

PROPERTY VISION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

Registered Number: 3238697



PROPERTY VISION LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005

PRINCIPAL ACTIVITIES

The principal activity of the Company is to offer residential property advice. No change in the Company's activities is anticipated.

RESULTS AND DIVIDENDS

The Company's results for the year under review are as detailed in the income statement shown in these accounts. Loss before taxation in 2005 was £328,997 (2004: Profit of £2,637,541). The 2005 results were negatively impacted by an increase in charges from the immediate parent company, HSBC Private Bank (UK) Ltd (2005: £1,212,000; 2004: £18,000)

An interim dividend of £1,000,000 was paid on 31 March 2005 in respect of the year ending 31 December 2004. Interim dividends of £1,800,000 were paid in 2004. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2005.

DIRECTORS

The Directors who served during the year were as follows:

Name	Appointed	Resigned
N W de C Ashe		
R J Bradstock		
M E Cook		
C V Ellingworth		
W J R Gething		
M J Gregson		
R Leatham		
P T W Mackie		
M D Parkinson	18 February 2005	
G D C Paterson		
E P Sugden		

J S S C Baldock and M S McCombe were appointed Directors of the Company on 23 January 2006. M J Gregson resigned as a Director of the Company on 20 January 2006.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

PROPERTY VISION LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

DIRECTORS' INTERESTS

All the directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below:

During the year, options over HSBC Holdings plc ordinary shares of US\$0.50 each were granted/exercised as follows:

	Granted	Exercised
M D Parkinson	368	-

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each Director of the Company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2005 the Trusts held a total of 130,812,676 ordinary shares of US\$0.50 each (1 January 2005: 123,108,967).

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, as required under the Companies Act are set out in Note 15 of the Notes on the Accounts.

SUPPLIER PAYMENT POLICY

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

The amount due to the Company's trade creditors at 31 December 2005 represented 10 days' average daily purchases of goods and services received from those creditors, calculated in accordance with the Companies Act 1985, as amended by Statutory Instrument 1997/571.

PROPERTY VISION LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

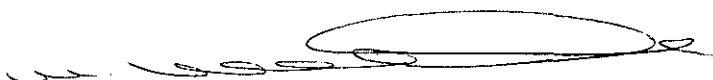
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors have taken reasonable steps to ensure that they are aware of any relevant audit information and to ensure that the company's auditors are aware of this information. So far as the directors are aware, there is no relevant audit information which has not been disclosed to the company's auditors.

By order of the Board



M S McCombe
Director

28th June 2006

Registered Office: 8 Canada Square, London, E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF PROPERTY VISION LIMITED

We have audited the financial statements of Property Vision Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, statement of changes in equity, and the cash flow statement, and the related notes. 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 independent auditors

As described in the Statement of Directors' Responsibilities set out on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 implication for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

PROPERTY VISION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PROPERTY VISION LIMITED

- continued

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of IAS Regulation.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

28 June 2006

PROPERTY VISION LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Revenue from services	2(a)	5,835,262	6,733,876
Fees payable		<u>(339,080)</u>	<u>(307,769)</u>
NET REVENUE		5,496,182	6,426,107
Employee compensation and benefits	5	(3,522,814)	(2,902,153)
Administrative expenses		<u>(2,415,212)</u>	<u>(1,005,453)</u>
OPERATING PROFIT		(441,844)	2,518,501
Interest receivable	6	<u>112,847</u>	<u>119,040</u>
(LOSS) / PROFIT BEFORE TAXATION	4	(328,997)	2,637,541
Taxation	7	54,693	(807,409)
(LOSS) / PROFIT FOR THE YEAR		<u>(274,304)</u>	<u>1,830,132</u>

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2004	1	1,398,985	1,398,986
Profit for the year	-	1,830,132	1,830,132
Dividends	<u>-</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>
Balance at 31 December 2004	<u>1</u>	<u>1,429,117</u>	<u>1,429,118</u>
Profit for the year	-	(274,304)	(274,304)
Dividends	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Balance at 31 December 2005	<u>1</u>	<u>154,813</u>	<u>154,814</u>

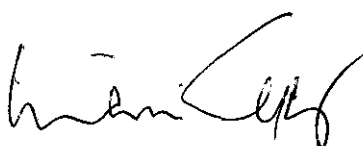
The notes on pages 9 to 17 form part of the financial statements

PROPERTY VISION LIMITED

BALANCE SHEET AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
ASSETS			
Property, Plant & Equipment	8	170,311	157,154
Trade and Other Receivables	9	2,054,958	1,327,084
Cash and cash equivalents		2,448,734	3,754,172
		<hr/>	<hr/>
TOTAL ASSETS		<u>4,674,003</u>	<u>5,238,410</u>
LIABILITIES			
Current liabilities	10	4,519,189	3,249,792
Other Creditors	11	-	559,500
		<hr/>	<hr/>
TOTAL LIABILITIES		<u>4,519,189</u>	<u>3,809,292</u>
		<hr/>	<hr/>
NET ASSETS		<u>154,814</u>	<u>1,429,118</u>
EQUITY			
Called up share capital	12	1	1
Profit and loss account		154,813	1,429,117
		<hr/>	<hr/>
TOTAL EQUITY		<u>154,814</u>	<u>1,429,118</u>
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		<u>4,674,003</u>	<u>5,238,410</u>

Approved by the Board of Directors and signed on its behalf on 28th June 2006



W J R Gething
Director

The notes on pages 9 to 17 form part of the financial statements

PROPERTY VISION LIMITED

CASH FLOW STATEMENT FOR YEAR ENDING 31 DECEMBER 2005 – INDIRECT METHOD

	Notes	2005 £	2004 £
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(328,997)	2,637,541
Adjustments for:-			
Non cash items	13a	74,005	66,663
Change in operating assets	13b	(695,977)	486,674
Change in liabilities	13c	1,097,624	201,937
Net gain from investing activities		(700)	-
Tax Paid		(364,931)	(687,760)
NET CASH FROM OPERATING ACTIVITIES		(218,976)	2,705,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(88,208)	(101,050)
Proceeds from sale of property, plant & equipment		1,746	-
NET CASH FROM INVESTING ACTIVITIES		(86,462)	(101,050)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,000,000)	(1,800,000)
NET CASH FROM FINANCING ACTIVITIES		(1,000,000)	(1,800,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,305,438)	804,005
Cash and cash equivalents at the beginning of the year		3,754,172	2,950,167
Cash and cash equivalents at the end of the year		2,448,734	3,754,172

1. Basis of Preparation

(a) Basis of preparation

For all periods up to and including the year ended 31 December 2004, the published financial statements of the Company were prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP").

From 1 January 2005, the financial statements, including comparatives, have been prepared under the historical cost basis as modified by the revaluation of Available-for-sale investments, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and effective for the year ended 31 December 2005. The effects of IFRS are discussed in note 16.

The results of the Company are included within the consolidated financial statements of HSBC Holdings plc.

The Company's financial statements are presented in its functional currency, UK Sterling.

(b) Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2. Principal accounting policies

(a) Revenue from services

Revenue represents amounts receivable for the provision of property finding services net of VAT and trade discounts. Revenue is recognised on exchange of contracts.

(b) Depreciation

Provision for depreciation of tangible assets is made on the straight line basis at rates calculated to write off the cost of the assets, less their estimated residual values, over their expected working lives, which are considered to be:

Leasehold improvements	- over the term of the lease
Computers and office equipment	- 3 years
Fixtures and fittings	- between 6 and 7 years
Motor vehicles	- 4 years

2. Principal accounting policies - continued

(c) Assets held under lease agreements

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

(d) Taxation

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantially enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

(e) Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

3. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Profit before taxation

Operating profit for the year is stated after charging:

	2005	2004
	£	£
Depreciation	74,005	66,660
Operating lease rentals	187,999	161,863
Auditors' remuneration - audit fee	22,500	19,260

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

5. **Administrative expenses**

Administration expenses include:

(a) Staff costs (including Directors' remuneration)

	2005 £	2004 £
Wages and salaries	2,885,103	2,373,180
Social security costs	536,675	450,615
Pension costs	101,036	78,358
	<u>3,522,814</u>	<u>2,902,153</u>

The average number of persons employed by the Company during the year was 41 (2004: 39).

(b) Remuneration of directors

	2005 £	2004 £
Directors' emoluments	<u>1,538,359</u>	<u>1,307,186</u>

The emoluments of the highest paid director were £ 366,209 (2004: £228,257). The director is a member of a money purchase pension scheme.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 8 (2004: 8).

6. **Interest receivable**

	2005 £	2004 £
Bank interest	<u>112,847</u>	<u>119,040</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

7. **Taxation**

The charge for UK corporation tax comprises:

	2005 £	2004 £
(a) Analysis of tax charge in period		
<i>Current tax</i>		
UK corporation tax at 30% (2004 : 30%)	384,769	(800,628)
Adjustments in respect of prior years	3,374	(8,752)
	<hr/> 388,143	<hr/> (809,380)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(291,009)	1,445
Prior year movement	(42,441)	526
	<hr/>	<hr/>
Tax (charge)/Credit on (loss) / profit	<u>54,693</u>	<u>(807,409)</u>
(b) Factors affecting tax charge for period		

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
(Loss) / Profit before taxation	(328,997)	2,637,541
(Loss) / Profit multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	98,699	(791,262)
Effects of:		
Amounts not deductible for tax purposes	(4,939)	(7,921)
Adjustments to tax (charge) in respect of previous periods	(39,067)	(8,226)
	<hr/>	<hr/>
Tax credit / (charge) on profit	<u>54,693</u>	<u>(807,409)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

8. Property, Plant & Equipment

	Leasehold Improvements £	Computers and office equipment £	Fixtures and fittings £	Motor Vehicles £	Total £
<u>Cost</u>					
At 1 January 2005	52,021	372,174	42,676	28,393	495,264
Additions	40,061	21,132	7,622	19,393	88,208
Disposals	-	-	-	(8,603)	(8,603)
At 31 December 2005	92,082	393,306	50,298	39,183	574,869
	Leasehold Improvements £	Computers and office equipment £	Fixtures And Fittings £	Motor Vehicles £	Total £
<u>Accumulated depreciation</u>					
At 1 January 2005	16,427	282,817	24,269	14,597	338,110
Charge for the year	6,202	54,621	4,837	8,345	74,005
Disposals	-	-	-	(7,557)	(7,557)
At 31 December 2005	22,629	337,438	29,106	15,385	404,558
<u>Net book value</u>					
At 31 December 2005	69,453	55,868	21,192	23,798	170,311
At 31 December 2004	35,594	89,357	18,407	13,796	157,154

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

9. Trade and Other Receivables

	2005 £	2004 £
Trade debtors	1,401,176	749,130
Other debtors	54,222	45,940
Corporation tax	365,347	-
Prepayments and accrued income	220,878	185,229
Deferred tax asset arising due to timing differences	13,335	346,785
	<u>2,054,958</u>	<u>1,327,084</u>

10. Current liabilities

	2005 £	2004 £
Trade creditors	69,732	58,083
Amount owed to group undertaking	565,067	564,370
Corporation tax	-	387,727
Other taxes and social security	264,016	213,186
Other creditors	765,517	916,683
Accruals and deferred income	2,854,857	1,109,743
Proposed dividend	-	-
	<u>4,519,189</u>	<u>3,249,792</u>

11. Other creditors

	2005 £	2004 £
Other creditors	<u>-</u>	<u>559,500</u>

In 2004, £559,500 was provided for long term incentive payments to staff and related National Insurance contributions.

12. Called up share capital

	2005 £	2004 £
Authorised:		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

13. Notes to Cash flow statement

(A) Non cash items		
Depreciation and amortisation	74,005	66,663
(B) Change in operating assets		
Change in trade debtors	(652,046)	150,460
Change in other assets	(8,282)	(5,587)
Change in prepayments and accrued income	(35,649)	341,801
	<u>(695,977)</u>	<u>486,674</u>
(C) Change in operating liabilities		
Change in trade creditors	11,649	(40,562)
Change in accruals and deferred income	1,745,114	247,158
Change in liabilities	(659,139)	(4,659)
	<u>1,097,624</u>	<u>201,937</u>

14. Operating leases

At 31 December 2005, the Company was committed to make the following payments under non-cancellable operating leases in the year to 31 December 2005.

	Land and Buildings £
Operating leases which expire:	
Within one year	2,063
Between two and five years	-
Over five years	<u>185,936</u>
	<u>187,999</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
(continued)

15. Management of financial risk

Financial risk

The financial instruments of the Company (excluding short-term debtors and creditors) comprises cash.

Exposure to credit and interest rate risk arises in the normal course of the Company's business. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year ended 31 December 2005.

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age.

Interest rate risk

Bank interest on deposits held at HSBC Private (UK) Bank Limited is the only source of interest exposure.

Liquidity risk

The Company's policy throughout the year has been to maintain sufficient liquidity to meet its obligations as they fall due for payment.

16. Key impact analysis of IFRS on the financial results of 2004

The Company previously prepared its primary financial statements under UK GAAP, which differs in certain significant respects from IFRS. The following is a summary of the main differences applicable to the Company:

Dividends

IAS10, requires interim dividends to be accounted for in the period that they are paid and final dividends to be accounted for in the period that they are approved by the Company's shareholders.

Reconciliation of previously reported total equity under UK GAAP to total under IFRSs at 31 December 2004:

	31 December 2004 £	1 January 2004 £
Shareholders' funds as previously reported under UK GAAP	429,118	598,986
Dividend re 2003 performance paid in 2004	-	800,000
Dividend re 2004 performance paid in 2005	1,000,000	-
Total shareholders' equity under IFRSs	<u>1,429,118</u>	<u>1,398,986</u>

17. Related Party Transactions

Compensation of all directors employed by the Company are included in note 5 to the accounts.

A summary of significant aggregate balances and transactions with other related parties of Property Vision Limited is provided below.

Parent undertakings

	2005	2004
	\$	\$
ASSETS:		
Deposits	2,448,734	3,754,172
 LIABILITIES:		
Creditors	2,010,095	921,888
 INCOME STATEMENT:		
Interest income	112,847	119,040
Recharged expenses	1,212,000	18,000

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

18. Ultimate and immediate parent company

The Company's immediate parent company is Property Vision Holdings Limited, a subsidiary of HSBC Private Bank (UK) Limited. The Company's ultimate parent company is HSBC Holdings plc.

The smallest and largest groups in which the financial statements of the Company are consolidated are HSBC Private Banking Holdings (Suisse) S.A. and HSBC Holdings plc respectively. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London, E14 5HQ