

Chubb Group Limited
Annual Report
for the year ended 31 December 2020

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 2020.

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 April 3, 2020, United Technologies Corporation ("UTC") separated into three independent, publicly traded companies; UTC, Otis Worldwide Corporation and Carrier Global Corporation (the "Separation"). As a result of the Separation, the ultimate parent of Chubb Group Limited changed from UTC to Carrier Global Corporation. On April 3, 2020, UTC became Raytheon Technologies Corporation.

A novel strain of coronavirus ("COVID-19") surfaced in late 2019 in Wuhan, China and has since spread throughout the rest of the world. In March 2020, COVID-19 was declared a pandemic by the World Health Organisation. The pandemic has negatively affected the United Kingdom and global economies, disrupted global supply chains and financial markets, and resulted in significant travel restrictions, including mandated facility closures and shelter-in-place orders.

As a result of the COVID-19 pandemic, the group has experienced varied impacts across its business. The Directors have considered the outbreak and subsequent impacts to be a trigger to reassess the Company's asset valuations. The Directors also assessed whether or not COVID-19 impacts their significant assumptions regarding future income from the Company's underlying assets or potentially changes its liabilities. In order to evaluate these impacts, the Directors reviewed forecast assumptions regarding future business activity in the subsidiary entities, that have been subject to COVID-19 uncertainties.

Because of the dynamic environment, the Directors will continue to evaluate whether these assumptions are reasonable.

In any case, the situation and its impact on the Company are constantly kept under close review by the Directors and appropriate measures are being implemented to protect the Company. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

Chubb Group Limited

Strategic Report

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.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



Emma Leigh
Director
21 September 2021

1st Floor
Ash House
Littleton 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 2020.

Principal activities

The company is an intermediate parent company. The subsidiary companies' operate worldwide in the field of security services provision.

Results and dividends

The profit for the financial year is set out in the income statement on page 9.

The directors do not recommend the payment of any dividends for the year ended 31 December 2020 (2019: £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.

On 27 July 2021, Carrier Global Corporation, the Company's ultimate parent, announced a proposed sale of its Chubb fire and security business, which includes this Company to APi Group Corporation ("APi"). This proposal is subject to a consultation process and regulatory approvals. Upon completion, the Company is expected to be wholly owned by APi. The going concern assessment of the Company is therefore subject to uncertainties relating to the potential change in ownership of the Company and the actual funding requirements and financing arrangements post completion. For this reason, the directors cannot reasonably predict the financial position of the Company post completion, including the details of any potential financing arrangements related to the transaction that could affect the Company. This indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Notwithstanding this uncertainty, 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.

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
Robert Sloss
Chubb Management Services Limited
Emma Leigh

Chubb Group Limited

Directors' Report

Directors' indemnity

The directors have the benefit of an indemnity provided on a group wide basis via Carrier Global Corporation which is a qualifying third party indemnity provision. An indemnity was in force throughout the last financial year and also at the date of approval of the financial statements.

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 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 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.

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.

Chubb Group Limited

Directors' Report

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Emma Leigh
Director
21 September 2021

1st Floor
Ash 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 2020 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, comprising 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 2020; the Income Statement, the Statement of Comprehensive Income and the 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. On 27 July 2021, Carrier Global Corporation, the Company's ultimate parent, announced a proposed sale of its Chubb fire and security business, which includes this Company to API Group Corporation ("API"). This proposal is subject to a consultation process and regulatory approvals. The going concern assessment of the Company is therefore subject to uncertainties relating to the potential change in ownership of the Company and the actual funding requirements and financing arrangements post completion. For this reason, the directors cannot reasonably predict the financial position of the Company post completion, including the details of any potential financing arrangements related to the transaction that could affect the Company. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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

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

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.

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 2020 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 Generally Accepted Accounting Practices, tax compliance legislation and the UK Bribery Act, and

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

we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 recoverability of intercompany receivables and assumptions relating to defined benefit obligations. 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 regulation and fraud;
- 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 recoverability of intercompany receivables and assumptions relating to defined benefit obligations; 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
23 September 2021

Chubb Group Limited

Income statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Administrative (expenses)/income		(1,557)	6,759
Provision for impairment of investments		(5,671)	—
Operating (loss)/profit		(7,228)	6,759
Income from shares in group undertakings		9,586	—
Profit before finance charges		2,358	6,759
Finance income	3	40,172	88,694
Finance costs	4	(35,001)	(68,242)
Profit before taxation	5	7,529	27,211
Tax on profit	9	(2,798)	(7,531)
Profit for the financial year		4,731	19,680

All results are derived from continuing operations.

Chubb Group Limited**Statement of comprehensive income****For the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Profit for the financial year		4,731	19,680
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on pension scheme	15	11,300	17,100
Income tax relating to items not reclassified:			
- movement on deferred tax relating to pension asset	9	(4,865)	(2,907)
Other comprehensive income/(expense) for the year net of tax		6,435	14,193
Total comprehensive income for the year		11,166	33,873

Chubb Group Limited

Balance Sheet

As at 31 December 2020

Registered number: 00585729

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	10	66,691	72,362
Deferred tax	13	—	3,361
		66,691	75,723
Current assets			
Debtors: Amounts Falling due Within One Year	11	10,468,885	10,423,308
Creditors: Amounts falling due within one year	12	(7,783,349)	(7,740,472)
Net current assets		2,685,536	2,682,836
Total assets less current liabilities		2,752,227	2,758,559
Provisions for liabilities	13	(4,302)	—
Net assets excluding pension asset		2,747,925	2,758,559
Pension asset	15	222,400	200,600
Net assets		2,970,325	2,959,159
Equity			
Called up share capital	14	116,049	116,049
Share premium account		999,997	999,997
Merger reserve		767,603	767,603
Capital contribution		325,096	325,096
Other reserves		246,163	246,163
Retained earnings		515,417	504,251
Total shareholders' funds		2,970,325	2,959,159

The notes on pages 13 to 35 form part of these financial statements.

The financial statements on pages 9 to 35 were approved by the board of directors on 21 September 2021 and were signed on its behalf by:



Emma Leigh
Director

Chubb Group Limited

Statement of changes in equity

for the year ended 31 December 2020

	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 2019	116,049	999,997	767,603	325,096	246,163	470,378	2,925,286
Profit for the financial year	—	—	—	—	—	19,680	19,680
Other comprehensive income for the year:							
- Actuarial gain on pension scheme	—	—	—	—	—	17,100	17,100
- Deferred tax movement on actuarial loss	—	—	—	—	—	(2,907)	(2,907)
Total comprehensive income for the year	—	—	—	—	—	33,873	33,873
Balance at 31 December 2019	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 gain	—	—	—	—	—	(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

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 2020

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 1st Floor, Ash 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 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 17.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

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 2020 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.

On 27 July 2021, Carrier Global Corporation, the Company's ultimate parent, announced a proposed sale of its Chubb fire and security business, which includes this Company to APi Group Corporation ("APi"). This proposal is subject to a consultation process and regulatory approvals. Upon completion, the Company is expected to be wholly owned by APi. The going concern assessment of the Company is therefore subject to uncertainties relating to the potential change in ownership of the Company and the actual funding requirements and financing arrangements post completion. For this reason, the directors cannot reasonably predict the financial position of the Company post completion, including the details of any potential financing arrangements related to the transaction that could affect the Company. This indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Notwithstanding this uncertainty, 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 2020

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 2020

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 revenue 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 7) 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 3).

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 2020

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

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

The company classifies its financial assets in the following categories:

- Amortised cost.
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(ai) Financial assets at amortised cost

The company classifies its financial assets at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

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

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

(aii) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVTPL):

- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(aiii) Financial assets at fair value through other comprehensive income (FVOCI) comprise

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Effective interest method

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Receivables at amortised cost

Intercompany receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

Impairment of financial assets (continued)

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.

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.

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.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting Policies (continued)

Derecognition of financial liabilities

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

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are discounted where the impact of discounting is material.

Restructurings

A restructuring provision is recognised when the company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

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 2020

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' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £66,691,000 (2019: £72,362,000) with an impairment loss of £5,671,000 recognised in 2020 (2019: £nil).

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 15 for the disclosures of the defined benefit scheme.

3. Finance Income

	2020	2019
	£'000	£'000
Interest receivable:		
Intercompany receivables	36,272	84,194
Net finance income on post-retirement benefits	3,900	4,500
	40,172	88,694

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

4. Finance Costs

	2020 £'000	2019 £'000
Interest expense	—	(1)
Interest payable to group companies	(34,966)	(68,241)
Exchange (loss) on foreign currency borrowings less deposits (net)	(35)	—
	<u>(35,001)</u>	<u>(68,242)</u>

5. Profit Before Taxation

Profit before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Staff costs (see note 7)	925	(4,852)

6. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements were £27,844 (2019: £30,519). 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 (2019: £nil).

7. Staff Costs

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

	2020 Number	2019 Number
Administration	5	4

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	492	307
Social security costs	64	40
Other pension costs (see note 15)	369	(5,199)
	<u>925</u>	<u>(4,852)</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded. As a result of the curtailment adjustment arising from the cessation of future accruals after March 2020, the company recorded a credit to pension costs in 2019.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

8. Directors' Remuneration and Transactions

	2020 £'000	2019 £'000
Directors' remuneration		
Emoluments	222	177
Company contributions to defined benefit pension schemes	5	20
Company contributions to defined contribution pension schemes	29	6
	256	203

	2020 Number	2019 Number
The number of directors who:		
Are members of a defined benefit pension scheme	—	1
Are members of a defined contribution pension scheme	1	1

	2020 £'000	2019 £'000
Remuneration of the highest paid director:		
Emoluments	120	129
Company contributions to defined benefit pension schemes	22	20
	142	149

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

9. Tax on Profit

Tax expense included in the income statement:

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the year	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	5,865	8,270
Impact of rate change	(3,109)	(871)
Adjustment in respect of previous periods	42	132
Total deferred tax (see note 13)	2,798	7,531
Total tax on profit	2,798	7,531

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

9. Tax on Profit (continued)

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

	2020 £'000	2019 £'000
Profit before taxation	7,529	27,211
Tax on profit before taxation at standard UK corporation tax rate of 19.0% (2019: 19.0%)	1,431	5,170
Effects of:		
Expenses not deductible for tax purposes	1,124	—
Advanced Corporation Tax	(190)	236
Transfer pricing adjustment	1,646	2,864
Tax rate changes	566	(871)
Income not subject to tax	(1,821)	—
Adjustments in respect of prior years	42	132
Total tax charge for year	2,798	7,531

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was substantially enacted by the balance sheet date, deferred tax balances as at 31 December 2020 is to be measured at 19%. Also, in the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. The estimated impact of the rate change is an increase in the value of the deferred liability of £1,300,000.

Tax (income)/expense 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:

	2020 £'000	2019 £'000
Deferred tax		
Pension movements	4,865	2,907
Total income tax charge recognised in other comprehensive income	4,865	2,907

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

10. Investments

	£'000
Cost	
At 1 January 2020	4,076,994
At 31 December 2020	4,076,994
Provisions for impairment	
At 1 January 2020	4,004,632
Written off	5,671
At 31 December 2020	4,010,303
Net book value at 31 December 2020	66,691
Net book value at 31 December 2019	72,362

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 a provision for impairment of £5,671,000 was made to the investment in Chubb Group (International) Limited.

Details of the Company's directly owned subsidiaries at 31 December 2020 are as follows:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
Onity SA Montevideo, 955-5C, Argentina	Selling locks and safes for local marketing	Capital stock	100.00 %
Pilgrim House Group Limited Littleton Road, Ashford, TW15 1TZ	Holding company for loans with entities within the group	Ordinary	100.00 %
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 %
Carrier Fire & Security (Malaysia) Sdn Bhd Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industiral Park, Seremban, 70200, Malaysia	Dormant company	Ordinary	100.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

10. Investments (continued)

Details of the Company's directly owned subsidiaries at 31 December 2020 are as follows (continued):

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
Chubb Deutschland GmbH Bramfelder Chaussee 100, D-22177 Hamburg, Germany	Supply, installation and service of security fire and safety equipment systems	Capital stock	100.00 %
Chubb Group (International) Limited Littleton Road, Ashford, TW15 1TZ	Investment holding company	Ordinary	100.00 %
Chubb Group Properties Limited Littleton Road, Ashford, TW15 1TZ	Property holding company	Ordinary	100.00 %
Chubb Holdings (Thailand) Limited Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand	Investment holding company	Class A	49.90 %
Onity Co., Limited Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand	Electronic locking systems	Ordinary	74.39 %
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	57.50 %
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 %
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 %
Onity LTDA Rua Waldir Niemeyer 18, Sumare, Sao Paulo, Brazil	Selling locks and safes for local marketing	Capital stock	100.00 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

10. Investments (continued)

The company owns the following indirectly through intermediate holding companies:

Name & Registered Address	Principal Activity	Class of share	Proportion of ownership interest
Onity Commercial, S.A.de C.V. Periferico Sur No. 7999, Segundo Piso, Oficina 204, Sta. Ma. Tequepexpan, Tlaquepaque, Jalisco, Mexico	Selling of Security Systems	Capital stock	100.00 %
Onity India Private Limited 18, Netaji Subhash Marg, Darya Ganj, New Delhi, 110 002, India	Selling of Security Systems	Equity	100.00 %
Firecrest Safety Systems Limited 2 Stillorgan Industrial Park, Blackrock, County Dublin, Ireland	Installation and commission of fire and gas detection 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 %
Guardfire (Malaysia) Sdn Bhd Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, Seremban, 70200, Malaysia	Dormant company	Ordinary	70.00 %
Chubb GF (Thailand) Limited Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand	Security services	Ordinary	56.82 %
Guardair Aviation Security Technology Limited Interlink Tower, 1858/63-74 Bagna-Trad Road Km4.5, Bagna, Bangkok, Thailand	Dormant company	Capital stock	61.86 %

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

11. Debtors: Amounts Falling due Within One Year

	2020 £'000	2019 £'000
Amounts owed by group undertakings	10,465,972	10,420,547
Other debtors	2,913	2,761
	10,468,885	10,423,308

Included in amounts owed by group undertakings is £8,642,416,000 (2019: £8,605,587,000) which is unsecured, incurs interest at between 0.01% and 2.5877% (2019: 0.63% and 4.39%) and is repayable on demand. Remaining amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: Amounts Falling due Within One Year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	7,782,730	7,739,083
Other creditors	619	1,389
	7,783,349	7,740,472

Amounts owed to group undertakings include loan notes of £7,143,542,000 (2019: £7,108,983,000) which are unsecured, incur interest at between 0.01% and 1.25% (2019: 0.6268% and 0.9497%) 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.

13. Deferred Tax

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

	2020 £'000	2019 £'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	37,950	37,463
Deferred tax liabilities due after more than 12 months	(42,252)	(34,102)
Total provision due after more than 12 months	(4,302)	3,361
Net deferred tax (liability)/asset	(4,302)	3,361

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

13. 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 2019	32	(28,458)	42,225	13,799
Charged to the income statement	(6)	(2,737)	(4,657)	(7,400)
Adjustment in respect of prior years	—	—	(131)	(131)
Charged to other comprehensive income	—	(2,907)	—	(2,907)
At 31 December 2019	26	(34,102)	37,437	3,361
Charged to the income statement	(2)	(3,285)	489	(2,798)
Charged/(credited) to other comprehensive income	—	(4,865)	—	(4,865)
At 31 December 2020	24	(42,252)	37,926	(4,302)

14. Called Up Share Capital

Ordinary shares

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
828,923,079 (2019: 828,923,079) ordinary shares of 14p (2019: 14p) each	116,049	116,049

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15. 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.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

15. 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:

	2020	2019
	%	%
Key assumptions used:		
Discount rate(s)	1.30 %	1.93 %
Expected rate(s) of salary increase	n/a	3.50 %
Rate of inflation	2.00 %	2.00 %
Expected rate of increase of pensions in payment	2.05%-4.25%	2.15%-4.25%
Average longevity at age 65 for current pensioners (years)*		
Male	21.3	21.3
Female	23.8	23.8
Average longevity at age 65 for current employees (future pensioners) (years)*		
Male	22.8	22.7
Female	25.4	25.3

* 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:

	2020	2019
	£'000	£'000
Service cost:		
Current service cost/(credit)	400	(23)
Past service cost /(credit)	100	(6,700)
Administrative expenses	800	1,500
Interest income	(3,900)	(4,500)
	(2,600)	(9,723)

Of the net expense relating to service cost for the year, £1,300,000 (2019: £5,223,000) has been included in the income statement as administrative expenses. £1,779,000 (2019: £1,723,000) 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 3). 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.

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

15. 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:

	2020 £'000	2019 £'000
Present value of defined benefit obligations	(625,200)	(602,900)
Fair value of scheme assets	847,600	803,500
Net surplus arising from defined benefit obligation	222,400	200,600

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

	2020 £'000	2019 £'000
Opening defined benefit obligation	602,900	572,600
Current service cost	400	1,700
Interest cost	11,300	15,000
Remeasurement losses:		
Actuarial losses arising from changes in demographic assumptions	—	7,500
Actuarial losses arising from changes in financial assumptions	43,600	52,900
Past service cost	100	—
Gains on curtailments	—	(6,700)
Benefits paid	(33,100)	(40,100)
Plan participants' contributions	—	—
Closing defined benefit obligation	625,200	602,900

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

	2020 £'000	2019 £'000
Opening fair value of scheme assets	803,500	740,000
Interest income	15,200	19,500
Remeasurement gains:		
The return on scheme assets (excluding amounts included in net interest expense)	54,900	77,500
Contributions from the employer	7,900	8,100
Benefits paid	(33,100)	(40,100)
Administrative costs paid	(800)	(1,500)
Closing fair value of scheme assets	847,600	803,500

Chubb Group Limited

Notes to the financial statements

For the year ended 31 December 2020

15. Retirement Benefit Schemes (continued)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
Opening assets/(liabilities)	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)
Closing assets/(liabilities)	847,600	(625,200)	222,400

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

	2020 £'000	2019 £'000
Cash and cash equivalents	11,866	25,712
Equity instruments	170,368	163,914
Debt instruments	238,176	222,570
Property	1,695	1,607
Other	425,495	389,698
Total	847,600	803,500

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 gain of £54,200,000 (2019: gain of £77,500,000).

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15. 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 0.25%	Decrease 0.25%
Life expectancy	1 year	Increase by 8%	Decrease by 8%

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 2021. As at 31 March 2018 the fund was in surplus and there was no shortfall to be met.

The Company expects to make a contribution of £7,500,000 (2019: £7,600,000) to the defined benefit scheme during the next financial year.

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16. Subsequent Events

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. The completion of this transaction is subject to regulatory approval.

On 27 July 2021, Carrier Global Corporation, the company's ultimate parent, announced a proposed sale of its Chubb fire and security business, which includes this company, to API Group Corporation ("API"). This proposal is subject to a consultation process and regulatory approvals.

On 15 September 2021 the company acquired investments in Chubb New Zealand for £19,630,574, Chubb Iberia S.L. for £16,444,268 and Chubb Sicli SA for £49,841,744.

This was the 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 16 September 2021 the company purchased the entire issued share capital of Chubb Osterreich GmbH for £9,514,182.

17. Controlling Party

The company's immediate parent undertaking is Chubb Limited.

The company's ultimate parent undertaking and controlling party until 3 April 2020 was United Technologies Corporation. Since 3 April 2020 and as at the date of signing the financial statements the ultimate parent undertaking and controlling party was Carrier Global 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