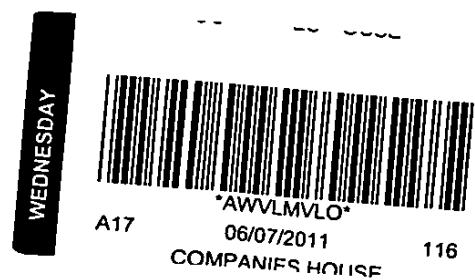


**Chubb Fire Limited**  
(Registered Number: 134210)

**Annual report and financial statements**  
**for the year ended 31 December 2010**



# **Chubb Fire Limited**

	<b>Page(s)</b>
<b>Directors' report</b>	<b>1-3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7-20</b>

# Chubb Fire Limited

## Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

### Principal activities

The principal activities of the company are sale, rental, installation and service of fire protection equipment

### Review of business and future developments

The directors are satisfied with the results for the year. On 1 January 2010 Chubb Fire Limited transferred all of the trading business and assets of its active fire suppression business to group undertaking, SFS Fire Protection Limited for the consideration of £20.8 million.

On the 1 January 2011, the company sold the trade and assets to group undertaking, Chubb Fire and Security Limited for a consideration of £160.0m. Due to this transaction there has been goodwill impairment write down of £29.5m included in the profit and loss account. Details of this sale can be found in the subsequent events disclosure in note 23. All activities have been transferred as part of the trade therefore shown as discontinued operations.

### Key performance indicators

	2010	2009	
(Decrease)/Increase in turnover (%)	(15.9)	2.7	These figures represent the year on year turnover change as a percentage. The decrease is due to the transfer of the fire suppression trade to a group undertaking.
Return on capital invested (%)	(10.6)	4.6	Operating profit expressed as a percentage of net assets. This decrease is due to the goodwill impairment in administrative expenses.

### Results and dividends

The company's loss for the financial year is £2.6 million (2009 profit £10.3 million), which will be transferred to reserves.

No dividend was proposed or paid in the year ended 31 December 2010 (2009 £nil).

### Directors

The directors of the company during the year and up to the date of signing these financial statements were as follows:

B Lindroth  
Chubb Management Services Limited  
N Taylor

### Directors' indemnities

The company maintains liability insurance for its directors and officers. The company has also provided an indemnity for its directors and the secretary, during the year and up to the date of signing the accounts, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

# **Chubb Fire Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Employee involvement**

The company places considerable value on the involvement of its employees. Appropriate personnel and remuneration policies are in place to ensure that the company can attract, retain and motivate personnel, irrespective of their race, age, sex, marital status or national origin.

The company recognises the need to ensure effective communication and consultation with employees, and continues to keep employees informed on matters affecting them as employees and on the various factors affecting the performance of the company and of the group. This is achieved through formal and informal employees meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Involvement of employees in the company's performance is encouraged through an employees' share scheme.

### **Employment of disabled persons**

It is the policy of the company to give full and fair consideration to applications for employment from people with disabilities, and also in relation to training, promotion and career development, having regard to their aptitudes and disabilities, special arrangements are made to support the continued employment of those who become disabled.

### **Principal Risks and Uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of business risks. The key business risk and uncertainties affecting the company relate to the competitive nature within which the business operates, and facing competition from rival suppliers.

### **Financial risk management policies**

The board reviews and agrees policies for managing financial risks. The company's policy is to finance its operations through a mixture of equity finance and retained profits.

The company's finance function is responsible for managing investment and funding requirements. It also monitors interest rate and foreign exchange exposure whilst ensuring adequate liquidity exists at all times in order to meet cash flow requirements.

### **Credit risk**

The company's principal financial assets are cash at bank, intercompany debt and debtors. The credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. Cash collections are monitored on a regular basis.

### **Liquidity and interest rate risk**

Liquidity risk is managed centrally by the company's ultimate parent. The directors consider that there is no significant interest rate cash flow risk. This is monitored on a continual basis.

### **Foreign exchange risk**

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

# Chubb Fire Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Payment Policy

The company operated procedures to ensure that suppliers are paid on time. In particular the Company seeks to

- settle terms of payment with suppliers when agreeing terms of the transaction,
- to ensure that suppliers are made aware of the agreed terms of payment, and
- to abide by the terms of payment

Trade creditors as at 31 December 2010 represent 69 days of annual purchases for the company (2009 53 days)

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Approved by the Board of Directors and signed on its behalf by:



B. Lindroth  
Director

17 JUNE 2011

# Chubb Fire Limited

## Independent auditors' report to the members of Chubb Fire Limited

We have audited the financial statements of Chubb Fire Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

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

Alison Cashmore (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge, Middlesex  
17 June 2011

## Chubb Fire Limited

### Profit and loss account for the year ended 31 December 2010

	<i>Note</i>	2010 £'000	2009 £'000
Turnover	2	108,204	128,689
Cost of sales		(62,674)	(72,636)
<b>Gross profit</b>		<b>45,530</b>	<b>56,053</b>
Selling and Distribution expenses		(11,836)	(15,651)
Administrative expenses (including exceptional charge for impairment of goodwill of £29.5m (2009 £nil))		(54,233)	(31,459)
<b>Operating (loss)/profit</b>	3	<b>(20,539)</b>	<b>8,943</b>
Profit on sale of business	10	17,258	-
Interest receivable and similar income	6	275	349
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(3,006)</b>	<b>9,292</b>
Tax on (loss)/profit on ordinary activities	7	435	981
<b>(Loss)/profit for the financial year</b>	17	<b>(2,571)</b>	<b>10,273</b>

All items dealt with in the profit and loss account relate to discontinued operations

There is no material difference between the (loss)/profit on the ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the results above and therefore no statement of recognised gains and losses has been presented

# Chubb Fire Limited

Registered Number : 134210

## Balance sheet at 31 December 2010

	<i>Note</i>	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	33,255
Tangible assets	9	3,657	4,221
		<b>3,657</b>	<b>37,476</b>
<b>Current assets</b>			
Stock	11	6,042	5,023
Debtors	12	242,325	209,564
Cash at bank and in hand		15,138	19,310
		<b>263,505</b>	<b>233,897</b>
<b>Creditors - amounts falling due within one year</b>	13	<b>(69,106)</b>	<b>(70,938)</b>
<b>Net current assets</b>		<b>194,399</b>	<b>162,959</b>
<b>Total assets less current liabilities</b>		<b>198,056</b>	<b>200,435</b>
<b>Provisions for liabilities</b>	14	<b>(4,177)</b>	<b>(5,004)</b>
<b>Net assets</b>		<b>193,879</b>	<b>195,431</b>
<b>Capital and reserves</b>			
Called up share capital	15	5,310	5,310
Share premium account	16	2,025	2,025
Revaluation reserve	16	16	16
Other reserve	16	2,074	1,055
Profit and loss account	16	184,454	187,025
<b>Total shareholders' funds</b>	17	<b>193,879</b>	<b>195,431</b>

The financial statements on pages 5 to 20 were approved by the Board of Directors on 17 JUNE 2011 and were signed on its behalf by



**B Lindroth**  
Director



# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010

### 1 Principal accounting policies

A summary of the principal accounting policies which have been consistently applied are as follows

#### Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Companies Act 2006

#### Turnover

Turnover is derived from the sale, rental, installation and service of fire protection equipment

It excludes value added tax and includes trade discounts, and represents the invoiced value of goods and services supplied. Turnover from the supply of goods is recognised when the goods are despatched

Income from the company's rental business includes installation charges, which are credited in the year of installation, as well as rental and maintenance charges falling due in the year. Rental income is invoiced annually and income is taken to the profit and loss account in the year in which the service is provided. The cost of the service call relating to that income and the depreciation for the year of the assets concerned is charged to the profit and loss over the duration of the life of the lease

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partly completed at the balance sheet date turnover represents the value of service provided to date based on a proportion of the total contract value

Any foreseeable losses are recognised immediately

#### Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful lives using the straight line basis

The principal estimated useful economic lives used for this purpose are

Long and short leasehold properties	over term of lease
Plant, equipment and vehicles	3-10 years
Equipment leased or hired to customer	over term of lease

Freehold land is not depreciated

#### Pension scheme arrangements

The company follows the provisions of FRS 17. The majority of the company's employees are members of either the Chubb Pension Plan or the Chubb Security Pension Fund. These are defined benefit pension schemes and are funded by contributions partly from the employees and partly from the company at rates determined by an independent actuary. Actuarial valuations are made regularly and the contributions payable are adjusted as appropriate

The scheme is accounted for as if it was a defined contribution scheme, as the company is unable to separately identify its share of the assets and liabilities of the group scheme

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

# **Chubb Fire Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **1 Principal accounting policies (continued)**

#### **Stock and work in progress**

Stock and work in progress is stated at the lower of cost and net realisable value. Cost includes transport, handling costs and attributable overheads where appropriate. Cost is determined using the weighted average method. Where necessary, provision is made for obsolete, slow moving, and defective stock.

#### **Long-Term Contracts**

Provided that the outcome of long term contracts can be assessed with reasonable certainty, such contracts are valued at cost plus attributable profit earned to date. Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress on any contract, whereby the excess is recorded as deferred revenue.

The amount by which recorded turnover of long term contracts is in excess of payments on account is classified as accrued income and is disclosed separately within debtors.

Where it is expected that contract costs will exceed estimated turnover, the loss on the contract is recognised immediately.

#### **Goodwill**

Goodwill represents the excess of the fair value of the consideration given over the aggregate of the fair values of the identifiable net assets acquired.

Goodwill is shown as an asset and, in accordance with FRS10, each acquisition is assessed to determine the useful economic life of the business and the goodwill. Where it is considered that the value of the business or its goodwill does have a measurable economic life, the goodwill would be amortised through the profit and loss account by equal instalments over such useful economic life. The potential lives of the businesses and goodwill are reviewed annually and revised where appropriate.

Where the useful economic life does not exceed 20 years, goodwill would be subject to an impairment review at the end of the year of acquisition and at any other time when the directors believe that an impairment may have occurred.

Where the goodwill is assigned a useful economic life which is in excess of 20 years or is indefinite, the values of the relevant businesses and goodwill are assessed for impairment against carrying values on an annual basis in accordance with FRS11. Any impairment would be charged to the profit and loss account in the period in which it arises.

#### **Foreign currencies**

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

# **Chubb Fire Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **1 Principal accounting policies (continued)**

#### **Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

#### **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

#### **Onerous leases**

Provision is made for onerous contract obligations for leasehold properties that are vacated, or where future sub-let income is estimated to be insufficient to meet all the obligations under the lease

#### **Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 Cash Flow Statement (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of United Technologies Corporation. The parent company has prepared a consolidated cash flow statement including the cash flows of this company for the year ended 31 December 2010

### **2 Turnover**

Turnover arises from sales in the United Kingdom and is derived from the provision of fire protection equipment, which is considered to be one class of business

All of the turnover is derived from discontinued operations

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 3 Operating (loss)/profit

	2010	2009
	£'000	£'000
<b>Operating profit is stated after charging/(crediting):</b>		
Exceptional charge for impairment of goodwill (note 8)	29,537	-
Amortisation of goodwill	3,718	3,718
Depreciation of tangible fixed assets	1,335	1,423
<b>Auditors' remuneration:</b>		
For audit services	24	24
<b>Payments under operating leases</b>		
Hire of plant and machinery	1,925	2,462
Other operating leases	3,146	4,200
Receipts under operating leases included in turnover	(7,852)	(9,168)
Foreign exchange loss/(gain)	12	(15)

### 4 Directors' emoluments

The emoluments paid to the directors of Chubb Fire Limited were

	2010	2009
	£'000	£'000
Aggregate directors' emoluments	228	784
The highest paid director		
Aggregate emoluments	228	415

Retirement benefits are accruing to 1 (2009 2) directors under a defined contribution scheme

None of the resigning directors received any compensation for loss of office in respect of their services to the company

### 5 Employee information

	2010	2009
	£'000	£'000
<b>Staff costs</b>		
Wages and salaries	41,099	46,001
Social security costs	4,149	4,539
Other pension costs (note 20)	4,280	9,441
Employee share option scheme	1,019	72
	50,547	60,053

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5 Employee information (continued)

The average monthly number of persons (including directors) employed by the company during the year was

	2010 Number	2009 Number
<b>By activity</b>		
Production	711	814
Selling and distribution	263	290
Administration	297	328
	<b>1,271</b>	<b>1,432</b>

### 6 Interest receivable

Interest receivable relates to amounts earned on a monthly rolling deposit held with fellow group undertaking Parkview Treasury Services. All other amounts held with group undertakings are interest free.

### 7 Tax on profit on ordinary activities

	2010 £'000	2009 £'000
<b>Current tax</b>		
United Kingdom Corporation tax at 28% (2009 28%)	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(633)	(434)
Effects of rate change	(198)	-
Adjustment in respect of prior years	1,266	1,415
<b>Total deferred tax</b>	<b>435</b>	<b>981</b>
<b>Total Tax charge</b>	<b>435</b>	<b>981</b>

## Chubb Fire Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 7 Tax on profit on ordinary activities (continued)

##### Factors affecting current tax charge for the year

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the United Kingdom of 28% (2009 28%)

The differences are explained below

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<b>(3,006)</b>	9,292
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom 28% (2009 28%)	<b>(842)</b>	2,602
<i>Effects of</i>		
Expenses not deductible for tax purposes	<b>9,448</b>	1,246
Capital allowances in excess of depreciation	<b>(867)</b>	(625)
Movement in short term differences	<b>280</b>	-
Non taxable income	<b>(4,832)</b>	-
Transfer pricing adjustments	<b>487</b>	552
Group relief claims received for nil consideration	<b>(3,674)</b>	(3,775)
Current tax charge for the year	-	-

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 7 Tax on profit on ordinary activities (continued)

#### Deferred taxation

A deferred taxation asset is recognised in the financial statements as follows

	<b>Amount recognised 2010 £'000</b>	<b>Amount recognised 2009 £'000</b>
Depreciation in excess of capital allowances	4,778	4,396
Other timing differences	573	520
	<b>5,351</b>	<b>4,916</b>
	<b>2010 £'000</b>	<b>2009 £'000</b>
At start of year	4,916	3,935
Deferred tax charge in profit and loss for the year	435	981
At end of year	<b>5,351</b>	<b>4,916</b>

Deferred tax assets of £0.2 million (2009: £0.2 million) relating to capital losses has not been recognised in the balance sheet due to the uncertainty that there will be sufficient capital gains in the future to realise the deferred tax asset

#### Factors affecting current and future tax charges

The Chancellor of the Exchequer announced in his emergency budget on 22 June 2010 that the rate of corporation tax would reduce by 1 percentage point each year until 2014, down to a rate of 24%. On the 27 July 2010 the emergency budget measures were partially enacted and so, in accordance with the relevant accounting standards, the calculation of the deferred tax provision at 31 December 2010 has been calculated at 27%. In the budget 2011 that chancellor further announced that the tax rate effective from 1 April 2011 would be further reduced from 27% to 26%. This was enacted substantively on 30<sup>th</sup> March 2011.

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 8 Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 1 January 2010	37,178
<b>At 31 December 2010</b>	<b>37,178</b>
<b>Accumulated amortisation</b>	
At 1 January 2010	3,923
Amortisation for the year	3,718
Impairment	29,537
<b>At 31 December 2010</b>	<b>37,178</b>
<b>Net book value</b>	
At 31 December 2010	-
At 31 December 2009	33,255

With the transfer of trade and assets to Chubb Fire and Security Limited on 1 January 2011 (note 23), a goodwill impairment assessment was performed resulting in goodwill being written down in full

### 9 Tangible assets

	Long leasehold premises	Short leasehold properties	Plant, equipment and vehicles	Equipment leased or or hired to customers	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2010	90	2,119	10,969	5,900	19,078
Transfer	-	104	(267)	163	-
Additions	-	74	250	557	881
Disposals	-	-	-	(1,444)	(1,444)
<b>At 31 December 2010</b>	<b>90</b>	<b>2,297</b>	<b>10,952</b>	<b>5,176</b>	<b>18,515</b>
<b>Accumulated depreciation</b>					
At 1 January 2010	2	1,610	9,919	3,326	14,857
Charge for year	3	205	315	812	1,335
Disposals	-	-	-	(1,334)	(1,334)
<b>At 31 December 2010</b>	<b>5</b>	<b>1,815</b>	<b>10,234</b>	<b>2,804</b>	<b>14,858</b>
<b>Net book value</b>					
At 31 December 2010	85	482	718	2,372	3,657
At 31 December 2009	88	509	1,050	2,574	4,221



# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 10 Business Transfer

On 1st January 2010, the company transferred the fire suppression element of the business to group undertaking SFS Fire Services Limited for the consideration of £20.8million

	1 January 2010 £'000
Debtors	3,534
Stock	29
Creditors	(49)
	<hr/> 3,514
Intercompany loan receivable consideration	20,772
Profit on sale of business	17,258
	<hr/>

There is no difference between the book values of the assets and liabilities transferred and the fair value

### 11 Stock

	2010 £'000	2009 £'000
Long-term contract balances		
Net cost less foreseeable losses	1,575	1,097
Less applicable payments on account	(15)	(572)
	<hr/> 1,560	525
Finished goods held for resale	4,482	4,498
	<hr/> 6,042	5,023

### 12 Debtors

	2010 £'000	2009 £'000
Trade debtors	19,624	24,373
Amounts recoverable on contracts	350	927
Amounts owed by group undertakings	214,625	176,625
Other debtors	1,263	854
Deferred taxation (note 7)	5,351	4,916
Accrued income and prepayments	1,112	1,869
	<hr/> 242,325	209,564

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 13 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	5,941	6,259
Amounts owed to group undertakings	49,632	48,399
Taxation and social security	4,142	4,514
Other creditors	1,825	2,798
Accruals and deferred income	7,566	8,968
	<b>69,106</b>	<b>70,938</b>

Amounts owed to group undertakings are funding balances from group undertakings, which are unsecured and repayable at one year's notice. Interest is not payable on group loans.

### 14 Provisions for liabilities

	Sheffield Attercliffe Road £'000	Vacant property £'000	Litigation £'000	Total £'000
1 January 2010	24	4,717	263	5,004
Charged/(released) to the profit and loss account	17	498	(144)	371
Utilised during the year	(5)	(1,146)	(47)	(1,198)
31 December 2010	<b>36</b>	<b>4,069</b>	<b>72</b>	<b>4,177</b>

#### Vacant property

It is expected that the provision for vacant property will be utilised over a period greater than 5 years.

#### Litigation

These balances are held to cover claims filed against the company. It is anticipated that the majority of these items will be settled within 2 to 5 years.

#### Sheffield Attercliffe Road

It is expected that the provision for Sheffield Attercliffe Road, a building leased by the company that was destroyed by fire, will be utilised over the next year.

## Chubb Fire Limited

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 15 Called up share capital

	2010 £'000	2009 £'000
<b>Authorised</b>		
600,000 cumulative 5 5% preference shares of £1 each	600	600
19,400,000 Ordinary shares of 25p each	4,850	4,850
	<b>5,450</b>	<b>5,450</b>
<b>Allotted and fully paid</b>		
460,000 cumulative 5 5% preference shares of £1 each	460	460
19,400,000 ordinary shares of 25p each	4,850	4,850
	<b>5,310</b>	<b>5,310</b>

Chubb Management Services Limited, the preference shareholder, has decided to waive its right to preference dividends until further notice

#### 16 Reserves

	Other Reserves £'000	Share Premium account £'000	Revaluation Reserve £'000	Profit and Loss account £'000
At 1 January 2010	1,055	2,025	16	187,025
Capital contribution	1,019	-	-	-
Loss for the financial year	-	-	-	(2,571)
<b>At 31 December 2010</b>	<b>2,074</b>	<b>2,025</b>	<b>16</b>	<b>184,454</b>

The capital contribution is in respect the cost of share options relating to shares in the parent undertaking granted to employees of the company by the parent company undertaking which are not recharged

#### 17 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	195,431	185,086
Capital contribution from parent company	1,019	72
(Loss)/profit for the financial year	(2,571)	10,273
<b>Closing shareholders' funds</b>	<b>193,879</b>	<b>195,431</b>

#### 18 Contingent liabilities

The company is party to a group arrangement with its bankers, whereby any in-hand balance may be applied against the overdraft of Chubb Ltd Bank guarantees of £250,000 (2009 £250,000) to third party suppliers were in effect at 31 December 2010

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 19 Financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010	2010	2009	2009
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	259	456	1,060	1,868
In the second to fifth year inclusive	1,222	442	1,130	1,597
Over five years	222	-	606	-
	<u>1,703</u>	<u>898</u>	<u>2,796</u>	<u>3,465</u>

As part of the transfer of business all financial commitments will be transferred to Chubb Fire and Security Limited from 1<sup>st</sup> January 2011 (see note 23)

### 20 Pensions and similar obligations

The company participates in a number of pension schemes operated by the Chubb Security Group which cover the majority of its employees. The schemes are of the defined benefit and defined contribution types and are operated on a pre-funded basis. Actuarial assessments covering expenses and contributions are carried out by independent qualified actuaries. These schemes include the Chubb Security Pension Fund and the Chubb Pension Plan. These are the principal pension plans operated for employees of the Chubb Limited Group.

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

The amount charged to the profit and loss account in the year, for both defined benefit and defined contribution pension schemes, were £3,390,211 and £889,706 respectively (2009 £8,936,000 and £505,364). At 31 December 2010 there were accrued contributions due to the funds of £282,000 (31 December 2009 £292,000).

Full actuarial valuations of the pension schemes were carried out at 31 March 2006 by Mercer Human Resource Consulting, an independent firm of actuaries, using the projected unit method. This valuation was updated as at 31 December 2010 by Towers Perrin, another independent firm of actuaries. The financial assumptions adopted were that over the long term, the rate of return on investments would be 6.9% pa, the increase in pensionable pay 4.5% pa, the increase in pensions payment 3.15% and the discount rate 5.7%.

On the basis of these assumptions the market value of the scheme's assets as at 31 December 2010 represented 126% of the actuarial liability at that date. The market value of assets on 31 December 2010 was £1,201.7 (2009. £1,097.8m). The schemes were closed to new entrants in 1997. Future contributions will be made at the rate of 25%-35% of pensionable salaries.

# Chubb Fire Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 21 Share based payments

The ultimate parent Company United Technologies Corporation provides employees share options that need to be accounted for under Financial Reporting Standard No 20 – Share based payments. Share options are granted to Directors and selected employees. Options are conditional on the employee completing a specified period of service (the vesting period) and have a contractual term of three years. The United Technologies Corporation Group has no legal or constructive obligation to repurchase or settle the options in cash.

The expense relates to the cost borne in share options granted to employees of the Company in the ultimate parent undertaking. The parent undertaking has not recharged the Company for these expenses and as a result the share options are shown as a capital contribution from the parent undertaking to the profit and loss account within these financial statements. This treatment is in line with the guidance given in UITF 44.

The weighted average fair value of options granted in the year determined using the binominal lattice valuation model was £11.40 (2009: £9.91).

A summary of the movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010 Number	Weighted average exercise price £	2009 Number	Weighted average exercise price £
Outstanding at 1 January	78,522	33.04	97,020	33.56
Granted	37,850	32.73	21,072	35.50
Forfeited	(24,500)	(40.49)	(14,335)	37.30
Exercised	(12,170)	18.55	(25,235)	30.94
Outstanding at 31 December	79,702	58.34	78,522	33.04
Exercisable at 31 December	43,680	32.88	45,730	30.75

### 22 Related party transactions

In accordance with the exemption allowed by Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other undertakings within the group have not been disclosed in these financial statements on the grounds that the company is a wholly owned subsidiary of a group, United Technologies Corporation, whose financial statements are publicly available.

### 23 Subsequent Events

On the 1 January 2011 the company completed the sale of the trade and assets of the company, excluding cash to Chubb Fire and Security Limited, a group undertaking for a consideration of £160m.

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## **Chubb Fire Limited**

### **Notes to the financial statements for the year ended 31 December 2010 (continued)**

#### **24 Ultimate parent undertaking and controlling party**

At the year-end, Chubb Group Limited, a company registered in England and Wales was the immediate parent undertaking

The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America. Copies of the United Technologies Corporation group financial statements are publicly available and can be obtained from

United Technologies Corporation  
United Technologies Building  
Hartford  
Connecticut 06103  
USA

United Technologies Corporation is the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2010