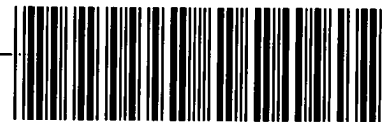


Company Number: 02182153

**SPENCER HOUSE LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

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COMPANIES HOUSE

SPENCER HOUSE LIMITED

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SPENCER HOUSE LIMITED

COMPANY INFORMATION

Registered Office

27 St James's Place
London
SW1A 1NR

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Solicitors

Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

SPENCER HOUSE LIMITED

REPORT OF THE DIRECTORS

The Directors present the Report and Accounts of Spencer House Limited (the “Company”) for the year ended 31 December 2018.

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 £1,308,034 at 31 December 2018 (31 December 2017: £1,653,131).

Financial Results and Dividends

The profit for the year and prior year is shown on page 8. The Directors are satisfied with the performance of the business and an interim dividend of £1.45 per £1 share, totalling £730,997 was paid on 13th December 2018 (year ended 31 December 2017: £902,404).

Given the straight forward nature of the business, the Company’s Directors are of the opinion that analysis using Key Performance Indicators 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. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

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

Lord Rothschild
N C Jones
J A Kestenbaum
C Stallworthy

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 in respect of the accounts

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare the accounts of the Company for each financial year. Under that law the directors have prepared the accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 2006.

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.

Disclosure of Information to Auditors

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.

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.

SPENCER HOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

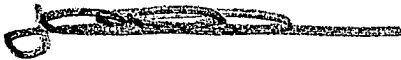
Financial Instruments and Risk Management

The Company policies are set out in note 15 to these accounts.

Independent Auditors

Ernst & Young LLP (EY) were appointed as auditors to the company on 26 April 2018 following the resignation of PricewaterhouseCoopers LLP. The Directors consequently anticipate EY being re-appointed for the 31 December 2019 year-end.

The accounts on pages 8 to 22 were approved by the Board of Directors on 9 July 2019 and signed on its behalf by:



J A Kestenbaum
Director
9 July 2019

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPENCER HOUSE LIMITED

Opinion

We have audited the financial statements of Spencer House Limited for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors 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.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Matthew Price (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

09 July 2019

SPENCER HOUSE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£	£
Revenue	2	3,481,826	3,739,645
Cost of sales		(768,452)	(893,045)
Gross profit		2,713,374	2,846,600
Operating expenses	3	(2,331,785)	(2,331,786)
Operating profit		381,589	514,814
Profit before tax	4	381,589	514,814
Taxation	6	4,311	5,467
Profit for the year		385,900	520,281

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

The notes on pages 12 to 22 form part of these accounts.

SPENCER HOUSE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	31 December 2018		31 December 2017	
		£	£	£	£
Non-current assets					
Property, plant and equipment	7		40,554		55,433
Deferred tax asset	8		82,239		77,928
			<u>122,793</u>		<u>133,361</u>
Current assets					
Inventories	9	96,115		81,014	
Trade and other receivables	10	353,684		448,409	
Cash and cash equivalents		<u>1,108,335</u>		<u>1,442,410</u>	
			1,558,134		1,971,833
Current liabilities					
Trade and other payables	11	<u>(372,893)</u>		<u>(452,063)</u>	
			<u>(372,893)</u>		<u>(452,063)</u>
Net current assets			1,185,241		1,519,770
Net assets			<u>1,308,034</u>		<u>1,653,131</u>
Equity					
Share capital	12		504,136		504,136
Retained earnings			<u>803,898</u>		<u>1,148,995</u>
Total equity			<u>1,308,034</u>		<u>1,653,131</u>

The accounts were approved by the Board of Directors and authorised for issue 9 July 2019.
They were signed on the Board's behalf by:



J A Kestenbaum
Director

Company number: 02182153

The notes on pages 12 to 22 form part of these accounts.

SPENCER HOUSE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

		Share capital	Retained earnings	Total Equity
		£	£	£
Balance at 1 January 2018		504,136	1,148,995	1,653,131
Profit and total comprehensive income for the year		-	385,900	385,900
Dividends paid	14	-	(730,997)	(730,997)
Balance at 31 December 2018		504,136	803,898	1,308,034

		Share capital	Retained earnings	Total Equity
		£	£	£
Balance at 1 January 2017		504,136	1,531,118	2,035,254
Profit and total comprehensive income for the year		-	520,281	520,281
Dividends paid	14	-	(902,404)	(902,404)
Balance at 31 December 2017		504,136	1,148,995	1,653,131

The notes on pages 12 to 22 form part of these accounts

SPENCER HOUSE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Cash flows from operating activities:		
Profit before tax	381,589	514,814
(Increase)/decrease in trade and other receivables	94,725	(34,202)
(Increase)/decrease in inventories	(15,101)	(20,453)
(Decrease)/increase in trade and other payables	(79,170)	123,982
Depreciation	25,360	27,798
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	407,403	611,939
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(10,481)	(40,344)
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(10,481)	(40,344)
	<hr/>	<hr/>
Cash flows from financing activities		
Payment of dividends	(730,997)	(902,404)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	(730,997)	(902,404)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(334,075)	(330,809)
Cash and cash equivalents at the beginning of year	1,442,410	1,773,219
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	1,108,335	1,442,410
	<hr/>	<hr/>

The notes on pages 12 to 22 form part of these accounts.

SPENCER HOUSE LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting Policies

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

(i) Basis of Accounting

The accounts have been prepared in accordance with IFRSs as adopted by the European Union, interpretations issued by the IFRS Interpretations Committee (IFRS IC) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounts have been prepared on a going concern basis and under the historical cost basis. The Company is a private limited company incorporated in England and Wales under the Companies Act and domiciled in the United Kingdom. The registered office is shared with its parent and is shown in note 13.

The preparation of the accounts 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.

Accounting policies have been consistently applied. The year ended 31 December 2018 is the first year in which the following standards have been adopted:

- IFRS 9 Financial instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers.

The Directors carefully considered the potential impact of these standards on the Company's report and accounts. Neither standard have had a material impact in the current year or is expected to do so in the future.

This is because:

- i. the application of the existing accounting policy for trade and other receivables results in a position entirely consistent with the expected credit loss model required under IFRS 9 due to the short-term nature of these balances;
- ii. the application of the existing accounting policy for Trade and other payables results in a position entirely consistent with the initial recognition at fair value and subsequent measurement at amortised cost required under IFRS 9 due to the short-term nature of these balances;
- iii. The Company enters only into short-term contracts with customers that contain specified performance obligations and recognises revenue only when all the performance obligations in a particular contract are satisfied.

IFRS 16 Leases will be applicable to the financial year ended 31 December 2019. The Directors believe that application of this standard will not have any impact on the Company's report and accounts for the year ended 31 December 2018 as the Company is not party to any material leases.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting Policies (continued)

(i) Basis of Accounting (continued)

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) Inventories

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) Operating Expenses

All operating 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.

(vi) Cash and Cash Equivalents

Cash and cash equivalents with the original maturity of three months or less in the balance sheet comprises cash balances and deposits held at call and short notice with banks.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting Policies (continued)

(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.

Depreciation is provided on the following basis:

Furniture and fittings	- 5 years
Computer equipment	- 3 years

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

Trade and 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) Share Capital

The Company seeks to maintain share capital and reserves sufficient to enable it to both trade efficiently and contribute to its parent's liquidity via dividends.

(xi) Critical Accounting Assumptions and Judgements

The preparation of accounts 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 area requiring a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated accounts are discussed below:

Deferred tax asset

Management judgement is required in determining the deferred tax assets and liabilities to be recognised in the accounts. 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

FOR THE YEAR ENDED 31 DECEMBER 2018

2. Revenue

Revenue from group undertakings represents £1,595,475 of total income (year ended 31 December 2017: £1,645,265).

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Function income	1,662,043	2,000,981
Revenue from group undertakings	1,595,475	1,645,265
Other income	224,308	93,399
	<u>3,481,826</u>	<u>3,739,645</u>

3. Operating Expenses

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Wages and salaries	808,214	943,600
Social security costs	101,383	113,939
Other pension costs	95,971	98,281
Total employment costs	<u>1,005,568</u>	<u>1,155,820</u>
Other operating expenses	<u>1,326,217</u>	<u>1,175,966</u>
Total operating expenses	<u>2,331,785</u>	<u>2,331,786</u>
Monthly average number of persons employed in the year	<u>13</u>	<u>13</u>
Property	7	8
Events	6	5

4. Profit before tax

Profit for the year is stated after charging £25,360 in respect of depreciation (year ended 31 December 2017: £27,798).

Auditors' Remuneration

Audit fees of £16,700 were borne by the parent Company (year ended 31 December 2017: £14,200).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

5. Directors' Emoluments

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

Aggregate Directors' Emoluments	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	221,955	218,256
Social security costs	30,630	31,211
Other pension costs	25,045	24,315
	<u>277,630</u>	<u>273,782</u>

There were no retirement benefits accrued to Directors (year ended 31 December 2017: nil) under a defined benefit pension scheme and defined contribution payments were made on behalf of three Directors (year ended 31 December 2017: four).

The highest paid Director in relation to services attributable to Spencer House Limited had aggregate emoluments of £123,364 and exercised share-based payment awards during the year in relation to the Company's ultimate parent undertaking, RIT Capital Partners plc (year ended 31 December 2017: £142,928 and exercised share-based payment awards).

Two 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 2017: three).

Four Directors were entitled to share based payment awards (year ended 31 December 2017: 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 2018 £	Year ended 31 December 2017 £
Short-term benefits	252,585	267,288
Post-employment benefits	25,045	24,315
	<u>277,630</u>	<u>291,603</u>

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

6. Taxation

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Corporation tax charge	-	-
Adjustment in respect of prior years	-	-
Current tax charge	-	-
Deferred tax credit	(4,818)	(6,189)
Adjustment in respect of prior years	-	-
Effect of changes in tax rates	507	722
Tax (credit)/charge	<u>(4,311)</u>	<u>(5,467)</u>

The tax for the year differs (year ended 31 December 2017: differs) from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2017: 19.25%) The differences are explained below.

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit before tax	381,589	514,814
Tax at standard UK rate of 19% (year ended 31 December 2017: 19.25%)	72,502	99,084
Effect of		
Disallowable expenses	6	14
Effect of changes in tax rates	507	722
Utilisation of tax losses by group relief	(77,326)	(105,287)
Total tax credit	<u>(4,311)</u>	<u>(5,467)</u>

The standard rate of corporation tax in the UK fell to 19% from 20% with effect from 1 April 2017. Accordingly, the Company's profits for the prior accounting year are taxed at an effective rate of 19.25%.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7. Property, Plant and Equipment

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2018	95,688	15,255	11,539	7,821	62,727	193,030
Additions	5,197	965	-	-	4,319	10,481
At 31 December 2018	100,885	16,220	11,539	7,821	67,046	203,511
Accumulated Depreciation						
At 1 January 2018	57,151	14,584	11,509	7,636	46,717	137,597
Charge for the year	15,686	788	30	185	8,671	25,360
At 31 December 2018	72,837	15,372	11,539	7,821	55,388	162,957
Net book value						
At 31 December 2018	28,048	848	-	-	11,658	40,554
At 31 December 2017	38,537	671	30	185	16,010	55,433

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	56,536	15,255	11,539	7,821	61,535	152,686
Additions	39,152	-	-	-	1,192	40,344
At 31 December 2017	95,688	15,255	11,539	7,821	62,727	193,030
Accumulated Depreciation						
At 1 January 2017	43,680	12,916	10,902	6,308	35,993	109,799
Charge for the year	13,471	1,668	607	1,328	10,724	27,798
At 31 December 2017	57,151	14,584	11,509	7,636	46,717	137,597
Net book value						
At 31 December 2017	38,537	671	30	185	16,010	55,433
At 31 December 2016	12,856	2,339	637	1,513	25,542	42,887

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2017: 17%).

	31 December 2018	31 December 2017
	£	£
Balance at the beginning of the year	77,928	72,461
(Charge)/credit to income statement	<u>4,311</u>	<u>5,467</u>
Balance at the end of the year	<u>82,239</u>	<u>77,928</u>
Analysis of deferred tax asset		
Accelerated capital allowances	<u>82,239</u>	<u>77,928</u>
Balance at 31 December	<u>82,239</u>	<u>77,928</u>

9. Inventories

	31 December 2018	December 2017
	£	£
Food	1,044	1,048
Beverage	71,109	69,243
Guidebook Stock	16,126	2,260
Function Stationery	<u>7,836</u>	<u>8,463</u>
	<u>96,115</u>	<u>81,014</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £768,452 (31 December 2017: £893,045).

The write-down of inventories recognised as an expense in the year amounted to £52 included within administrative expenses (31 December 2017: £66).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

10. Trade and Other Receivables

	31 December 2018	31 December 2017
	£	£
Trade receivables	269,728	355,158
Amounts owed by group undertakings	3,193	25,238
Total trade receivables	272,921	380,396
Accrued income	456	-
Prepayments	69,316	57,870
Amounts owed by senior management	367	354
Other receivables	10,624	9,789
	353,684	448,409

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

	31 December 2018	31 December 2017
	£	£
Amounts due greater than 30 days	25,676	10,390
Amounts due greater than 90 days	6,660	4,162
Total	32,336	14,552

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

11. Trade and Other Payables

	31 December 2018	31 December 2017
	£	£
Trade payables	98,402	82,028
Deposits	93,775	88,275
Accruals	150,276	219,848
Amounts owed to group undertakings	807	1,634
Amounts owed to parent company	29,633	60,278
	<u>372,893</u>	<u>452,063</u>

Amounts due to the parent company and group undertakings are interest free and repayable on demand.

12. Share Capital

	31 December 2018	31 December 2017
	£	£
Allotted, Issued and Fully Paid:		
504,136 Ordinary shares of £1 each	<u>504,136</u>	<u>504,136</u>
	<u>504,136</u>	<u>504,136</u>

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 accounts.

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 website (www.ritcap.com).

14. Dividends

During the year the Company paid a dividend of £1.45 per £1 share, totalling £730,997 (2017: £902,404).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

15. 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 £27,292 (31 December 2017: £38,040). The receivable balance at the year-end is disclosed in note 10 and all are deemed recoverable and therefore, have not been provided for.

The Company considers its capital to consist of both issued share capital and retained reserves. It intends to manage this capital to ensure that the Company will be able to continue as a going concern while seeking to maximise the return to its shareholder by returning excess capital by way of dividends. The policy remains unchanged for the current and previous financial year.

The Company had no externally imposed capital requirements.

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.

16. Related Party Transactions

In the usual course of business, the Company earned revenues of £106,866 (year ended 31 December 2017: £144,381) from J Rothschild Capital Management Limited, ("JRCM", also a 100% owned subsidiary of RITCP) and £1,488,609 (year ended 31 December 2017: £1,500,884) from RITCP. JRCM incurred £75,289 (year ended 31 December 2017: £75,984) of expenses on behalf of the Company, which were then recharged.

The Company transacted with eleven 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 2018, the Company earned revenues of £33,468 (year ended 31 December 2017: £39,683) and incurred costs of £64,101 (year ended 31 December 2017: £72,478) from other related entities. At the year end the Company was owed £3,053 by the eleven entities (31 December 2017: £13,184).

At the year end, the Company owed £29,633 to the parent company (year ended 31 December 2017: £60,278), £807 to JRCM (31 December 2017: £1,634).

At the year end, the Company was owed £nil by the parent company (year ended 31 December 2017: £12,000) and £140 from JRCM (31 December 2017: £55).

At the year end there was a balance due from a member of senior management of £367 (31 December 2017: £354) relating to a staff loan.