

Chubb Group Limited

(Registered number 00585729)

Directors' report and financial statements

for the year ended 31 December 2010



Chubb Group Limited

Directors' report and financial statements for the year ended 31 December 2010

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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 2010

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.

During the year the Company disposed of investments in a number of group companies. The total profit on disposal was £202.3m.

Results and dividends

The profit for the financial year was £293.5m (2009 a loss of £5.5m). The directors do not recommend the payment of a dividend (2009 £nil).

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.

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.

Chubb Group Limited

Directors' report (continued)

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 elected to prepare 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.

On behalf of the board



Robert Sloss
For and on behalf of
Chubb Management Services Ltd
Director
27 May 2011

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 2010 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.

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 2010 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.

Alison Cashmore (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
West London
27 May 2011

Chubb Group Limited

Profit and loss account for the year ended 31 December 2010

| | <i>Note</i> | 2010 £'000 | 2009 £'000 |
|---|-------------|-----------------|------------------|
| Administrative expenses | | (11,186) | 23,375 |
| Provision for diminution of investments | | (49,875) | (129,971) |
| Operating loss | 2 | (61,061) | (106,596) |
| Income from shares in group undertakings | | 179,291 | 134,957 |
| Profit on disposal of subsidiary undertakings | | 202,381 | 606 |
| Interest receivable and similar income | 4 | 42,261 | 33,324 |
| Interest payable and similar charges | 5 | (69,385) | (67,833) |
| Profit / (loss) on ordinary activities before taxation | | 293,487 | (5,542) |
| Tax on profit/(loss) on ordinary activities | 6 | - | - |
| Profit / (loss) for the financial year | 13 | 293,487 | (5,542) |

All results relate to continuing operations

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

Chubb Group Limited

Balance sheet as at 31 December 2010

| | <i>Note</i> | 2010 £'000 | 2009 £'000 |
|--|-------------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 7 | 82 | - |
| Investments | 8 | 6,244,248 | 10,598,360 |
| | | 6,244,330 | 10,598,360 |
| Current assets | | | |
| Debtors | 9 | 5,595,265 | 4,636,593 |
| Cash at bank and in hand | | 4,232 | 4,245 |
| | | 5,599,497 | 4,640,838 |
| Creditors amounts falling due within one year | 10 | (10,365,250) | (14,053,629) |
| Net current liabilities | | (4,765,753) | (9,412,791) |
| Total assets less current liabilities | | 1,478,577 | 1,185,569 |
| Provision for liabilities and charges | 11 | (4,367) | (4,846) |
| Net assets | | 1,474,210 | 1,180,723 |
| Capital and reserves | | | |
| Called up share capital | 12 | 232,092 | 232,092 |
| Share premium account | 13 | 130,117 | 130,117 |
| Merger reserve | 13 | 767,603 | 767,603 |
| Other reserves | 13 | 325,096 | 325,096 |
| Profit and loss account | 13 | 19,302 | (274,185) |
| Total shareholders' funds | 14 | 1,474,210 | 1,180,723 |

The financial statements on pages 4 to 14 were approved by the board of directors on 27 May 2011 and were signed on its behalf by



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

Chubb Group Limited
Registered no 585729

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

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010

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. The principal accounting policies are 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 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 accounts 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 % |
|-------------------------------|--------------|

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.

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

1 Principal accounting policies (continued)

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.

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 £6.5m (2009: £17.2m) 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 2010 (continued)

2 Operating loss

The loss on ordinary activities before taxation is stated after charging

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Depreciation of tangible owned fixed assets | - | 1 |
| Auditors' Remuneration | | |
| Audit services | 48 | 77 |

None of the directors received any emoluments for their services to this Company during the year (2009 £nil)

3 Employee information

| | 2010 £'000 | 2009 £'000 |
|-------------------------|---------------|---------------|
| Wages and salaries | 222 | 355 |
| Social security costs | 27 | 52 |
| Pension costs (Note 15) | | |
| - defined benefit | 9,973 | 12,717 |
| - defined contribution | 20 | 4 |
| | 10,242 | 13,128 |

The average monthly number of employees (including directors) employed by the Company during the year was 4 (2009 6), all of whom were employed in an administrative capacity

4 Interest receivable and similar income

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Interest receivable from group companies | 37,088 | 27,324 |
| Other interest receivable | 1 | 2 |
| Foreign exchange gains | 5,172 | 5,998 |
| | 42,261 | 33,324 |

5 Interest payable and similar charges

| | 2010 £'000 | 2009 £'000 |
|-------------------------------------|---------------|---------------|
| Interest payable to group companies | 69,384 | 67,833 |
| Foreign exchange losses | 1 | - |
| | 69,385 | 67,833 |

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

6 Tax on profit / (loss) on ordinary activities

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Current tax | | |
| United Kingdom corporation tax at 28% (2009 28%) | - | - |
| Total tax on profit / (loss) on ordinary activities | - | - |

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Profit / (loss) on ordinary activities before tax | 293,487 | (5,542) |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 28 % (2009 28%) | 82,176 | (1,552) |
| Effects of | | |
| Capital allowances in excess of depreciation | (64) | (82) |
| Spreading of tax relief for pensions | (471) | 1,412 |
| Group relief surrendered for nil consideration | 24,612 | 27,240 |
| Sch 28 AA transfer pricing adjustments | (13,350) | (25,451) |
| Expenses not deductible for tax purposes | 13,965 | 36,391 |
| Non-taxable income | (106,868) | (37,958) |
| Total current tax | - | - |

A deferred tax asset of £55,903,000 (2009: £37,459,000) 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

A deferred tax asset of £1,768,000 (2009 £1,833,000) has also not been recognised in respect of capital losses or of £40,000,000 (2009 £11,200,000) regarding surplus ACT

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2010 and March 2011 Budget Statements. The Finance (No 2) Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26%, instead of 27%, from 1 April 2011.

Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and these changes are expected to be enacted separately each year.

None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, the changes are not included in these financial statements. The overall effect of the changes is expected to be immaterial.

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

7 Tangible fixed assets

| | Plant, equipment & vehicles £'000 |
|---------------------------------|--|
| Cost | |
| At 1 January 2010 | 362 |
| Additions | 82 |
| At 31 December 2010 | 444 |
| Accumulated depreciation | |
| At 1 January 2010 | 362 |
| Disposals | - |
| Charge for the financial year | - |
| At 31 December 2010 | 362 |
| Net book value | |
| At 31 December 2010 | 82 |
| At 31 December 2009 | - |

8 Fixed asset investments

| | Shares in group undertakings £'000 |
|---------------------------------|---|
| Cost | |
| At 1 January 2010 | 11,384,228 |
| Disposals | (4,830,188) |
| At 31 December 2010 | 6,554,040 |
| Provision for impairment | |
| At 1 January 2010 | (785,868) |
| Provided during the year | (49,875) |
| Disposals | 525,951 |
| At 31 December 2010 | (309,792) |
| Net book value | |
| At 31 December 2010 | 6,244,248 |
| At 31 December 2009 | 10,598,360 |

During the year the Company received a dividend of £165,000,000 from Pilgrim House group limited

Chubb (UK) Limited was placed into members' voluntary liquidation on 13th October 2009. On 17 September 2010 a final liquidation distribution of £1,434,100,000 was made to Chubb Group Limited. Profit on disposal was £202,381,000.

Chubb White Peak UK Limited was placed into members' voluntary liquidation on 28 September 2009. On 29 July 2010 a final liquidation distribution of £646,636,000 was made to Chubb Group Limited. Profit on disposal was £nil.

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

8 Fixed asset investments (continued)

Chubb (Netherlands) Limited was placed into members' voluntary liquidation on 28 September 2009. On 29 July 2010 a final liquidation distribution of £36,201,000 was made to Chubb Group Limited. Profit on disposal was £nil.

Moonless Limited was placed into members' voluntary liquidation on 13 September 2010. On 22 November 2010 an interim liquidation distribution of £1,195,162,000 was made to Chubb Group Limited. A subsequent provision for £1,182,138,000 was made.

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 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 Security Personnel Ltd | UK | | |

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

9 Debtors

| | 2010 £'000 | 2009 £'000 |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Amounts owed by group undertakings | 5,575,002 | 4,630,549 |
| Other debtors | 20,263 | 6,044 |
| | 5,595,265 | 4,636,593 |

Amounts owed by group undertakings of £5,397,158,000 (2009 £4,465,980,000) are unsecured, incur interest between 0.83% and 1.28% (2009 between 0.77% and 1.08%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

Included in other debtors is a restricted fund of £15,000,000 (2009 £nil).

10 Creditors: amounts falling due within one year

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|-------------------|-------------------|
| Bank overdrafts | - | - |
| Amounts owed to group undertakings | 10,364,587 | 14,052,589 |
| Other taxation and social security | 77 | 76 |
| Other creditors | 586 | 964 |
| | 10,365,250 | 14,053,629 |

Amounts owed to group undertakings of £8,500,104,000 (2009 £8,595,718,000) are unsecured, incur interest 0.83% (2009 0.77%) and are repayable on demand. The remaining balance is unsecured, interest free and repayable on demand.

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

11 Provisions for liabilities and charges

| | Onerous Lease Provision £'000 |
|---|--|
| At 1 January 2010 | 4,846 |
| Credited to the profit and loss account | (62) |
| Charged to the profit and loss account | 566 |
| Utilised during the year | (983) |
| At 31 December 2010 | 4,367 |

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 three to seven years.

12 Called up share capital

| | 2010 £'000 | 2009 £'000 |
|---|-----------------------|-----------------------|
| Allotted, called up and fully paid | | |
| 828,903,079 ordinary shares of 28p each | 232,092 | 232,092 |

During the year no new shares were issued (2009: 1 new ordinary share was issued for £78,940,980).

13 Reserves

| | Share premium £'000 | Merger reserve £'000 | Capital contribution reserve £'000 | Profit and loss account £'000 | Total £'000 |
|--|------------------------------------|-------------------------------------|---|--|------------------------|
| At 1 January 2010 | 130,117 | 767,603 | 325,096 | (274,185) | 948,631 |
| Profit / (loss) for the financial year | - | - | - | 293,487 | 293,487 |
| At 31 December 2010 | 130,117 | 767,603 | 325,096 | 19,302 | 1,242,118 |

At 31 December 2010 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.

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

14 Reconciliation of movements in shareholders' funds

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Profit / (loss) for the financial year | 293,487 | (5,542) |
| Premium on shares issued in the year | - | 78,941 |
| Net movement in shareholder's funds | - | 95,697 |
| Opening shareholders' funds | 1,180,723 | 1,107,324 |
| Closing shareholders' funds | 1,474,210 | 1,180,723 |

15 Post retirement benefits

The Company pensions cost charge for the year was £9,973,000 (2009 £12,721,000) which relates predominantly to the Chubb Pension Plan. At 31 December 2010 there was no accrual for contributions (2009 £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 2010 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 6.90% pa (2009 7.00% pa), the increase in pensionable pay 4.5% pa (2009 4.5% pa), the increase in pensions in payment 3.15% pa (2009 3.25% pa), price inflation 2.75% (2009 3.25%) and the discount rate 5.70% (2009 5.90%).

On the basis of these assumptions the market value of the scheme's assets as at 31 December 2010 represented 128% (2009 116%) 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 2010 was £614.9m (2009 £538.7m). 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.

Last year the Government announced that the reference index for statutory indexation for UK occupational pension schemes would change from the Retail Price Index (RPI) to Consumer Price Index (CPI).

Chubb Group Limited
Notes to the financial statements
for the year ended 31 December 2010 (continued)

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 2010 and 2009.

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