12,921	-	27,046
Disposals	-	-	-	-	-	-	-
At 31 December 2016	43,680	12,916	10,902	6,308	35,993	-	109,799
Net book value							
At 31 December 2016	12,856	2,339	637	1,513	25,542	-	42,887
At 31 December 2015	15,232	5,800	2,433	2,813	9,597	2,999	38,874

¹Work in progress comprised a deposit for a new cold room.

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Work in progress¹	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2015	45,100	18,744	11,539	4,950	30,364	-	110,697
Additions	6,943	3,995	-	2,172	2,305	2,999	18,414
Disposals	-	(7,484)	-	-	-	-	(7,484)
At 31 December 2015	52,043	15,255	11,539	7,122	32,669	2,999	121,627
Accumulated Depreciation							
At 1 January 2015	30,629	10,584	7,308	2,677	17,240	-	68,438
Charge for the year	6,182	3,749	1,798	1,632	5,832	-	19,193
Disposals	-	(4,878)	-	-	-	-	(4,878)
At 31 December 2015	36,811	9,455	9,106	4,309	23,072	-	82,753
Net book value							
At 31 December 2015	15,232	5,800	2,433	2,813	9,597	2,999	38,874
At 31 December 2014	14,471	8,160	4,231	2,273	13,124	-	42,259

¹Work in progress comprises a deposit for a new cold room.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

8. Deferred Tax Asset

Deferred income tax assets are recognised for temporary timing differences to the extent that the realisation of future taxable profits is probable. These assets are recognised at the substantively enacted tax rate of 17% (31 December 2015: 20%).

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Balance at the beginning of the year	71,298	58,171
Credit/(charge) to income statement	1,163	13,127
Balance at the end of the year	<u>72,461</u>	<u>71,298</u>
Analysis of deferred tax asset		
Accelerated capital allowances	<u>72,461</u>	<u>71,298</u>
Balance at 31 December	<u>72,461</u>	<u>71,298</u>

9. Inventories

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Food	516	406
Beverage	55,079	74,597
Function Stationery	<u>4,967</u>	<u>7,269</u>
	<u>60,562</u>	<u>82,272</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £816,652 (year ended 31 December 2015: £729,921).

The write-down of inventories recognised as an expense in the year amounted to £148 included within administrative expenses (year ended 31 December 2015: £75).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

10. Trade and Other Receivables

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Trade receivables	222,926	196,726
Amounts owed by group undertakings	142,174	229,102
Total trade receivables	<u>365,100</u>	<u>425,828</u>
Accrued Income	10,920	6,339
Prepayments	32,711	49,210
Amounts owed by Senior Management	349	345
Other receivables	5,127	14,904
	<u>414,207</u>	<u>496,626</u>

None of the above are considered to be impaired. Amounts overdue are shown below:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Amounts due greater than 30 days	418	17,334
Amounts due greater than 90 days	4,992	6,250
Total	<u>5,410</u>	<u>23,584</u>

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

11. Trade and Other Payables

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Trade payables	47,998	71,388
Deposits	42,375	50,000
Accruals	184,965	185,100
Amounts owed to group undertakings	15,105	7,410
Amounts owed to parent Company	37,639	8,332
	<u>328,082</u>	<u>322,230</u>

Amounts due to the parent Company are interest free and repayable on demand.

12. Share Capital

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Allotted, Issued and Fully Paid:		
504,136 Ordinary shares of £1 each	<u>504,136</u>	<u>504,136</u>
	504,136	504,136

13. Ultimate Parent Undertaking

The Company's ultimate parent undertaking and controlling party is RIT Capital Partners plc ("RITCP"), a Company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the Group accounts of RITCP may be obtained from the Company Secretary, RIT Capital Partners plc, 27 St James's Place, London SW1A 1NR. The accounts can also be obtained from the RIT Capital Partners plc website.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

14. Financial Instruments and Risk Management

The Company does not hold any financial investments therefore the Company's financial position and performance is not derived from financial instruments.

Spencer House Limited seeks to transact only with reputable businesses. Rigorous credit control procedures are in place to manage the risk of bad debt. The impact of 10% of the current trade receivables balance being unpaid would be a loss of £36,510. The receivable balance at the year-end is disclosed in note 10 and all are deemed recoverable and therefore, have not been provided for.

Capital risk management is considered on a group wide basis. Group policies can be found in note 14 of the Report and Accounts of RIT Capital Partners plc for the year ended 31 December 2016.

There is no foreign currency exposure related to any of the Company's assets.

Management regularly monitor the Company's liquidity position to ensure sufficient cash is available to meet all of its known commitments. Most variable costs are incurred when hosting events. To minimise liquidity risk, clients are invoiced immediately after an event, with strict credit terms of 30 days. In this manner the income and expenditure profiles of events are matched as closely as is practicable.

15. Related Party Transactions

In the usual course of business, the Company earned revenues of £113,245 (year ended 31 December 2015: £187,744) from J Rothschild Capital Management Limited, ("JRCM", also a 100% owned subsidiary of RIT Capital Partners plc) and £1,635,321 (year ended 31 December 2015: £1,620,119) from RIT Capital Partners plc. JRCM incurred £100,186 (year ended 31 December 2015: £119,882) of expenses on behalf of the Company, which were then recharged.

The Company transacted with seven entities classified as related to Lord Rothschild and/or Hannah Rothschild as a result of their having significant influence over them, a beneficial interest in them, or otherwise in accordance with IAS24. For the year ended 31 December 2016, the Company earned revenues of £31,249 (year ended 31 December 2015: £49,486) and incurred costs of £80,844 (year ended 31 December 2015: £23,392) from other related entities. At the year end the Company was owed £9,083 by the seven entities (year ended 31 December 2015: £119)

At the year end, the Company owed £37,639 to the parent Company (year ended 31 December 2015: £8,332), £1,239 to JRCM (year ended 31 December 2015: £7,410) and £15,000 to The Rothschild Foundation (year ended 31 December 2015: £nil).

At the year end, the Company was owed £117,613 by the parent Company (year ended 31 December 2015: £203,087) and £15,478 from JRCM (year ended 31 December 2015: £25,896).

At the year end there was a balance due from a member of senior management of £349 (year ended 31 December 2015: £345) relating to a staff loan.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. Company Information

The Company is incorporated in England and Wales under the Companies Act. The registered office is shared with its parent and is shown in note 13.