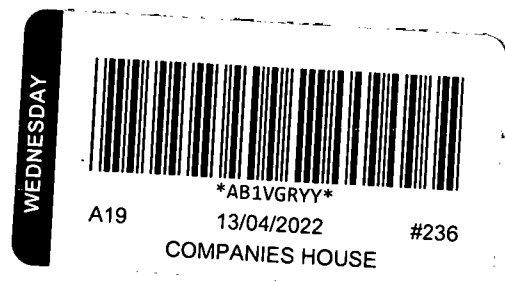


Company Number: 02182153

SPENCER HOUSE LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2021



SPENCER HOUSE LIMITED

Contents

Company Information	1
Report of the Directors	2
Independent Auditor's Report	5
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Accounts	13

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 2021.

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 £793,249 at 31 December 2021 (31 December 2020: £809,991).

Financial Results and Dividends

The loss for the current year and loss for the prior year is shown on page 9. The Directors are satisfied with the performance of the business given market conditions for the hospitality sector and no dividend was paid during the year (year ended 31 December 2020: £nil).

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

Due to Covid 19 restrictions easing, the directors are optimistic that Spencer House Limited (“SHL”) operations in 2022 will return to pre-pandemic levels. The events business has been staging previously booked events, as well as undertaking new bookings since government restrictions were relaxed in July 2021, which has resulted in the current year loss reducing as compared to prior year. The property management business continues with relatively little disruption and the Company has the financial support of its parent should that be required. As a result of this the Directors believe the Company has adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In adopting the going concern basis, full consideration has been taken of the impact of the Covid-19 pandemic which is discussed in further detail in the Going Concern section below.

In light of the Ukraine and Russia conflict the Directors can confirm that this has not had a material impact on the Group’s operations.

Going Concern

Having assessed the future developments of the business, the current socio-economic climate and the cash flow forecasts that have been prepared for the period to 30 June 2023, the Directors have obtained a letter of support from the Company’s parent undertaking, RIT Capital Partner plc. This letter of support is to provide any necessary financial support to the Company in order to discharge its liabilities as they fall due. As at the date of the financial statements, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

SPENCER HOUSE LIMITED
REPORT OF THE DIRECTORS

Directors

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

N C Jones
J A Kestenbaum (Resigned 4th March 2022)
C Stallworthy
A W Jones

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.

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 accounts of the Company for each financial year. Under that law the Directors have prepared the accounts in accordance with UK adopted International Accounting Standards (UK adopted IAS). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable UK adopted IAS have been followed, subject to any material departures disclosed and explained in the accounts; 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.

SPENCER HOUSE LIMITED

REPORT OF DIRECTORS

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.

Financial Instruments and Risk Management

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

Independent Auditors

Ernst & Young LLP (EY) completed their fourth annual audit. The Directors consequently anticipate EY being re-appointed for the 31 December 2022 year end.

The accounts on pages 9 to 23 were approved by the Board of Directors on 7 April 2022 and signed on its behalf by:



A W Jones
Director
7 April 2022

SPENCER HOUSE LIMITED
INDEPENDENT AUDITOR'S 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 (the 'Company') for the year ended 31 December 2021 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 UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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. 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 June 2023, at least 12 months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' report 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.

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

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

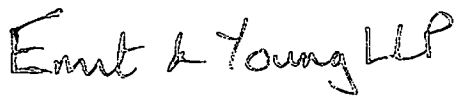
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, being UK adopted International Accounting Standards and the Companies Act 2006.
- We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board minutes and relevant papers.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We identified management override risks in relation to revenue recognition. Our audit procedures were performed to address identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

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.

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

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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
7 April 2022

SPENCER HOUSE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Note	£	£
Revenue	2	2,834,021	1,918,781
Cost of sales		(653,229)	(163,949)
Gross profit		2,180,792	1,754,832
Operating expenses	3	(2,223,289)	(2,198,625)
Operating (loss)/profit		(42,497)	(443,793)
(Loss)/Profit before tax	4	(42,497)	(443,793)
Tax credit	6	25,755	79,825
(Loss)/Profit for the year		(16,742)	(363,968)

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

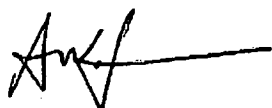
The notes on pages 13 to 23 form part of these accounts.

SPENCER HOUSE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020 £
Non-current assets			
Property, plant and equipment	7	827	7,552
Deferred tax asset	8	192,937	167,182
		<u>193,764</u>	<u>174,734</u>
Current assets			
Inventories	9	85,323	92,641
Trade and other receivables	10	312,026	113,254
Cash and cash equivalents		520,884	657,943
		<u>918,233</u>	<u>863,838</u>
Current liabilities			
Trade and other payables	11	(318,748)	(228,581)
		<u>(318,748)</u>	<u>(228,581)</u>
Net current assets		599,485	635,257
Net assets		<u>793,249</u>	<u>809,991</u>
Equity			
Share capital	12	504,136	504,136
Retained earnings		289,113	305,855
Total equity		<u>793,249</u>	<u>809,991</u>

The accounts were approved by the Board of Directors and authorised for issue on 7 April 2022. They were signed on the Board's behalf by:



A W Jones
Director

Company number: 02182153

The notes on pages 13 to 23 form part of these accounts.

SPENCER HOUSE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Retained earnings	Total Equity
	£	£	£
Balance at 1 January 2021	504,136	305,855	809,991
(Loss)/profit and total comprehensive income/(expense) for the year	-	(16,742)	(16,742)
Dividends paid	14	-	-
Balance at 31 December 2021	504,136	289,113	793,249

	Share capital	Retained earnings	Total Equity
	£	£	£
Balance at 1 January 2020	504,136	669,823	1,173,959
(Loss)/profit and total comprehensive income/(expense) for the year	-	(363,968)	(363,968)
Dividends paid	14	-	-
Balance at 31 December 2020	504,136	305,855	809,991

The notes on pages 13 to 23 form part of these accounts.

SPENCER HOUSE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Cash flows from operating activities:		
(Loss)/profit before tax	(42,497)	(443,793)
(Increase)/decrease in trade and other receivables	(198,772)	120,963
Decrease/(increase) in inventories	7,318	(5,189)
Increase/(decrease) in trade and other payables	90,167	(189,062)
Depreciation	6,725	15,467
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	(137,059)	(501,614)
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	-
	<hr/>	<hr/>
Net cash from/(used in) investing activities	-	-
	<hr/>	<hr/>
Cash flows from financing activities		
Payment of dividends	-	-
	<hr/>	<hr/>
Net cash from/(used in) financing activities	-	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(137,059)	(501,614)
Cash and cash equivalents at the beginning of year	657,943	1,159,557
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	520,884	657,943
	<hr/>	<hr/>

The notes on pages 13 to 23 form part of these accounts.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 of the Company have been prepared in accordance with UK adopted International Accounting Standards (IAS) in conformity with the Companies Act 2006.

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 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 accounts have been prepared on a going concern basis (see below) and under the historical cost basis. The principal accounting policies adopted are set out below.

The events business has been staging previously booked events, as well as undertaking new bookings since government restrictions were relaxed in July 2021. The property management business continues with relatively little disruption and the Company has the financial support of its parent should that be required. As a result of this the Directors believe the Company has adequate resources to continue in existence for the foreseeable future.

The Company's ultimate parent also has considerable financial resources and has undertaken to support its activities for the foreseeable future.

A cash flow forecast has been prepared for the period up to 30 June 2023 to support managements assessment that it remains a going concern.

In preparing the financial statements, the Directors have considered the impact of climate change insofar as they are reasonably able. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, nor were they expected to have a significant impact on the Company's going concern or viability.

(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 on the balance sheet at the lower of cost and net realisable value. Cost of sales are determined using an average cost basis.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

(iv) Operating Expenses

All operating expenses are accounted for on an accruals basis.

(v) Taxation

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

The tax credit currently payable is based on taxable profit from prior years. 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 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.

(vii) Property, Plant and Equipment

Property, plant and equipment are shown at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment. Depreciation is calculated by the Company on a straight-line basis by reference to original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

(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) Dividends

Dividends are recognised in the year in which they are paid.

(xii) Critical Accounting Assumptions and Judgements

The preparation of accounts in conformity with UK adopted IAS requires the use of certain critical accounting assumptions. It also requires the 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 accounts are discussed below:

(xiii) 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 2021

2. Revenue

Revenue from group undertakings represents £1,511,673 of total income (year ended 31 December 2020: £1,568,828).

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Function income	1,255,918	269,803
Revenue from group undertakings	1,511,673	1,568,828
Other income	66,430	80,150
	<u>2,834,021</u>	<u>1,918,781</u>

3. Operating Expenses

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Wages and salaries	782,807	805,651
Social security costs	100,716	101,868
Other pension costs	97,930	100,768
Total employment costs	<u>981,453</u>	<u>1,008,287</u>
Other operating expenses	<u>1,241,836</u>	<u>1,190,338</u>
Total operating expenses	<u>2,223,289</u>	<u>2,198,625</u>
Monthly average number of persons employed in the year	<u>11</u>	<u>12</u>
Property	5	6
Events	6	6

4. (Loss)/Profit before tax

Loss for the year is stated after charging £6,725 in respect of depreciation (2020: £15,467).

Auditors' Remuneration

Audit fees of £21,141 were borne by RIT Capital Partners Plc, it's parent company (2020: £17,090).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

5. Directors' Emoluments

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

Aggregate Directors' Emoluments	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Wages and salaries	210,125	209,192
Social security costs	30,048	29,915
Other pension costs	26,725	26,248
	<u>266,898</u>	<u>265,355</u>

There were no retirement benefits accrued to Directors (year ended 31 December 2020: nil) under a defined benefit pension scheme and defined contribution payments were made on behalf of two Directors (year ended 31 December 2020: three).

The highest paid Director in relation to services attributable to Spencer House Limited had aggregate emoluments of £106,204 and did not exercise share-based payment awards during the year in relation to the Company's ultimate parent undertaking, RIT Capital Partners plc (year ended 31 December 2020: £104,723 and did not exercise share-based payment awards).

No 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 2020: One).

Four Directors were entitled to share based payment awards at 31 December 2021 (31 December 2020: Four).

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 2021 £	Year ended 31 December 2020 £
Short-term benefits	240,173	239,107
Post-employment benefits	26,725	26,248
	<u>266,898</u>	<u>265,355</u>

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. Taxation

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Corporation tax charge	-	-
Adjustment in respect of prior years	-	-
Current tax charge	-	-
Deferred tax credit	6,647	(68,637)
Adjustment in respect of prior year	-	(815)
Effect of changes in tax rates	(32,402)	(10,373)
Tax (credit)/charge	<u>(25,755)</u>	<u>(79,825)</u>

The tax for the year differs from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2020: 19%) The differences are explained below.

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
(Loss)/Profit before tax	<u>(42,497)</u>	<u>(443,793)</u>
Tax at standard UK rate of 19% (year ended 31 December 2020: 19%)	(8,075)	(84,321)
Effect of		
Disallowable expenses	133	19
Adjustment in respect of prior year	-	(815)
Transfer pricing adjustments	14,993	15,665
Effect of changes in tax rates	(32,806)	(10,373)
Total tax credit	<u>(25,755)</u>	<u>(79,825)</u>

The Finance Act 2021 included an increase in the main corporation tax rate from the current 19% to 25% with effect from 1 April 2023. The tax charge for the year differs from the effective rate of corporation tax in the UK for 2021 of 19% (2020: 19%).

As disclosed in the Directors Report, our expectation is that SHL will return to profitability and will utilise it's brought forward losses.

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

7. Property, Plant and Equipment

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	102,426	16,570	11,539	7,821	72,897	211,253
Additions	-	-	-	-	-	-
At 31 December 2021	102,426	16,570	11,539	7,821	72,897	211,253
Accumulated Depreciation						
At 1 January 2021	98,022	16,353	11,539	7,821	69,966	203,701
Charge for the year	3,826	110	-	-	2,789	6,725
At 31 December 2021	101,848	16,463	11,539	7,821	72,755	210,426
Net book value						
At 31 December 2021	578	107	-	-	142	827
At 31 December 2020	4,404	217	-	-	2,931	7,552

	Furniture & fittings	Computer equipment	Linen	China, glass & silver	Kitchen equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2020	102,426	16,570	11,539	7,821	72,897	211,253
Additions	-	-	-	-	-	-
At 31 December 2020	102,426	16,570	11,539	7,821	72,897	211,253
Accumulated Depreciation						
At 1 January 2020	86,935	15,856	11,539	7,821	66,083	188,234
Charge for the year	11,087	497	-	-	3,883	15,467
At 31 December 2020	98,022	16,353	11,539	7,821	69,966	203,701
Net book value						
At 31 December 2020	4,404	217	-	-	2,931	7,552
At 31 December 2019	15,491	714	-	-	6,814	23,019

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 19% (31 December 2020: 19%). A rise in corporation tax to 25% was noted in the Finance Bill 2021 and will be reflected in future deferred tax calculations.

	31 December 2021	31 December 2020
	£	£
Balance at the beginning of the year	167,182	87,357
(Charge)/credit to income statement	25,755	79,825
Balance at the end of the year	<u>192,937</u>	<u>167,182</u>
 Analysis of deferred tax asset		
Tax losses	56,246	65,698
Accelerated capital allowances	136,691	101,484
Balance at 31 December	<u>192,937</u>	<u>167,182</u>

9. Inventories

	31 December 2021	31 December 2020
	£	£
Food	2,457	1,580
Beverage	67,267	72,443
Guidebook Stock	8,882	10,523
Function Stationery	6,717	8,095
	<u>85,323</u>	<u>92,641</u>

The cost of inventories recognised as an expense and included in cost of sales amounted to £653,229 (2020: £163,949).

The write-down of inventories recognised as an expense in the year amounted to £184 included within administrative expenses (2020: £865).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

10. Trade and Other Receivables

	31 December 2021	31 December 2020
	£	£
Trade receivables	227,512	120
Amounts owed by group undertakings	17,989	-
Amounts owed by parent company	-	45,124
Total trade receivables	245,501	45,244
Accrued income	718	280
Prepayments	63,665	65,788
Other receivables	2,142	1,942
	312,026	113,254

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

	31 December 2021	31 December 2020
	£	£
Amounts due less than 30 days	203,276	-
Amounts due greater than 30 days	9,516	-
Total	212,792	-

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

11. Trade and Other Payables

	31 December 2021	31 December 2020
	£	£
Trade payables	100,134	67,937
Deposits	73,550	66,288
Accruals	144,534	91,952
Amounts owed to other group undertakings	255	2,404
Amounts owed to parent company	275	-
	<u>318,748</u>	<u>228,581</u>

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

12. Share Capital

	31 December 2021	31 December 2020
	£	£
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

The Company did not pay a dividend during the year. (2020: £nil).

SPENCER HOUSE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 £22,751 (31 December 2020: £12). 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 has 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 costs are variable and only 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 £74,961 (31 December 2020: £94,007) from J Rothschild Capital Management Limited, ("JRCM", also a 100% owned subsidiary of RITCP) and £1,536,269 (31 December 2020: £1,569,508) from RITCP. JRCM incurred £76,143 (31 December 2020: £115,444.13) of expenses on behalf of the Company, which were then recharged.

At the year end, the Company owed £275 to the parent company (year ended 31 December 2020: £nil) and £255 to JRCM (31 December 2020: £2,404).

At the year end, the Company was owed £nil by the parent company (year ended 31 December 2020: £45,124) and £nil from JRCM (31 December 2020: £nil).

17. Subsequent Events

There are no significant events subsequent to the reporting date and prior to the date of signing of this report to be disclosed.