

1994170

GABLE HOUSE ESTATES LIMITED

DIRECTORS' REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005



DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2005

Directors: J C Baty (appointed 3 March 2005)
J Boydell (resigned 3 March 2005)
S Humphreys (resigned 23 February 2006)
M J Noble (appointed 13 February 2006)
A R Wyatt

Secretary: Ladbroke Corporate Secretaries Limited

Registered office: Imperial House, Imperial Drive, Rayners Lane, Harrow,
Middlesex, HA2 7JW

Company Registration No: **1994170**

The directors present their report and the company's accounts for the year ended 31 December 2005.

RESULTS AND DIVIDENDS

The accounts for the year show a profit after tax of £ 87,204 (2004: £44,017).

The Directors do not recommend payment of a dividend (2004: nil).

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The company has not traded since April 2004 and is not expected to trade during 2006.

DIRECTORS

The current directors and those who served during the year ended 31 December 2005 are shown above.

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2005**DIRECTORS' INTERESTS**

According to the register kept by the company pursuant to Section 325 of the Companies Act 1985, the directors at 31 December 2005 and their families:-

- (a) had the following interests in shares and debentures of Ladbrokes plc (formerly Hilton Group plc):

	31 December 2005	31 December 2004 (or when appointed)
10p ordinary shares ("shares")		
A R Wyatt	6,155	6,155
Options to purchase shares under the terms of the 1978 share option scheme ("1978 scheme")		
J C Baty	10,080	nil
S P Humphreys	10,026	10,026
A R Wyatt	7,882	16,131
Options to purchase shares under the terms of the 1983 savings related share option scheme ("1983 scheme")		
A R Wyatt	9,265	9,265
Options to purchase shares under the terms of the Own share plan ("Own share plan")		
A R Wyatt	2,888	2,361
Options to purchase shares under the terms of the International share Option Scheme ("International Scheme")		
J C Baty	9,920	nil
S P Humphreys	28,636	54,699
A R Wyatt	24,618	72,219
Conditional shares under the Executive Deferred Bonus Plan ("DBS")		
S P Humphreys	14,585	10,265
A R Wyatt	17,923	8,670
Nil priced option awarded under the Executive Deferred Bonus Plan ("DBS")		
A R Wyatt	nil	10,458

DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2005**DIRECTORS' INTERESTS**

- (b) were granted or exercised, during the year, (or during the period since appointment), options for the following shares in Ladbrokes plc (formerly Hilton Group plc):

	Shares under the terms of the							
	1978 Scheme		1983 Scheme		International Scheme		DBS Scheme	
	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised
J C Baty	10,080	nil	nil	nil	9,920	nil	nil	nil
S P Humphreys	nil	nil	nil	nil	3,500	28,396	9,932	nil
A R Wyatt	2,508	9,590	nil	nil	992	48,593	9,253	nil

Except as shown above, no director at 31 December 2005 held at that date or at 31 December 2004 (or when appointed) any interest in, or during the year or period since appointment was granted or exercised a right to subscribe for, the shares or debentures of this company or of Ladbrokes plc (formerly Hilton Group plc) or its subsidiaries.

By Order of the Board

J. Sankey

Secretary

24/10/06

FOR AND ON BEHALF OF
LADBROKE CORPORATE
SECRETARIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

The following statement, which should be read in conjunction with the statement of auditor's responsibilities set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the financial year.

The directors consider that in preparing the accounts on pages 7 to 14 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the accounts.

The accounts have been prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them and which they deem appropriate to safeguard the assets of the company and to seek to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADBROKE LAND LIMITED

We have audited the company's financial statements for the year ended 31 December 2005, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

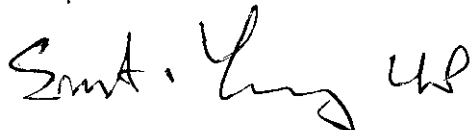
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

24/10/06

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2	-	24,870
Cost of sales		(362)	(28,394)
Gross loss		(362)	(3,524)
Administrative expenses		(29,947)	(53,424)
Movement in property provision	4	-	6,380
OPERATING LOSS	3	(30,309)	(50,568)
Interest receivable	5	117,611	94,585
Interest payable	6	(98)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		87,204	44,017
Taxation	8	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	13	87,204	44,017

Turnover and operating loss derive entirely from discontinued operations.
There are no recognised gains or losses other than the profit for the year.

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	9	4,122	4,122
CURRENT ASSETS			
Debtors	10	2,398,048	2,546,893
Cash at bank		892	471
		2,398,940	2,547,364
CREDITORS - amounts falling due within one year	11	(59,468)	(295,096)
NET CURRENT ASSETS		2,339,472	2,252,268
TOTAL ASSETS LESS CURRENT LIABILITIES		2,343,594	2,256,390
CAPITAL AND RESERVES			
Called up share capital	12	159,924,000	159,924,000
Profit and loss account	13	(157,580,406)	(157,667,610)
Equity shareholders' funds	13	2,343,594	2,256,390



J C Baty
Director

24/10/06

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005**1. ACCOUNTING POLICIES****(a) Basis of accounting**

The accounts have been prepared under the historical cost convention and are prepared in accordance with applicable UK accounting standards.

(b) Leases

Rental income and expenditure under operating leases are charged on a straight line basis to the profit and loss account over the term of the lease.

(c) Investments

Investments are held at cost less any provision for impairment.

(b) Deferred taxation

Deferred taxation is recognised as an asset or liability, at appropriate rates, in respect of transactions and events recognised in the financial statements of the current and previous periods, which give the entity a right to pay less, or an obligation to pay more taxation in future periods. Deferred tax assets are only recognised to the extent it is more likely than not that there will be suitable taxable profits from which they can be recovered.

(c) Events after the balance sheet date

During the year the company adopted FRS 21 'Events after the balance sheet date'. No restatement of comparatives was required.

2. TURNOVER

Turnover, which represents the value, excluding value added tax, of rental income arose wholly in the United Kingdom.

3. OPERATING LOSS IS STATED AFTER:

	2005	2004
	£	£
Charging:		
Leasehold property rents	-	25,291
Management charge payable to a group company	29,900	39,910
Crediting:		
Rents receivable	-	24,870

The audit fee for 2005 and 2004 has been borne by another group company.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

4. PROPERTY PROVISION

In 1996 Ladbroke plc (formerly Hilton Group plc), the company's ultimate parent company, accounted for its property division as a discontinued activity. Accordingly provisions were made in the 1996 accounts for the anticipated costs, net of income of all residual lease liabilities of the company up to the lease expiry date.

A review of these provisions is carried out each year and adjusted for any anticipated addition or reduction in cost and the provision is adjusted as required. As the leases on the company's leasehold properties expired during 2004, the remaining provision balance was no longer required and was released.

5. INTEREST RECEIVABLE

	2005 £	2004 £
From group companies	117,611	94,585
	<hr/>	<hr/>

6. INTEREST PAYABLE

	2005 £	2004 £
From third parties	98	-
	<hr/>	<hr/>

7. DIRECTORS AND EMPLOYEES**(a) Directors' emoluments**

The directors' emoluments are borne entirely by other group undertakings and it is not practicable to estimate what portion of their emoluments are attributable to this subsidiary. The directors, two of whom were members of the Ladbroke Group (formerly Hilton Group) Pension Plan, a defined benefit scheme, received total remuneration for the year of £390,725(2004: £376,782).

(b) Staff costs and numbers

All operations of the company are undertaken by employees of other group undertakings and their respective staff costs have not been included in these accounts.

8. TAXATION

No provision has been made in these accounts for U.K. corporation tax, as an undertaking has been received from its ultimate holding company, Ladbroke plc, (formerly Hilton Group plc), that the latter will assume all liabilities for any such taxation.

No charge for current taxation arises in the year, as group relief has been surrendered by fellow subsidiaries free of charge. There are no amounts of deferred tax required to be indemnified in respect of any material timing differences for 2005 or 2004.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

9. INVESTMENTS

	Total investments £	Shares in subsidiary undertakings £	Shares in associated undertakings £
Cost:			
At 1 January 2005 and 31 December 2005	30,691,441	30,691,401	40
Provision:			
At 1 January 2005 and 31 December 2005	30,687,319	30,687,279	40
Net book value:			
At 1 January 2005 and 31 December 2005	4,122	4,122	-

The company had the following subsidiary undertakings and associated undertakings at 31 December 2005:

Subsidiary undertakings

NAME OF COMPANY	COMPANY OF INCORP- ORATION	HOLDING OF SHARES	% OF SHARES HELD	NATURE OF BUSINESS
Gable House Estates (City of London) Ltd	UK	Ordinary	100%	Dormant
Gable House Leisure Ltd	UK	Ordinary	100%	Property Investment

Associated undertaking

Jerusalem Development Corporation (Holdings) Ltd	UK	Ordinary	40%	Property Development
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The company is exempt from preparing consolidated accounts under section 228 of the Companies Act 1985. In the opinion of the directors the value of the subsidiary and associated undertakings is not less than the amounts at which they are stated in these accounts.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

10. DEBTORS

	2005 £	2004 £
Amounts due from group companies	2,398,048	2,546,893
	<u>2,398,048</u>	<u>2,546,893</u>

11. CREDITORS

	2005 £	2004 £
Amounts falling due within one year:		
Trade creditors	4,026	4,026
Amounts due to group companies	4,139	237,100
Other creditors and accruals	51,303	53,970
	<u>59,468</u>	<u>295,096</u>

Amounts due to subsidiary companies are included under amounts falling due within one year where there are no specified terms as to their payment. The directors of the subsidiary companies concerned have agreed to defer settlement of these amounts and the related interest until the company is financially able to settle these debts.

12. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	159,924,000	159,924,000
	<u>159,924,000</u>	<u>159,924,000</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

13. RECONCILIATION OF SHAREHOLDERS' FUNDS & MOVEMENTS ON RESERVES

	Share capital	Profit & loss account	Total
	£	£	£
At 1 January 2004	159,924,000	(157,711,627)	2,212,373
Profit for the financial year	-	44,017	44,017
At 1 January 2005	159,924,000	(157,667,610)	2,256,390
Profit for the financial year	-	87,204	87,204
At 31 December 2005	159,924,000	(157,580,406)	2,343,594

14. CONTINGENT LIABILITIES

The company has jointly and severally guaranteed the value added tax liability of Ladbrokes Group (formerly Hilton Group), companies within the group registration, which amounted to approximately £7.9 million as at 31 December 2005 (2004: £12.1 million).

Under the terms of cross guarantees agreements, the company has jointly and severally guaranteed the liabilities of certain other Ladbrokes Group (formerly Hilton Group) companies in respect of their current accounts held with UK clearing banks. The amounts under the guarantees are limited to any credit balances on current accounts held by the company with these banks. At 31 December 2005 the aggregate amount of such credit bank balances was £ 892 (2004: £471).

15. CASH FLOW STATEMENT

The company has taken advantage of the provision of FRS1 which exempts subsidiary undertakings from preparing a cash flow statement where 90% or more of the voting rights are controlled within the group. The ultimate parent company Ladbrokes plc (formerly Hilton Group plc) has included the required consolidated cash flow statement within its consolidated financial statements.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005**16. ULTIMATE PARENT UNDERTAKING**

The ultimate parent company is Ladbroke plc (formerly Hilton Group plc), a company registered in England and Wales, the accounts of which are available from the registered office of that company at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW

Ladbroke plc (formerly Hilton Group plc) is the parent undertaking of the only group of undertakings for which group accounts are prepared and of which the company is a member.

The company has taken advantage of the provision of FRS8, which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with other entities within the group.

The ultimate parent undertaking, Ladbroke plc (formerly Hilton Group plc), has included the required related party disclosures within its group accounts.