

Chubb Group Limited
(Registered Number 585729)
Annual report
for the year ended 31 December 2005



Chubb Group Limited

Annual report for the year ended 31 December 2005

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Chubb Group Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005

Principal activities, review of business and future developments

The Company acts as an intermediate parent company with subsidiaries operating worldwide in the field of security services provision. The company provides management services to its subsidiary companies.

On 18 July 2005, the company disposed of its investment in Moonless Limited at book value. The consideration received was an increase in the company's investment in Chubb (UK) Limited of £227,985,000. The company further increased its investment in Chubb (UK) by another £42,905,000 during the year. Additionally some subsidiary undertakings were liquidated in the year as detailed in note 8.

The directors do not expect the nature of the business to change in the foreseeable future.

Results and dividends

The loss for the financial year was £213m (2004 £182m) which will be deducted from reserves. The directors do not recommend the payment of a dividend (2004 £nil).

Directors and their interests

The directors of the company during the year and up to the date of signing the financial statements were

Westminster Securities Limited
Chubb Management Services Limited

None of the directors at 31 December 2005 held any interest in the share capital of the company, the ultimate parent United Technologies Corporation, or any of its subsidiaries that are required to be disclosed under Schedule 7 of the Companies Act 1985.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's operations expose it to financial risks as set out below.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Interest rate cash flow risk

The company has interest-bearing liabilities and interest-bearing assets that include intercompany balances.

Liquidity risk

The company actively maintains intercompany finance that is designed to ensure the company has sufficient available funds for operations.

Payments to suppliers

At 31 December 2005 the company had no trade creditors (2004 £nil).

Chubb Group Limited

Directors' report for the year ended 31 December 2005 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently, with the exception of the changes arising on the adoption of new accounting standards in the period as explained in note 1,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

PricewaterhouseCoopers LLP are willing to continue in office and as a consequence of an elective resolution in place will continue until further notice

By order of the board



**For and on behalf of
Chubb Management Services Limited
Director**

27 June 2007

Independent auditors' report to the members of Chubb Group Limited

We have audited the financial statements of Chubb Group Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions 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

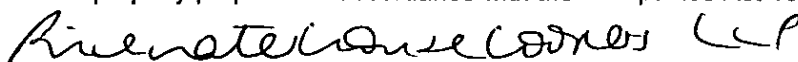
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

27 June 2007

Chubb Group Limited

Profit and loss account for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Administrative expenses		(20,692)	(96,597)
Provision against investments	8	(182,385)	-
Operating loss	2	(203,077)	(96,597)
Provision against investments	8	-	(166,872)
Profit on disposal of subsidiary undertakings	8	11	-
Loss on disposal of fixed assets		-	(2,163)
Loss before interest and tax		(203,066)	(265,632)
Income from shares in group undertakings		294	80,669
Interest receivable and similar income	4	69,670	73,203
Interest payable and similar charges	5	(80,065)	(71,423)
Loss on ordinary activities before taxation		(213,167)	(183,183)
Tax on loss on ordinary activities	6	-	968
Loss on ordinary activities after taxation	14	(213,167)	(182,215)

The operating loss relates to continuing operations

The company has no recognised gains or losses other than the loss for the year, and hence no separate statement of total recognised gains and losses has been presented

There are no material differences between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

The notes on pages 6 to 14 form part of the financial statements

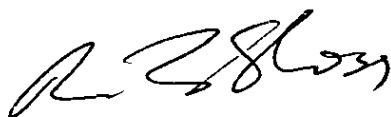
Chubb Group Limited

Balance sheet at 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	7	114	529
Investments	8	5,453,563	5,671,914
		5,453,677	5,672,443
Current assets			
Debtors	9	2,295,962	2,279,457
Cash at bank and in hand		1,590	309
		2,297,552	2,279,766
Creditors, amounts falling due within one year	10	(6,602,549)	(6,587,621)
Net current liabilities		(4,304,997)	(4,307,855)
Total assets less current liabilities		1,148,680	1,364,588
Provision for liabilities and charges	12	(8,401)	(11,142)
Net assets		1,140,279	1,353,446
Capital and reserves			
Called up share capital	13	232,092	232,092
Share premium account	14	18,959	18,959
Merger reserve	14	767,603	767,603
Other reserves	14	325,096	325,096
Profit and loss account	14	(203,471)	9,696
Total equity shareholders' funds	15	1,140,279	1,353,446

The financial statements on pages 4 to 14 were approved by the board of directors on and were signed on its behalf by

27 June 07



**For and on behalf of Chubb Management Services Limited
Director**

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2005

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The following is a summary of the more important accounting policies which have been applied consistently throughout the year except for any changes arising on the adoption of new accounting standards as set out below.

Basis of accounting

The financial statements are prepared on the going concern basis and under the historical cost convention.

The financial statements contain information about Chubb Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228A of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, United Technologies Corporation, a company incorporated in the United States of America.

The company is a wholly owned subsidiary of the ultimate parent undertaking, United Technologies Corporation incorporated in the United States of America. The company is exempt under Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group headed by United Technologies Corporation on the grounds that more than 90% of voting rights are controlled within the group.

Changes in accounting policies

The company has adopted FRS 17 'Retirement benefits', FRS 21, 'Events after the balance sheet date', the presentational requirements of FRS 25, 'Financial instruments disclosure and presentation' and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy.

There was no impact on the current or prior year figures from the adoption of FRS 17, FRS 21, or the presentational requirements of FRS 25 or FRS 28.

Cash flow statement

The company is a wholly owned subsidiary of United Technologies Corporation and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation on fixed assets is calculated to write off their cost or valuation over their expected useful economic lives less residual value at the following annual rates using the straight line method:

Plant, equipment and vehicles	20% to 33½ %
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Fixed asset investments

Fixed asset investments are held at cost less any provision for impairment.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease terms to the profit and loss account.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

1 Principal accounting policies (continued)

Foreign exchange

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension scheme arrangements

The company has fully adopted FRS 17 during the year. The majority of the company's employees are members of the Chubb Pension Plan. This is a defined benefit pension scheme and is funded by contributions partly from the employees and partly from the company at rates determined by an independent actuary. Actuarial valuations are made regularly and the contributions payable are adjusted as appropriate. Previously, pension costs were accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variations from regular cost were spread over the expected remaining service lives of members in the scheme. During the current year, the company adopted FRS 17 in full and now the scheme is accounted for as if it was a defined contribution scheme, as the company is unable to separately identify its share of the assets and liabilities of the group scheme. There is no material impact arising on adoption of FRS 17 in respect of contributions to this scheme.

Onerous leases

Provision is made for onerous contract obligations for leasehold properties that are vacated, or where future sub-let income is estimated to be insufficient to meet all the obligations under the lease.

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

2 Operating loss

The loss on ordinary activities before taxation is stated after charging/(crediting)

	2005	2004
	£'000	£'000
Depreciation of tangible owned fixed assets	296	453
Operating lease charges		
Plant and equipment	30	39
Foreign exchange losses/(gains)	1,001	(2,481)
(Profit)/loss on disposal of fixed assets	21	2,163
Auditors' Remuneration		
Audit services	105	57
Non-audit services	-	56

None of the directors received any emoluments for their services to this company during the year (2004 £nil)

3 Employee information

	2005	2004
	£'000	£'000
Wages and salaries	2,534	4,693
Social security costs	201	305
Pension costs		
- defined benefit	13,654	55,784
- defined contribution	32	90
	16,421	60,872

The average weekly number of employees (including directors) employed by the company during the year was 28 (2004 35), all of whom were employed in an administrative capacity

4 Interest receivable and similar income

	2005	2004
	£'000	£'000
Interest receivable from group companies	69,679	73,102
Other interest receivable	1	101
	69,670	73,203

5 Interest payable and similar charges

	2005	2004
	£'000	£'000
Interest payable to group companies	80,065	71,423

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Tax on loss on ordinary activities

	2005 £'000	2004 £'000
United Kingdom corporation tax at 30% (2004 30%)		
Current		
Overseas Tax	-	73
Adjustment in respect of prior years	-	(716)
Total current tax in year	-	(643)
Deferred	-	(325)
	-	(968)
Tax reconciliation		
	2005 £'000	2004 £'000
Loss on ordinary activities before tax	(213,167)	(183,183)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004 30%)	(63,950)	(54,955)
Effects of		
Permanent differences	(33)	25,745
Provision against investment in subsidiaries	54,715	-
Excess of depreciation over capital allowances	(91)	591
Other timing differences	-	7,470
Group relief surrendered for nil consideration	59,585	21,149
Withholding tax written off	-	73
Adjustment in respect of prior years	-	(716)
Impact of UK UK transfer pricing adjustments	(50,226)	-
Tax charge/(credit) for the current year	-	(643)

7 Tangible fixed assets

	Plant, equipment & vehicles £'000
Cost	
At 1 January 2005	1,450
Disposals	(332)
At 31 December 2005	1,118
Accumulated depreciation	
At 1 January 2005	921
Charge for the year	296
Disposals	(213)
At 31 December 2005	1,004
Net book value	
At 31 December 2005	114
At 31 December 2004	529

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2005	6,152,786
Additions	270,890
Disposals	(314,215)
At 31 December 2005	6,109,460
Provision for impairment	
At 1 January 2005	(480,872)
Increase in provision for diminution	(182,385)
Disposals	7,360
At 31 December 2005	(655,897)
Net book value	
At 31 December 2005	5,453,563
At 31 December 2004	5,671,914

On 18 July 2005, the company disposed of its investment in Moonless Limited at book value. The consideration received was an increase in the company's investment in Chubb (UK) Limited of £227,985,000. The company further increased its investment in Chubb (UK) by another £42,905,000 during the year.

Ganyard Limited and Bastion Limited were liquidated during the year resulting in no gain or loss to the company. Garford Lilley and London and Midland Industrials Limited were both liquidated resulting in profit on disposal of £2,000 in each case.

The company also disposed of its investment in Onity SL resulting in a profit of £7,000.

At 31 December 2005, except where indicated, the Company held 100% of the issued share capital of the following operating companies through intermediate holding companies. The country of both incorporation and principal operation is also shown below. As permitted by Section 231(5) of the Companies Act 1985, only principal operating companies have been shown below. A list of all subsidiaries is attached to the Company's annual return filed with the Registrar of Companies.

Chubb Electronic Security Ltd	UK	Chubb Security Systems NV	Belgium
Chubb Fire Ltd	UK	Chubb Singapore Pte Ltd (70%)	Singapore
Chubb Flame Control BV	Netherlands	Security Monitoring Centres Ltd	UK
Chubb Iberia SL	Spain	T G Products Ltd	UK
Chubb Ireland Ltd	Ireland	Chubb Nord-Alarm GmbH & Co KG	Germany
Chubb Lips Beveiliging BV	Netherlands	Chubb Security Personnel Ltd	UK
Chubb Lips SpA	Italy		

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	2,292,182	2,275,662
Other debtors	3,780	3,795
	2,295,962	2,279,457

Amounts owed by group undertakings of £1,401,264,000 (2004 £1,342,191,000) are unsecured, incur interest between 4.8% and 10.5% and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdrafts	1,479	350
Amounts owed to group undertakings	6,598,546	6,585,348
Other creditors	2,352	1,730
Other taxation and social security	172	193
	6,602,549	6,587,620

Amounts owed to group undertakings of £1,488,612,000 (2004 £1,375,242,000) are unsecured, incur interest between 4.9% and 5.7% and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

11 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Deferred taxation	-	-

The movement in the deferred tax (asset)/liability during the year was as follows

	2005 £'000	2004 £'000
At 1 January	-	325
Charged to profit and loss account	-	(325)
At 31 December	-	-

The company has an unprovided deferred tax asset in relation to accelerated capital allowances, tax losses and other short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the assets not recognised is £55,583,649 (2004 £44,860,000). The asset would be recovered if the group made sufficient future taxable profits.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

12 Provisions for liabilities and charges

	Property £'000
At 1 January 2005	11,142
Provided in the year	11
Utilised during the year	(2,752)
At 31 December 2005	8,401

Property

The provision covers onerous contract obligations for leasehold properties where vacated or where the sublet income is insufficient to meet all the obligations of the lease. The duration of these contracts ranges from one to twelve years.

13 Share capital

	2005 £'000	2004 £'000
Authorised		
1,112,477,598 ordinary shares of 28p each	311,494	311,494
Allotted, called up and fully paid		
828,903,073 ordinary shares of 28p each	232,092	232,092

14 Reserves

	Share premium £'000	Merger reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	18,959	767,603	325,096	9,696	1,121,354
Loss for the financial year	-	-	-	(213,167)	(213,167)
At 31 December 2005	18,959	767,603	325,096	(203,471)	908,187

As at 31 December 2005, the company had a merger reserve of £767,603 created on the acquisition of various companies for shares where the investments were recorded at fair value.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

15 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Loss for the financial year	(213,167)	(182,215)
Opening equity shareholders' funds	1,353,446	1,535,661
Closing equity shareholders' funds	1,140,279	1,353,446

16 Post retirement benefits

The company pensions cost charge for the year was £13,686,000 (2004 £55,874,000) which relates predominantly to the Chubb Pension Plan. At 31 December 2005 there was no accrual for contributions (2004 £nil) in relation to the scheme. During 2005, all costs relating to Chubb Security Pension Fund, another pension plan operated by the group, were allocated to one of the group companies, which resulted in the reduction in the pension charge in the Company's books compared to charge for the year 2004.

The majority of the company's employees are members of the Chubb Pension Plan, which is a defined benefit pension scheme and is funded by contributions partly from the employees and partly from the company at rates determined by an independent actuary. These contributions are invested separately from the company's assets and no pension scheme funds are invested in the company. As the company's employees only form part of the multi-employer scheme operated by the parent undertaking and it is not possible to identify the share of the underlying assets and liabilities in the scheme relating to individual subsidiaries on a consistent and reasonable basis, the company has accounted for its pension contributions as if they were made to a defined benefit scheme, in accordance with the provisions of FRS 17.

A full actuarial valuation of the Chubb Pension Plan as at 31 March 2003 was made by Mercer Human Resource Consulting, an independent firm of actuaries, using the projected unit method. This valuation was updated as at 31 December 2005. The financial assumptions adopted were that over the long term the rate of return on investments would be 4.74% pa, the increase in pensionable pay 4.80% pa, the increase in pensions in payment 2.80% pa, price inflation 2.80% and the discount rate 4.74%. On the basis of these assumptions the market value of the scheme's assets as at 31 December 2005 represented 79% of the value of the benefits to members at that date including allowance for future salary and pension increases. The market value of the scheme's assets on 31 December 2005 was £482.9m. The scheme was closed to new entrants in 2001. Future contributions will be made at the rate of 25-35% of pensionable salaries.

Contributions are also made to the personal defined contribution plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

17 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2005 £'000	Other 2005 £'000	Land and buildings 2004 £'000	Other 2004 £'000
Expiring within one year	-	-	-	6
Expiring between two and five years	132	-	387	-
Expiring after more than five years	1,895	-	1,895	-
	2,027		2,282	6

18 Contingent liabilities

The company is party to a group arrangement with its bankers whereby its in hand balance may be applied against the overdraft of Chubb Limited

19 Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America

The company's immediate parent undertaking is Chubb Limited. United Technologies Corporation is the smallest and largest group to consolidate these financial statements

Copies of the United Technologies group financial statements are publicly available and can be obtained from

United Technologies Corporation
One Financial Plaza
Hartford
Connecticut 06103
U S A