Chubb Group Limited

(Registered Number 00585729)

Annual report

for the year ended 31 December 2008

Chubb Group Limited

Annual report for the year ended 31 December 2008

Contents

Chubb Group Limited
Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

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.

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

At 31 December 2008 the Company had net current liabilities of £4,945,852,000 (2007: £4,916,820,000). The ultimate parent company, United Technologies Corporation, has provided confirmation that it intends to provide such financial support to the Company as is necessary to enable it to continue in operation and to meet its liabilities as they fall due for the foreseeable future and in any event for a period of at least 12 months from the date of signing of the financial statements.

Results and dividends

The loss for the financial year was £27,860,000 (2007: £9,108,000) which will be deducted from reserves. The directors do not recommend the payment of a dividend (2007:£nil).

Post balance sheet events

Since the balance sheet date, as part of an internal group reorganisation, the Company has acquired investments in a number of group companies. The total consideration paid was £6.3bn, which represented the market value of each subsidiary at the time of the transaction.

The more significant acquisitions are noted below. A number of smaller subsidiaries have also been purchased.

On 20th May 2009, Chubb (Netherlands) Limited was purchased for £55m, Moonless Limited was purchased for £1,194m, Chubb White Peak (UK) Limited was purchased for £736m and Chubb Group Properties Limited was purchased for £881m.

On 25th June 2009, White Peak Finance Ireland was purchased for £1,707m, Chubb Group Security Limited was purchased for £493m and Chubb Investments Limited was purchased for £1,228m.

On 23rd July 2009, Chubb Ireland Limited was purchased for £23m.

As part of the same group reorganisation exercise, on 25th June 2009 the Company increased its issued share capital by £78.9m.

Directors

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

Chubb Management Services Limited
Robert Sloss
Robert Sadler

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.

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

Interest rate cash flow risk
The Company has interest-bearing liabilities and interest-bearing assets that include intercompany balances. Rates of interest vary according to market conditions prevailing at the time.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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.

So far as the directors are aware at the time the report is approved:

(a) there is no relevant audit information of which the Company's auditors are unaware; and

(b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

22 **September 2009**

PRICEWATERHOUSECOOPERS

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 2008, 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London
23 September 2009

Chubb Group Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Administrative expenses		(7,432)	(5,138)
Operating loss	*2*	(7,432)	(5,138)
Profit on disposal of subsidiary undertakings		-	15,697
(Loss)/profit before interest and tax		(7,432)	10,559
Interest receivable and similar income	*4*	91,298	79,460
Interest payable and similar charges	*5*	(111,726)	(99,181)
Loss on ordinary activities before taxation		(27,860)	(9,162)
Tax credit on loss on ordinary activities	*6*	-	54
Loss on ordinary activities after taxation	*13, 14*	(27,860)	(9,108)

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 13 form part of the financial statements.

Chubb Group Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	7	3	10
Investments	8	6,059,694	6,059,191
		6,059,697	6,059,201
Current assets			
Debtors	9	1,249,504	1,880,493
Cash at bank and in hand		4,183	809
		1,253,687	1,881,302
Creditors: amounts falling due within one year	10	(6,199,539)	(6,798,122)
Net current liabilities		(4,945,852)	(4,916,820)
Total assets less current liabilities		1,113,845	1,142,381
Provision for liabilities and charges	11	(6,521)	(7,197)
Net assets		1,107,324	1,135,184
Capital and reserves			
Called up share capital	12	232,092	232,092
Share premium account	13	51,176	51,176
Merger reserve	13	767,603	767,603
Other reserves	13	325,096	325,096
Profit and loss account	13	(268,643)	(240,783)
Total shareholders' funds	14	1,107,324	1,135,184

The financial statements on pages 4 to 13 were approved by the board of directors on 22 September 2009 and were signed on its behalf by:

For and on behalf of Chubb Management Services Limited
Director

The notes on pages 6 to 13 form part of the financial statements.

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 publicly available consolidated financial statements of its parent, United Technologies Corporation, a company incorporated in the United States of America and whose group accounts are prepared in accordance with the 7^{th} directive.

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.

At 31 December 2008 the Company had net current liabilities of £4,945,852,000 (2007: £4,916,820,000). The ultimate parent company, United Technologies Corporation, has provided confirmation that it intends to provide such financial support to the Company as is necessary to enable it to continue in operation and to meet its liabilities as they fall due for the foreseeable future and in any event for a period of at least 12 months from the date of signing of the financial statements. Accordingly, the directors consider it is appropriate to prepare the financial statements on a going concern basis.

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 33⅓ %

Investments

Investments are held at cost less any provision for impairment in value. Impairment reviews are carried out by the directors on an annual basis, or when there is indication that impairment may have occurred.

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.

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 follows the provisions of FRS 17. 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.

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.

The Company recharges fellow group companies their proportion of the total annual pension contribution. In the current year this has resulted in recharges of £15.7m (2007: £16.7m) held within group debtors at the year end.

Some of the Company's employees are members of a defined contribution pension scheme. Contributions to this scheme are charged to the profit and loss in the period to which they relate.

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.

2 Operating loss

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

	2008 £'000	2007 £'000
Depreciation of tangible owned fixed assets	7	8
Auditors' Remuneration:		
Audit services	66	65

None of the directors received any emoluments for their services to this Company during the year (2007: £nil).

3 Employee information

	2008 £'000	2007 £'000
Wages and salaries	224	78
Social security costs	15	14
Pension costs (Note 15)		
- defined benefit	5,455	4,864
- defined contribution	6	10
	5,700	4,966

The average monthly number of employees (including directors) employed by the Company during the year was 7 (2007: 9), all of whom were employed in an administrative capacity.

4 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from group companies	91,265	79,063
Other interest receivable	33	2
Foreign exchange gains	-	395
	91,298	79,460

5 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable to group companies	107,565	99,179
Other interest payable	-	2
Foreign exchange losses	4,161	-
	111,726	99,181

6 Tax on loss on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
United Kingdom corporation tax at 28.5% (2007: 30%)	-	-
Adjustment in respect of prior years	-	(54)
Total current tax in year	-	(54)
		-
Deferred tax:	-	-
Total tax on loss on ordinary activities	-	(54)

Factors affecting the tax charge for the year

The current tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(27,860)	(9,162)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28.5% (2007:30%)	(7,940)	(2,749)
Effects of:		
Permanent differences	439	(4,679)
Capital allowances in excess of depreciation	(83)	(138)
Spreading of tax relief for pensions	-	(3,377)
Group relief surrendered for nil consideration	52,281	87,956
Sch 28 AA transfer pricing adjustments	(44,697)	(77,013)
Adjustment in respect of prior years	-	(54)
Total current tax credit	-	(54)

A deferred tax asset of £31,880,000 (2007: £21,182,000) has not been recognised in respect of advance capital allowances, tax losses and other timing differences on the basis that the company is not anticipated to make suitable taxable profits in the foreseeable future against which it can be utilised.

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

7 Tangible fixed assets

	Plant, equipment & vehicles £'000
Cost	
At 1 January 2008 and 31 December 2008	370
Accumulated depreciation	
At 1 January 2008	360
Charge for the financial year	7
At 31 December 2008	367
Net book value	
At 31 December 2008	3
At 31 December 2007	10

8 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 January 2008	6,715,088
Addition	503
At 31 December 2008	6,715,591
Provision for impairment	
At 1 January 2008 and at 31 December 2008	(655,897)
Net book value	
At 31 December 2008	6,059,694
At 31 December 2007	6,059,191

During the year the Company acquired 95% of the share capital of Onity SA, a company incorporated in Argentina, for £503,000.

At 31 December 2008, 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		

The directors believe that the book value of investments is supported by the underlying assets.

9 Debtors

	2007 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,243,604	1,875,569
Other debtors	5,900	4,924
	1,249,504	1,880,493

Amounts owed by group undertakings of £1,185,696,000 (2007: £1,403,556,000) are unsecured, incur interest between 2.7% and 5.41% (2007: between 6.6% and 7.2%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdrafts	1	8
Amounts owed to group undertakings	6,198,397	6,797,069
Other taxation and social security	52	47
Other creditors	1,089	998
	6,199,539	6,798,122

Amounts owed to group undertakings of £1,362,885,000 (2007: £1,564,449,000) are unsecured, incur interest at 5.4% (2007: 7.2%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

11 Provisions for liabilities and charges

	Property £'000
At 1 January 2008	7,197
Credited to the profit and loss account	(208)
Utilised during the year	(468)
At 31 December 2008	6,521

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 nine years.

12 Called up share capital

	2008 £'000	2007 £'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

13 Reserves

	Share premium £'000	Merger reserve £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	51,176	767,603	325,096	(240,783)	903,092
Loss for the financial year	-	-	-	(27,860)	(27,860)
At 31 December 2008	51,176	767,603	325,096	(268,643)	875,232

At 31 December 2008 the Company had a merger reserve of £767,603,000 which was created on the acquisition of various companies for shares, where the investments were recorded at fair value.

14 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Loss for the financial year	(27,860)	(9,108)
Opening shareholders' funds	1,135,184	1,144,292
Closing shareholders' funds	1,107,324	1,135,184

15 Post retirement benefits

The Company pensions cost charge for the year was £5,461,000 (2007: £4,874,000) which relates predominantly to the Chubb Pension Plan. At 31 December 2008 there was no accrual for contributions (2007: £nil) in relation to the scheme.

The majority of the Company's employees are members of the Chubb Pension Plan, a defined benefit pension scheme that is funded by contributions from both the employees and 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.

The Company's employees form only part of the multi-employer scheme operated by the group. Due to a number of changes to the group over the years through various restructuring exercises, acquisitions and disposals, the allocation of the share of the underlying assets and liabilities in the scheme relating to individual subsidiaries would be extremely complex and not possible to complete on a consistent and reasonable basis. As a result the company has accounted for the scheme as a defined contribution pension scheme in accordance with the provisions of FRS 17.

A full actuarial valuation of the Chubb Pension Plan as at 31 March 2006 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 2008 by Towers Perrin, another independent firm of actuaries. The financial assumptions adopted were that over the long term the rate of return on investments would be 7.25% pa; the increase in pensionable pay 4.5% pa; the increase in pensions in payment 2.75% pa; price inflation 2.75% and the discount rate 6.0%.

On the basis of these assumptions the market value of the scheme's assets as at 31 December 2008 represented 96% (2007: 103%) 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 2008 was £492.5m (2007: £538.4m). 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.

16 Contingent liabilities

Several UK group companies have entered into a composite accounting agreement whereby each company has provided a guarantee to the bank. This agreement permits the set-off of balances, on a group basis, for interest purposes. The maximum liability arising from this arrangement is the balance held in the company's own bank account. Positive cash balances held in the group exceeded the overdraft balances in 2008 and 2007.

17 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.

18 Post balance sheet events

Since the balance sheet date, as part of an internal group reorganisation, the Company has acquired investments in a number of group companies. The total consideration paid was £6.3bn, which represented the market value of each subsidiary at the time of the transaction.

The more significant acquisitions are noted below. A number of smaller subsidiaries have also been purchased.

On 20th May 2009, Chubb (Netherlands) Limited was purchased for £55m, Moonless Limited was purchased for £1,194m, Chubb White Peak (UK) Limited was purchased for £736m and Chubb Group Properties Limited was purchased for £881m.

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