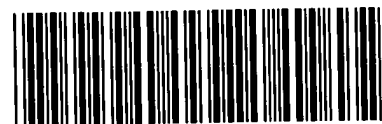


Chubb Group Limited
Annual Report
for the year ended 31 December 2021

Registered in England, number: 00585729

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Chubb Group Limited

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Chubb Group Limited

Strategic Report

The directors present their Strategic Report for the company for the year ended 31 December 2021.

Review of business and future activities

The directors are satisfied with the results for the year. The directors expect the company to continue as a holding company for the foreseeable future.

On 6 July 2021, the company purchased investments in Chubb China Holdings Limited for £659,346,000, Chubb Fire Limited for £369,245,000 and Chubb Fire & Security Canada Inc. for £190,311,000.

On 6 July 2021, the directors also approved the purchase of Chubb Group Security Limited for £415,400,000. This transaction was completed on 28 October 2021.

On 15 September 2021, the company acquired investments in Chubb New Zealand for £19,631,000, Chubb Iberia S.L. for £16,444,000 and Chubb Sicli SA for £49,842,000.

These three investments were acquired as a result of contributions from its parent company, Chubb Limited.

Chubb Group Limited issued one ordinary 14p share at a premium for each of these transactions.

On 3 September 2021, the company disposed of its investment in Onity SA and Onity Ltda for no proceeds, resulting in no gain or loss.

On 24 September 2021, the company disposed of its investment in Onity Co. Ltd resulting in a profit of £4,187,000.

On 16 September 2021, the company purchased the entire issued share capital of Chubb Osterreich GmbH for £9,514,000.

On 22 September 2021, the company purchased the entire share capital of Chubb Systems Private Limited for £4,230,000.

On 25 October 2021, the company purchased the entire share capital of Chubb Australia Pty. Limited for £310,625,000.

On 11 November 2021, the company entered into a purchase price adjustment for Chubb Fire & Security Inc., resulting in additional consideration of £88,243,000. Chubb Fire & Security Canada Inc. then declared a dividend of £30,296,000. The company then distributed the entire share capital of Chubb Fire & Security Limited to Chubb Limited for its market value of £253,733,000.

On 22 November 2021, the company issued one ordinary 14p share for total value of £622,369,000 in exchange for the entire issued share capital of Chubb International Holdings Limited.

Also on 22 November 2021, the company declared a distribution of its interest in Chubb New Zealand Limited for £19,631,000.

Chubb Group Limited

Strategic Report

Russia-Ukraine conflict

The military conflict between Russia and Ukraine has had political, social and economic impacts that have affected our wider group business, and which may have future business impacts that are difficult to predict and/or quantify. The most immediate impact has been on energy supply and pricing, increasing our direct costs. In addition, the conflict is and may in the future exacerbate general global inflationary pressures as the longer term interruption in production of goods in Ukraine emerges. The conflict is also reducing international political stability, which in turn may adversely impact markets in a variety of ways. For example, sanctions and other penalties imposed by countries across the globe against Russia are creating substantial uncertainty in the global economy.

While we do not have operations in Russia or Ukraine and believe that we do not have a material direct exposure to customers, suppliers and vendors in those countries, we are unable to predict the impact that these actions will have on the global economy or on our financial condition, results of operations, and cash flows. Should the conflict escalate beyond its current scope, including, among other potential impacts, the geographic proximity of the conflict relative to the rest of Europe, where a material portion of our business is carried out, further impacts on our business could emerge. The precise impacts on our business are difficult to predict but could include increased direct costs of materials and labour; increased credit or other capital costs; and impacts on demand for our services, which could include increased demand for our services related to energy production outside of the conflict area but that could also include a reduction in demand in other geographies or markets.

Key performance indicators (KPIs)

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.

Principal risks and uncertainties

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.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

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.

Foreign exchange risks

The majority of the company's transactions are denominated in sterling and the directors do not believe that there is a significant foreign exchange risk.

Chubb Group Limited

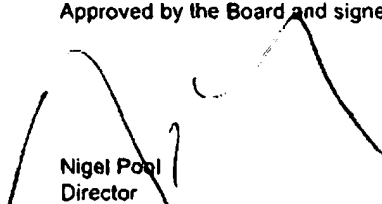
Strategic Report

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



Nigel Pool
Director
16 December 2022

Oak House
Lillleton Road
Ashford
Middlesex
TW15 1TZ

Chubb Group Limited

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2021.

Principal activities

The company is an intermediate parent company. The subsidiary companies' operate worldwide in the field of security services provision. The company is also the principal sponsoring employer for the Chubb Pension Plan.

Results and dividends

The profit for the financial year is set out in the income statement on page 10.

A dividend of £357,018,000 was declared and paid during the year ended 31 December 2021 (2020: £nil).

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due, within 12 months of the date of approval of these financial statements.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Neil Gregor Macgregor (resigned 3 January 2022)
Robert Sloss
Chubb Management Services Limited (resigned 16 May 2022)
Emma Leigh (resigned 16 May 2022)
Paul Grunau (appointed 3 January 2022)
Nigel Pool (appointed 16 May 2022)

Chubb Group Limited

Directors' Report

Directors' Indemnity

The directors have the benefit of an indemnity provided on a group wide basis which is a qualifying third party indemnity provision. An indemnity was in force throughout the last financial year via Carrier Global Corporation. Since the change in ultimate parent undertaking on 3 January 2022 and through to the date of approval of the financial statements the indemnity is provided via APi Group Corporation.

Future developments

These are included in the strategic report.

Financial risk management

These are included in the strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Chubb Group Limited

Directors' Report

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:



Nigel Pool
Director
16 December 2022

Oak House
Littleton Road
Ashford
Middlesex
TW15 1TZ



Independent auditors' report to the members of Chubb Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chubb Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2021; the Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Chubb Group Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates such as impairment assessment of investments, recoverability of intercompany receivables and pension scheme assumptions. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Independent auditors' report to the members of Chubb Group Limited (continued)

- Reviewing minutes of meetings of the board of directors;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenging assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias), in particular in relation to impairment assessment of investments, recoverability of intercompany receivables and pension scheme assumptions; and
- Assessed transactions for the risk of inappropriate journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

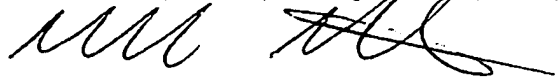
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
16 December 2022

Chubb Group Limited

Income statement

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Administrative expenses		(3,619)	(1,557)
Provision for impairment of investments	11	(506,806)	(5,671)
Operating loss		(510,425)	(7,228)
 Profit on disposal of investments		4,182	—
Income from shares in group undertakings	3	557,126	9,586
Profit before finance charges		50,883	2,358
 Finance income	4	12,552	40,172
Finance costs	5	(13,280)	(35,001)
Profit before taxation	6	50,155	7,529
 Tax on profit	10	(6,160)	(2,798)
 Profit for the financial year		43,995	4,731

All results are derived from continuing operations.

Chubb Group Limited

Statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		43,995	4,731
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on pension scheme	16	8,600	11,300
Income tax relating to items not reclassified:			
- movement on deferred tax relating to pension asset	10	(10,982)	(4,865)
Other comprehensive income for the year net of tax		(2,382)	6,435
Total comprehensive income for the year		41,613	11,166

Chubb Group Limited

Balance Sheet

As at 31 December 2021

Registered number: 00585729

	<i>Note</i>	2021 £'000	2020 £'000
Fixed assets			
Investments	11	2,041,040	66,691
		2,041,040	66,691
Current assets			
Debtors: Amounts falling due within one year	12	1,397,751	10,468,885
Cash at bank and in hand		5,853	—
		1,403,604	10,468,885
Creditors: Amounts falling due within one year	13	(303,348)	(7,783,349)
Net current assets		1,100,256	2,685,536
Total assets less current liabilities		3,141,296	2,752,227
Provisions for liabilities	14	(19,594)	(4,302)
Net assets excluding pension asset		3,121,702	2,747,925
Pension asset	16	241,500	222,400
Net assets		3,363,202	2,970,325
Equity			
Called up share capital	15	116,049	116,049
Share premium account		1,708,283	999,997
Merger reserve		767,603	767,603
Capital contribution		325,096	325,096
Other reserves		248,163	246,163
Retained earnings		200,008	515,417
Total shareholders' funds		3,363,202	2,970,325

The notes on pages 14 to 39 form part of these financial statements.

The financial statements on pages 10 to 39 were approved by the board of directors on 16 December 2022 and were signed on its behalf by:


Nigel Roal
Director

Chubb Group Limited

Statement of changes in equity

For the year ended 31 December 2021

	Called up share capital £'000	Share Premium £'000	Merger Reserve £'000	Capital contribution £'000	Other reserves £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2020	116,049	999,997	767,603	325,096	246,163	504,251	2,959,159
Profit for the financial year	—	—	—	—	—	4,731	4,731
Other comprehensive income for the year:							
- Actuarial gain on pension scheme	—	—	—	—	—	11,300	11,300
- Deferred tax movement on actuarial loss	—	—	—	—	—	(4,865)	(4,865)
Total comprehensive income for the year	—	—	—	—	—	11,166	11,166
Balance at 31 December 2020	116,049	999,997	767,603	325,096	246,163	515,417	2,970,325
Profit for the financial year	—	—	—	—	—	43,995	43,995
Other comprehensive income for the year:							
- Actuarial gain on pension scheme	—	—	—	—	—	8,600	8,600
- Deferred tax movement on actuarial gain	—	—	—	—	—	(10,982)	(10,982)
Total comprehensive income for the year	—	—	—	—	—	41,613	41,613
Dividends	—	—	—	—	—	(357,018)	(357,018)
Premium on shares issued during the year	—	708,286	—	—	—	—	708,286
Total transactions with owners recognised directly in equity	—	708,286	—	—	—	(357,018)	351,268
Balance at 31 December 2021	116,049	1,708,283	767,603	325,096	246,163	200,008	3,363,202

Other reserves are considered distributable and were created as the result of a capital reduction in 2012.

The merger reserve was the result of 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 2021

1. Accounting Policies

Chubb Group Limited ('the company') is a holding company for loans and investments in entities within the Carrier Global Corporation group.

The company is a private limited company, limited by shares, and is incorporated and domiciled in United Kingdom. The address of its registered office is Oak House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and all the years presented, unless otherwise stated.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The financial statements have been prepared on a going concern basis, and also on the historical cost basis, as explained in the accounting policies below.

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 at the balance sheet date in the consolidated financial statements of its ultimate parent, Carrier Global Corporation, a company incorporated in the United States of America.

As permitted by FRS 101, the company has taken advantage of some of the disclosure exemptions available under that standard. The key exemptions taken are as follows:

IFRS 7 – financial instrument disclosures

IFRS 13 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities

IAS 1 – Information on management of capital

IAS 7 – statement of cash flows

IAS 8 – disclosures in respect of new standards and interpretations that have been issued but are not yet effective

IAS 24 – disclosure of key management compensation and for related party disclosures entered into between two or more members of a group

Where required, equivalent disclosures are given in the group financial statements of Carrier Global Corporation. The group financial statements of Carrier Global Corporation are available to the public and can be obtained as set out in note 18.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRS 1C interpretations that are effective for the year ended 31 December 2021 have had a material impact on the company.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Company will continue to be able to meet its liabilities as they fall due, within 12 months of the date of approval of these financial statements.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the company; liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

Having assessed the company's risk, existing financing and performance, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to apply the going concern basis of accounting when preparing the annual financial statements.

Investments

Except as stated below, fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Impairment reviews are carried out by the directors on an annual basis, or when there is indication that impairment may have occurred.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Dividend and interest income (continued)

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of interest can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past-service cost and gains and losses on curtailments and settlements;
- net-interest expense or income; and
- remeasurement.

The company presents the first two components of defined benefit costs within administrative expenses (see note 8) in its income statement. Curtailments gains and losses are accounted for as past-service cost. Net-interest income is recognised within finance income (see note 4).

Under the rules of the Chubb Pension Plan, the right of the company to recognize a pension surplus is not explicit. The directors have obtained a legal opinion and have concluded that the company could reasonably argue an unconditional right to a return of surplus under circumstances considered in paragraph 11(b) of IFRIC 14.

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in the profit or loss within finance costs.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: at fair value through profit or loss (FVTPL); and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset carrying amount and the present value of estimated future cash flows, discounted at the financial asset original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting Policies (continued)

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying the company's accounting policies

The directors do not believe there are any critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of intercompany receivable

The company assesses on a forward-looking basis the expected credit loss associated with its intercompany receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' recoverable values. The recoverable value has been based on fair value less cost to sell, calculated with reference to the consideration paid by APi Group Corporation on the purchase of the group from Carrier Global Corporation.

The carrying amount of investments in subsidiaries at the balance sheet date was £2,041,040,000 (2020: £66,691,000) with an impairment loss of £506,806,000 recognised in 2021 (2020: £5,671,000).

Multi-employer defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligations depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension surplus in the balance sheet. The assumptions reflect historical experience and current trends. See note 16 for the disclosures of the defined benefit scheme.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

3. Income from shares in group undertakings

The company received dividends from subsidiaries as follows:

	2021 £'000	2020 £'000
Chubb Holdings (Thailand) Limited	3,350	—
Chubb Group (International) Limited	7,000	—
Chubb China Holdings Limited	176,497	—
Chubb Fire Limited	308,044	—
Chubb Group Security Limited	31,000	—
Chubb Security Systems B.V.B.A	939	763
Chubb Fire & Security Canada Corporation	30,296	—
Chubb Singapore Private Limited	—	8,823
	557,126	9,586

4. Finance Income

	2021 £'000	2020 £'000
Interest receivable:		
Other interest	108	—
Intercompany receivables	9,544	36,272
Net finance income on post-retirement benefits	2,900	3,900
	12,552	40,172

5. Finance Costs

	2021 £'000	2020 £'000
Interest payable to group companies	(12,435)	(34,966)
Exchange loss on foreign currency borrowings less deposits (net)	(845)	(35)
	(13,280)	(35,001)

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

6. Profit Before Taxation

Profit before taxation is stated after charging:

	2021	2020
	£'000	£'000
Staff costs (see note 8)	469	925

7. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements were £30,000 (2020: £27,844). Included in the fees payable are amounts payable on behalf of other group companies.

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company were £nil (2020: £nil).

8. Staff Costs

The average monthly number of employees (including executive directors) was:

	2021	2020
	Number	Number
Administration	6	5

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	492	492
Social security costs	66	64
Other pension costs (see note 16)	(89)	369
	469	925

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

9. Directors' Remuneration and Transactions

	2021	2020
	£'000	£'000
Directors' remuneration		
Emoluments	172	222
Company contributions to defined benefit pension schemes	10	5
Company contributions to defined contribution pension schemes	—	29
	182	256

	2021	2020
	Number	Number
The number of directors who:		
Are members of a defined benefit pension scheme	—	—
Are members of a defined contribution pension scheme	1	1

	2021	2020
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	97	120
Company contributions to defined benefit pension schemes	—	22
	97	142

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

10. Tax on Profit

Tax expense included in the income statement:

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits for the year	—	—
Foreign tax	1,850	—
Total current tax	1,850	—
Deferred tax		
Origination and reversal of timing differences	9,071	5,865
Impact of rate change	(4,646)	(3,109)
Adjustment in respect of previous periods	(115)	42
Total deferred tax (see note 14)	4,310	2,798
Total tax on profit	6,160	2,798

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

10. Tax on Profit (continued)

The charge for the year can be reconciled to the profit in the income statement as follows

	2021 £'000	2020 £'000
Profit before taxation	50,155	7,529
Tax on profit before taxation at standard UK corporation tax rate of 19.0% (2020: 19.0%)	9,529	1,431
Effects of:		
Expenses not deductible for tax purposes	96,293	1,124
Effects of group relief	1,553	—
Foreign tax suffered	1,850	—
Advanced Corporation Tax	—	(190)
Transfer pricing adjustment	1,261	1,646
Tax rate changes	2,438	566
Income not subject to tax	(106,649)	(1,821)
Adjustments in respect of prior years	(115)	42
Total tax charge for year	6,160	2,798

Finance Act 2020 legislated that the main rate of UK corporation tax will remain at 19% from 1 April 2020. However, after the third reading of the Finance Bill 2021 on 24 May 2021, it was substantially enacted that the tax rate would be increased to 25% for companies with profit in excess of £250,000 with effect 01 April 2023. As substantive enactment is before the balance sheet date, deferred tax balances as at 31 December 2021 have been measured at a rate of 25%.

Tax Income Included in other comprehensive income

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2021 £'000	2020 £'000
Deferred tax		
Pension movements	10,982	4,865
Total income tax credit recognised in other comprehensive income	10,982	4,865

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments

	£'000
Cost	
At 1 January 2021	4,076,994
Additions	2,755,199
Disposals	(305,887)
At 31 December 2021	6,526,296
Provisions for impairment	
At 1 January 2021	4,010,303
Additions in the year	506,806
Disposals	(31,853)
At 31 December 2021	4,485,256
Net book value at 31 December 2021	2,041,040
Net book value at 31 December 2020	68,691

On 6 July 2021, the company purchased investments in Chubb China Holdings Limited for £659,346,000, Chubb Fire Limited for £369,245,000 and Chubb Fire & Security Canada Inc. for £190,311,000. On 6 July 2021, the directors also approved the purchase of Chubb Group Security Limited for £415,400,000. This transaction was completed on 28 October 2021.

On 15 September 2021, the company acquired investments in Chubb New Zealand for £19,631,000, Chubb Iberia S.L. for £16,444,000 and Chubb Sicli SA for £49,842,000. These three investments were acquired as a result of contributions from its parent company, Chubb Limited.

Chubb Group Limited issued one ordinary 14p share at a premium for each of these transactions.

On 3 September 2021, the company disposed of its investment in Onity SA and Onity Ltda for no proceeds, resulting in no gain or loss.

On 24 September 2021, the company disposed of its investment in Onity Co. Ltd resulting in a profit of £4,187,000.

On 16 September 2021, the company purchased the entire issued share capital of Chubb Osterreich GmbH for £9,514,000.

On 22 September 2021, the company purchased the entire share capital of Chubb Systems Private Limited for £4,230,000.

On 25 October 2021, the company purchased the entire share capital of Chubb Australia Pty. Limited for £310,625,000.

On 11 November 2021, the company entered into a purchase price adjustment for Chubb Fire & Security Inc., resulting in additional consideration of £88,243,000. Chubb Fire & Security Canada Inc. then declared a dividend of £30,296,000. The company then distributed the entire share capital of Chubb Fire & Security Limited to Chubb Limited for its market value of £253,733,000.

On 22 November 2021, the company issued one ordinary 14p share for total value of £622,369,000 in exchange for the entire issued share capital of Chubb International Holdings Limited. Also on 22 November 2021, the company declared a distribution of its interest in Chubb New Zealand Limited for £19,631,000.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments (continued)

All subsidiaries below have been treated as a subsidiary undertaking because the Group exercises dominant influence over these investments, directing their financial and operating policies.

The investments in subsidiaries are all stated at cost less provision for impairment.

During the year the company made provision for impairment of £173,940,000 in Chubb China Holdings Limited, £308,045,000 in Chubb Fire Limited and £24,821,000 in Chubb Fire & Security Canada Inc. following distributions received from those companies.

The company owns the following entities directly:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest (%)
Chubb Holdings (Thailand) Limited Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand	Investment holding company	Class A	49.90 %
Chubb Iberia Calle Textil 4, Parcela 6, Poligono Industrial La Ferreria, 08130 Montcada i Reixac, Barcelona, Spain	Supply, installation and service of security fire and safety equipment systems	Quota shares	100.00 %
Chubb Ireland Limited 2 Stillorgan Industrial Park, Blackrock, County Dublin, Ireland	Supply, installation and service of security fire and safety equipment systems	Ordinary	100.00 %
MSC Fire Products Limited Unit D2 Santry Business Park, Swords Road, Dublin 9, Ireland.	Supplier of fire fighting & rescue equipment	Ordinary	100.00 %
Chubb Management Services Limited Littleton Road, Ashford, TW15 1TZ	Dormant company	Ordinary	100.00 %
Chubb Security Systems B.V.B.A. Leuvensesteenweg 555, Zaventem, 4-B-1930, Belgium	Supply, installation and service of security fire and safety equipment systems	Capital Stock	100.00 %
Chubb Singapore Private Limited 28 Teban Gardens Crescent, 608 926, Singapore	Installation of fire protection and security alarms systems	Capital Stock	70.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments (continued)

The company owns the following entities directly: (continued):

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest (%)
Chubb Sicli SA Route de la Galaise 2, Plan les Ouates, Geneva, 1228, Switzerland	Holding company	Registered shares	100.00 %
Chubb Systems Private Limited 4th Floor National Product Block-3, A3 & A4 North Phase, Near Guindy Railway Station, Near Guindy Industrial Estate, Chennai, Tamil Nadu, 600032, India	Supply, installation, testing and commissioning of building automation systems and integrated safety, security and fire protection systems	Ordinary	100.00 %
Chubb Group Security Limited Littleton Road, Ashford, Middlesex, England, United Kingdom	Provision of management services	Ordinary Non-voting	100.00 % 100.00 %
Chubb Fire Limited Littleton Road, Ashford, Middlesex, England, United Kingdom	Provision of management services	5.5% Cum Pref £1 Ord 25p	100.00 % 100.00 %
Littleton Road, Ashford, Middlesex, TW15 1TZ			
Chubb Australia Pty Ltd Unit 1A, 21 South Street, Rydalmere, NSW 2116, Australia	Holding company	Ordinary	100.00 %
Chubb China Holdings Limited 10/F, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong	Investment holding company	Capital Stock, Class A Capital Stock Class B	100.00 % 100.00 %
Pilgrim House Group Limited Littleton Road, Ashford, TW15 1TZ	Holding company for loans with entities within the group	Ordinary	100.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments (continued)

The company owns the following entities directly: (continued):

Security Monitoring Centre B.V.B.A./S.P.R.L Keizer Karellaan 343/345, Bruxelles (Ganshoren), B-1083, Belgium	Security alarm monitoring	Capital Stock	100.00 %
Chubb International Holdings Limited Littleton Road, Ashford, TW15 1TZ	Holding company	Ordinary	100.00 %

The company owns the following entities indirectly through intermediate holding companies:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest (%)
MSC Fire Products Limited Unit D2 Santry Business Park, Swords Road, Dublin 9, Ireland.	Supplier of fire fighting & rescue equipment	Ordinary	100.00 %
BET Security and Communications Limited Chubb House, Shadsworth Road, Blackburn, England, BB1 2PR	Holding company	Ordinary	100.00 %
Chubb Systems Limited Chubb House, Shadsworth Road, Blackburn, England, BB1 2PR	Design, installation and maintenance of security systems	Ordinary	100.00 %
Chubb Dormant (No 2) Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Design, installation and maintenance of security systems	Ordinary	100.00 %
Chubb (NI) Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Provision of electronic security, fire detection and protection systems	Ordinary	100.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments (continued)

The company owns the following entities indirectly through intermediate holding companies (continued):

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest (%)
Chubb Fire & Security Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Provision of fire and security products and services	Ordinary	100.00 %
Frontline Security Solutions Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Provision of electronic security systems	Ordinary	100.00 %
Security Monitoring Centres Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Provision of integrated monitoring services	Ordinary	100.00 %
Mentor Business Systems Limited Littleton Road, Ashford, Middlesex, TW15 1TZ	Provision of operating systems for security companies	Ordinary	100.00 %
Chubb Fire & Security Pty Ltd Unit 1A, 21 South Street, Rydalmere, NSW 2116, Australia	Fire protection engineering and building automation	Ordinary Ordinary \$1	100.00 % 100.00 %
Chubb Properties Pty Ltd Unit 1A, 21 South Street, Rydalmere, NSW 2116, Australia	Property ownership	Ordinary	100.00 %
Chubb China Limited 10/F, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong	The sale and installation of security and fire protection equipment, including provision of maintenance services and alarm systems monitoring	Capital Stock	100.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

11. Investments (continued)

The company owns the following entities indirectly through intermediate holding companies (continued):

Chubb Macau Limited	Sales, installation and provision of monitoring and maintenance in services in security systems and products	Capital Stock	100.00 %
Alameda Dr. Carlos d' Assumpcao No.249-263, China Civil Plaza, 16 A, B, N, O, P, Macau, China			
Chubb Hong Kong Limited	The sale and installation of security and fire protection equipment, including the provision of maintenance services and alarm systems monitoring.	Capital Stock	100.00 %
10/F, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong		Common	100.00 %
Chubb GF (Thailand) Limited	Security services	Ordinary	56.82 %
Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand			
Guardair Aviation Security Technology Limited	Dormant company	Capital Stock	61.86 %
Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand			

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

12. Debtors: Amounts Falling due Within One Year

	2021 £'000	2020 £'000
Amounts owed by group undertakings	1,395,143	10,465,972
Other debtors	2,608	2,913
	1,397,751	10,468,885

Included in amounts owed by group undertakings is £174,674,000 (2020: £8,642,416,000) which is unsecured, incurs interest at between 0.01% and 0.3487% (2020: 0.01% and 2.5877%) and is repayable on demand. Remaining amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: Amounts Falling due Within One Year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	303,196	7,782,730
Other creditors	152	619
	303,348	7,783,349

Amounts owed to group undertakings include loan notes of £302,687,000 (2020: £7,143,542,000) which are unsecured, incur interest at between 0.01% and 0.6% (2020: 0.01% and 1.25%) and are repayable on demand. Other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Deferred Tax

The analysis of deferred tax assets/(liabilities) is as follows:

	2021 £'000	2020 £'000
Deferred tax assets due within 12 months	—	—
Deferred tax liabilities due within 12 months	—	—
Total provision due within 12 months	—	—
Deferred tax assets due after more than 12 months	40,781	37,950
Deferred tax liabilities due after more than 12 months	(60,375)	(42,252)
Total provision due after more than 12 months	(19,594)	(4,302)
Net deferred tax (liability)/asset	(19,594)	(4,302)

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2021

14. Deferred Tax (continued)

The movement in deferred tax is as follows:

Deferred tax assets/(liabilities):

	Accelerated tax depreciation £'000	Retirement benefit obligations £'000	Tax losses £'000	Total £'000
At 1 January 2020	26	(34,102)	37,437	3,361
(Charged)/credited to the income statement	(2)	(3,285)	489	(2,798)
Adjustment in respect of prior years	—	—	—	—
Charged to other comprehensive income	—	(4,865)	—	(4,865)
At 31 December 2020	24	(42,252)	37,926	(4,302)
(Charged)/credited to the income statement	2	(7,125)	2,813	(4,310)
(Charged)/credited to other comprehensive income	—	(10,982)	—	(10,982)
At 31 December 2021	26	(60,359)	40,739	(19,594)

15. Called Up Share Capital

Ordinary shares

	2021 £'000	2020 £'000
Allotted, called up and fully paid 828,923,083 (2020: 828,923,079) ordinary shares of 14p (2020: 14p) each	116,049	116,049

On 15 September 2021, the company issued three ordinary shares for total consideration of £85,917,000. On 8 November 2021, the company issued one ordinary share for £622,369,000.

Chubb Group Limited

Notes to the financial statements

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16. Retirement Benefit Schemes

Defined benefit schemes

The company has a defined benefit scheme Chubb Pension Plan for qualifying employees. The defined benefit scheme is administered by a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Under the scheme, the majority of employees are entitled to post-retirement yearly instalments amounting to 1/60th of final pensionable salary on attainment of a retirement age of between 60 and 65. The pensionable salary is based on the annual rate of earnings plus an average of fluctuating emoluments. In addition, the service period is limited to 40 years resulting in a maximum yearly entitlement (life-long annuity) of 2/3 of final salary.

The scheme typically exposes the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to benefits to be paid to the dependents of scheme members is re-insured by an external insurance company.

Asset volatility	The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on scheme asset is below this rate, this could lead to deterioration in the Scheme's funding level, all other things being equal. Currently the scheme has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the scheme liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme assets should be invested in equity securities and in real estate to leverage the expected return generated by the fund.
Change in bond yields	A decrease in the bond interest rate will increase the scheme liability but this could be expected to be partially offset by an increase in the value of the scheme's debt investments.
Life expectancy	The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.
Salary risk	The present value of the defined benefit scheme liability is calculated by reference to the future salaries of scheme participants. As such, an increase in the salary of the scheme participants will increase the scheme's liability.
Inflation risk	The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Elements of the scheme's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation could also lead to a deterioration in the funding position.

No other post-retirement benefits are provided to these employees (2020: none)

Chubb Group Limited

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For the year ended 31 December 2021

16. Retirement Benefit Schemes (continued)

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 31 December 2017 and updated to 31 December 2020 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 31 December 2017 valuation using approximate actuarial techniques.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021	2020
Key assumptions used:		
Discount rate(s)	1.86 %	1.30 %
Expected rate(s) of salary increase	n/a	n/a
Rate of inflation	3.50 %	2.75 %
Expected rate of increase of pensions in payment	2.3%-4.35%	2.05%-4.25%
Average longevity at age 65 for current pensioners (years)*		
Male	21.8	21.3
Female	24.3	23.8
Average longevity at age 65 for current employees (future pensioners) (years)*		
Male	23.1	22.8
Female	25.8	25.4

* Based on standard mortality table with modifications to reflect expected changes in mortality.

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2021	2020
	£'000	£'000
Service cost:		
Current service cost/(credit)	—	400
Past service cost /(credit)	—	100
Administrative expenses	1,800	800
Interest income	(2,900)	(3,900)
	(1,100)	(2,600)

Of the net expense relating to administrative and service cost for the year, £1,800,000 (2020: £1,300,000) has been included in the income statement as administrative expenses. £1,931,000 (2020: £1,779,000) of the current service cost relating to this pension scheme has been borne by other employers in the group. The net interest income has been included within finance income (see note 4). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income. Past service cost is in respect of GMP equalisation for past transfers out of the Plan.

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18. Retirement Benefit Schemes (continued)

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2021 £'000	2020 £'000
Present value of defined benefit obligations	(601,400)	(625,200)
Fair value of scheme assets	842,900	847,600
Net surplus arising from defined benefit obligation	241,500	222,400

Movements in the present value of defined benefit obligations in the year were as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	625,200	602,900
Current service cost	—	400
Interest cost	7,900	11,300
Remeasurement losses:		
Actuarial losses arising from changes in demographic assumptions	9,500	—
Actuarial losses arising from changes in financial assumptions	(14,900)	43,600
Actuarial gains and losses arising from experience adjustments	10,600	—
Past service cost	—	100
Benefits paid	(36,900)	(33,100)
Closing defined benefit obligation	601,400	625,200

Movements in the fair value of scheme assets in the year were as follows:

	2021 £'000	2020 £'000
Opening fair value of scheme assets	847,600	803,500
Interest income	10,800	15,200
Remeasurement gains:		
The return on scheme assets (excluding amounts included in net interest expense)	13,800	54,900
Contributions from the employer	9,400	7,900
Benefits paid	(36,900)	(33,100)
Administrative costs paid	(1,800)	(800)
Closing fair value of scheme assets	842,900	847,600

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16. Retirement Benefit Schemes (continued)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
Opening assets/(liabilities) at 1 January 2020	803,500	(602,900)	200,600
Benefits paid	(33,100)	33,100	—
Contributions from the employer	7,900	—	7,900
Current service cost	—	(400)	(400)
Past service cost	—	(100)	(100)
Interest income/(expense)	15,200	(11,300)	3,900
Remeasurement gains/(losses)	54,900	(43,600)	11,300
Administrative costs paid	(800)	—	(800)
Opening assets/(liabilities) at 1 January 2021	847,600	(625,200)	222,400
Benefits paid	(36,900)	36,900	—
Contributions from the employer	9,400	—	9,400
Interest income/(expense)	10,800	(7,900)	2,900
Remeasurement gains/(losses)	13,800	(5,200)	8,600
Administrative costs paid	(1,800)	—	(1,800)
Closing assets/(liabilities) at 31 December 2021	842,900	(601,400)	241,500

The major categories and fair values of scheme assets at the end of the reporting period for each category are as follows:

	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Cash and cash equivalents	2,529	11,800	14,329	6,781	5,086	11,867
Equity instruments	—	—	—	54,246	116,121	170,367
Debt instruments	219,997	3,372	223,369	234,785	3,390	238,175
Property	—	—	—	—	1,695	1,695
Other	605,202	—	605,202	425,495	—	425,495
Total	827,728	15,172	842,900	721,308	126,292	847,600

None of the company's own instruments are held as plan assets.

The weighted average duration of the defined benefit obligation is 14 years.

The actual return on scheme assets was a loss of £14,200,000 (2020: gain of £54,200,000).

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16. Retirement Benefit Schemes (continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.1 %	Decrease 1.5%	Increase 1.5%
Price inflation	0.1 %	Increase 0.5%	Decrease 0.5%
Life expectancy	1 year	Increase by 7.5%	Decrease by 7.5%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

An actuarial valuation of the Chubb Pension Plan is performed every three years whereby the Trustees and the company agree regular future employer contributions and, if a deficit arises, additional contributions in the form of a Recovery Plan, in order to remove the deficit. The next funding valuation of the Chubb Pension Plan is due as at 31 March 2025. As at 31 March 2021 the fund was in surplus and there was no shortfall to be met.

The Company expects to make a contribution of £nil (2020: £7,500,000) to the defined benefit scheme during the next financial year.

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17. Subsequent Events

On 3 January 2022, Carrier Global Corporation, the company's ultimate parent, completed the sale of its Chubb fire and security business, which includes this company to APi Group Corporation ("APi").

On 11 February 2022, the company issued one ordinary share for total consideration of £20,000,000 to Chubb Limited. The company then subscribed for one ordinary share in Chubb International Holdings Limited for total consideration of £20m.

On 4 March 2022, the company issued one ordinary share for total consideration of £8,338,000 to Chubb Limited.

18. Controlling Party

The company's immediate parent undertaking is Chubb Limited.

The company's ultimate parent undertaking and controlling party until 3 January 2022 was Carrier Global Corporation. Since 3 January 2022, and as at the date of signing the accounts, the ultimate parent undertaking and controlling party is APi Group Corporation, a company incorporated in the United States of America.

Carrier Global Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the Carrier Global Corporation group financial statements are publicly available and can be obtained from www.ir.carrier.com