

Chubb Group Limited

(Registered number 0585729)

**Directors' report and financial statements
for the year ended 31 December 2012**

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Chubb Group Limited

Directors' report and financial statements for the year ended 31 December 2012

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Chubb Group Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2012

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.

Results and dividends

The profit for the financial year was £481,088,000 (2011: £291,648,000 loss). The directors do not recommend the payment of a dividend (2011: £nil).

The company received dividends of £2,137,645,000 from Pilgrim House Group Limited, £1,000,000,000 from Chubb Group (International) Limited, £848,021,000 from Chubb Group Properties Limited, £932,000 from Guardforce Macau Limitada, £873,000 from Chubb Security Systems BVBA and £10,000 from Security Monitoring Centre BVBA. It also received £1,745,860,000 as an interim liquidation distribution from White Peak Finance Ireland.

During the year the directors considered the carrying value of investments and provided £2,116,166,000 against the cost of investment in Pilgrim House Group Limited, £646,767,000 against the costs of investment in Chubb Group (International) Limited, £849,171,000 against the cost of investment in Chubb Group Properties Limited, £1,676,672,000 against the cost of investment in White Peak Finance Ireland. Further provisions of £7,700,000 were made against other investments.

On 18th June 2012 a special resolution was passed to reduce the share capital from £232,092,862 to £116,046,431 by cancelling paid up capital to the extent of £0.14 per share upon all of the issued ordinary shares of £0.28 each. The share premium account of £130,117,972 was also cancelled on this date.

On 25th June 2012 the board of Chubb Limited passed a resolution to invest £1,000,000,000 in the share capital of the company. On 23rd July 2012 the company issued 20,000 ordinary shares to Chubb Limited for consideration of £1,000,000,000.

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

Key performance indicators

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not appropriate in helping understand the development, performance or position of the business.

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.

Chubb Group Limited

Directors' report (continued)

Financial risk management (continued)

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

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, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of information to auditors

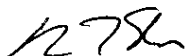
So far as the directors are aware at the time the report is approved

- (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 s418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



Robert Sloss
For and on behalf of
Chubb Management Services Limited
Director
28 June 2013

Chubb Group Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUBB GROUP LIMITED

We have audited the financial statements of Chubb Group Limited for the year 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.


Archie Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
Date 28 June 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Administrative expenses		(11,283)	(22,737)
Provision for impairment of investments	8	(5,316,476)	(243,863)
Operating loss	2	(5,327,759)	(266,600)
Loss on disposal of investments		(10)	-
Income from shares in group undertakings	8	5,733,341	2,949
Interest receivable and similar income	4	63,854	48,885
Interest payable and similar charges	5	(70,312)	(76,882)
Profit/(loss) on ordinary activities before taxation		399,114	(291,648)
Tax on profit/(loss) on ordinary activities	6	81,974	-
Profit/(loss) for the financial year	13	481,088	(291,648)

All results relate to continuing operations

The Company has no recognised gains or losses other than the profit/(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 profit/(loss) on ordinary activities before taxation and the profit/(loss) for the years stated above and their historical cost equivalents

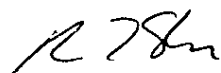
Chubb Group Limited

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	50	69
Investments	8	673,253	6,000,385
		673,303	6,000,454
Current assets			
Debtors	9	10,715,158	6,236,821
Cash at bank and in hand		4	4,180
		10,715,162	6,241,001
Creditors amounts falling due within one year	10	(8,723,274)	(11,055,610)
Net current assets/(liabilities)		1,991,888	(4,814,609)
Total assets less current liabilities		2,665,191	1,185,845
Provision for liabilities and charges	11	(1,541)	(3,283)
Net assets		2,663,650	1,182,562
Capital and reserves			
Called up share capital	12	116,049	232,092
Share premium account	13	999,997	130,117
Merger reserve	13	767,603	767,603
Capital contribution	13	325,096	325,096
Other reserves	13	246,163	-
Profit and loss account	13	208,742	(272,346)
Total shareholders' funds	14	2,663,650	1,182,562

The notes on pages 6 to 15 form part of these financial statements

The financial statements on pages 4 to 15 were approved by the board of directors on 28 June 2013 and were signed on its behalf by



Robert Sloss
For and on behalf of
Chubb Management Services Ltd
Director

Chubb Group Limited
Registered no 0585729

**Notes to the financial statements
for the year ended 31 December 2012**

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, applied consistently throughout the year, are set out below.

Basis of accounting

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 401 of the Companies Act 2006 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 consolidated financial statements are drawn up in accordance with the 7th 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.

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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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.

Foreign exchange

Monetary assets and liabilities denominated in overseas 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.

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

1 Principal accounting policies (continued)

Taxation

Current tax is provided as the amounts expected to be paid applying tax rates that have been enacted or substantially enacted at the balance sheet date

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 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 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 £14,981,000 (2011 £12,164,000) which is 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.

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Operating loss

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

	2012 £'000	2011 £'000
Auditors' Remuneration		
Audit services	56	65
Depreciation	19	26

None of the directors received any emoluments for their services to this Company during the year (2011 £nil)

3 Employee information

	2012 £'000	2011 £'000
Wages and salaries	221	176
Social security costs	26	24
Other pension costs (Note 15)		
- defined benefit	10,437	23,550
- defined contribution	5	9
	10,689	23,759

The average monthly number of employees (including directors) employed by the Company during the year was 4 (2011 4), all of whom were employed in an administrative capacity

4 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from group companies	63,385	48,147
Other interest receivable	-	725
Foreign exchange gains	469	13
	63,854	48,885

5 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to group companies	70,303	76,012
Foreign exchange losses	9	870
	70,312	76,882

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tax on profit/(loss) on ordinary activities

	2012 £'000	2011 £'000
Current tax		
United Kingdom corporation tax at 24.5% (2011 26.5%)	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	(1,719)	-
Adjustments in respect of prior periods	(7)	-
Impact of rate change	7,110	-
Change in recognition of deferred tax assets	(87,358)	-
Total deferred tax credit	(81,974)	-
Total tax on profit/(loss) on ordinary activities	(81,974)	-

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before tax	399,114	(291,648)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	97,783	(77,267)
Effects of:		
Capital allowances in excess of depreciation	(34)	(49)
Impairment of investments not subject to tax	1,302,537	-
Movement in short term timing differences	(1,178)	2,032
Group relief surrendered for nil consideration	1,893	19,891
Sch 28 AA transfer pricing adjustments	3,660	(8,310)
Expenses not deductible for tax purposes	8	64,614
Non-taxable income	(1,404,669)	(911)
Total current tax	-	-

The movement in the deferred tax asset during the year was:

	2012 £'000	2011 £'000
At 1 January	-	-
Credited to profit and loss account	1,719	-
Prior period adjustment – profit and loss account	7	-
Change in recognition of deferred tax assets	87,358	-
Impact of rate change – profit and loss account	(7,110)	-
At 31 December	81,974	-

**Notes to the financial statements
for the year ended 31 December 2012 (continued)****6 Tax on profit/(loss) on ordinary activities (continued)**

The amount of deferred tax provided in the financial statements is

	2012 £'000	2011 £'000
Decelerated capital allowances	140	-
Other timing differences	1,447	-
Losses and surplus ACT	80,387	-
Total	81,973	-

A deferred tax asset of £1,506,000 (2011 £1,637,000) has not been recognised in respect of capital losses as the company is not expected to make suitable taxable gains in the foreseeable future against which they could be utilised

In 2011 deferred tax assets of £35,718,000 regarding surplus ACT and £51,515,000 in respect of advance capital allowances, tax losses and other timing differences were not recognised on the basis that, at the balance sheet date, the company was not anticipated to make suitable taxable profits in the foreseeable future against which they could be utilised

The Directors consider at the date of signing it is more likely than not that the company will be profitable in the future. Therefore, a deferred tax asset of £81,974,000 has been recognised

Factors that may affect future tax charges

The Corporate tax rate was reduced to 24.0% with the effect from 1 April 2012 and to 23.0% from 1 April 2013. Further reductions in the tax rate have been announced but were not enacted by the Balance Sheet date. The current tax rate used in the financial statements for the year ended 31 December 2012 is therefore 24.5% (2011 26.5%) and the rate used for closing deferred tax balances is 23.0% (2011 25.0%).

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tangible fixed assets

	Plant, equipment & vehicles £'000
Cost	
At 1 January and 31 December 2012	457
Accumulated depreciation	
At 1 January 2012	388
Charge for year	19
At 31 December 2012	407
Net book value	
At 31 December 2012	50
At 31 December 2011	69

8 Fixed asset investments

	Shares in group Undertakings £'000
Cost	
At 1 January 2012	6,554,040
Additions	1,528
Disposals	(12,226)
At 31 December 2012	6,543,342
Provision for impairment	
At 1 January 2012	553,655
Provision made in year	5,316,476
Disposals	(42)
At 31 December 2012	5,870,089
Net book value	
At 31 December 2012	673,253
At 31 December 2011	6,000,385

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

8 Fixed asset investments (continued)

The company holds investments in several undertakings, which, in the opinion of the directors, do not require disclosure as permitted by s 409 of the Companies Act 2006. A full list of subsidiaries will be annexed to the next annual return to be filed with the Registrar of Companies.

Chubb Fire & Security Ltd	UK	Chubb Security Systems NV	Belgium
Chubb Fire Ltd	UK	Chubb Singapore Private Ltd (70%)	Singapore
Chubb Flame Control BV	Netherlands	Security Monitoring Centres Ltd	UK
Chubb Parsi SL	Spain	T G Products Ltd	UK
Chubb Ireland Ltd	Ireland	Chubb Nord-Alarm GmbH & Co KG	Germany

The company received dividends of £2,137,645,000 from Pilgrim House Group Limited, £1,000,000,000 from Chubb Group (International) Limited, £848,021,000 from Chubb Group Properties Limited, £932,000 from Guardforce Macau Limitada, £873,000 from Chubb Security Systems BVBA and £10,000 from Security Monitoring Centre BVBA.

It also received £1,745,860,000 as an interim liquidation distribution from White Peak Finance Ireland.

During the year the directors considered the carrying value of investments and provided £2,116,166,000 against the cost of investment in Pilgrim House Group Limited, £646,767,000 against the costs of investment in Chubb Group (International) Limited, £849,171,000 against the cost of investment in Chubb Group Properties Limited, £1,676,672,000 against the cost of investment in White Peak Finance Ireland. Further provisions of £7,700,000 were made against other investments.

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

9 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	10,628,458	6,231,518
Deferred taxation	81,974	-
Other debtors	4,726	5,303
	10,715,158	6,236,821

Amounts owed by group undertakings of £8,379,278,000 (2011: £5,445,030,000) are unsecured, incur interest at between 0.74% and 0.94% (2011: between 1.01% and 1.5%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

There are no restricted funds included in other debtors (2011: £nil).

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to group undertakings	8,722,735	11,055,010
Other taxation and social security	-	-
Other creditors	539	600
	8,723,274	11,055,610

Amounts owed to group undertakings of £6,909,024,000 (2011 £8,576,115,000) are unsecured, incur interest 0.74% (2011 1.01%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

11 Provisions for liabilities

	Onerous Lease Provision £'000
At 1 January 2012	3,283
Utilised during the year	(1,742)
At 31 December 2012	1,541

Property

The provision covers onerous contract obligations for a leasehold property where vacated or where the sublet income is insufficient to meet all the obligations of the lease. The duration of this contract is a further five years.

12 Called up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
828,923,079 (2011 828,903,079) ordinary shares of 14p (2011 28p) each	116,049	232,092

On 18th June 2012 a special resolution was passed to reduce the share capital from £232,092,862 to £116,046,431 by cancelling paid up capital to the extent of £0.14 per share upon all of the issued ordinary shares of £0.28 each. The share premium account of £130,117,972 was also cancelled on this date.

On 25th June 2012 the board of Chubb Limited passed a resolution to invest £1,000,000,000 in the share capital of the company. On 23rd July 2012 the company issued 20,000 ordinary shares to Chubb Limited for consideration of £1,000,000,000.

Chubb Group Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Reserves

	Other Reserve	Share premium £'000	Merger reserve £'000	Capital contribution reserve £'000	Profit and loss account £'000	Share Capital £'000
At 1 January 2012	-	130,117	767,603	325,096	(272,346)	232,092
Profit for the financial year		-	-	-	481,088	-
Capital reduction	246,163	(130,117)	-	-	-	(116,046)
Issue of share capital		999,997	-	-	-	3
At 31 December 2012	246,163	999,997	767,603	325,096	208,742	116,049

At 31 December 2012 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

	2012 £'000	2011 £'000
Profit/(loss) for the financial year	481,088	(291,648)
Issue of shares	1,000,000	-
Net movement in shareholders' funds	1,401,088	(291,648)
Opening shareholders' funds	1,182,562	1,474,210
Closing shareholders' funds	2,663,650	1,182,562

15 Post retirement benefits

The Company pensions cost charge for the year was £10,445,000 (2011 £23,555,000) which relates predominantly to the Chubb Pension Plan. At 31 December 2012 there was no accrual for contributions (2011 £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 2009 was made by Barnett Waddingham LLP, an independent firm of actuaries, using the projected unit method. This valuation was updated as at 31 December 2012 by Towers Watson, another independent firm of actuaries. The financial assumptions adopted were that over the long term the rate of return on investments would be 6.40% (2011 6.60% pa), the increase in pensionable pay 2.75% (2011 3.50% pa), the increase in pensions in payment 2.65% (2011 2.65% pa), price inflation 2.75% (2011 2.75%) and the discount rate 4.5% (2011 5.10%).

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

15 Post retirement benefits (continued)

On the basis of these assumptions the market value of the scheme's assets as at 31 December 2012 represented 123.3% (2011: 121.7%) 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 2012 was £649,000,000 (2011: £598,200,000). The scheme was closed to new entrants in 2001. Future contributions will be made at the rate of 25-35% of pensionable salaries.

The Company also operated a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The defined contribution plan is funded by payments from employees and the company.

The Company's contributions to the defined contribution pension plan were charged to the profit and loss account in the year to which they relate.

The pension cost charge in relation to the defined contribution scheme for the year was £9,000 (2011: £9,000). At 31 December 2012 there was no accrual for contributions (2011: £nil) in relation to the scheme.

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 2012 and 2011.

17 Ultimate parent undertaking

The Company's immediate parent undertaking is Chubb Limited.

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

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