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Chubb (NI) Limited

Directors' Report and Financial Statements

Year Ended 31 December 2001



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DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2001

Chubb Management Services Ltd
Westminster Securities Ltd

M Davies
S Mundy
D Byrne
C Kelleher

Solicitors

Arthur Cox & Co
Stokes House
17 – 25 College Square East
Belfast
BT1 6HD

Secretary and Registered Office

Arthur Birchall
Pentagon House
Sir Frank Whittle Road
Derby DE21 4XA
England

Bankers

Ulster Bank
Shaftsbury Square
Belfast
Northern Ireland

First Trust Bank
551 Antrim Road
Belfast
Northern Ireland

Bank of Ireland
54 Donegal Place
Belfast
Northern Ireland

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2

DIRECTORS' REPORT

The directors present the annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activities of the company are the sale, installation and service of security equipment. During the year the company amalgamated the businesses of fellow subsidiaries, Magnum Installations (NI) Limited and Magnum Rentals (NI) Limited.

Business review

The financial statements for the year ended 31 December 2001 are set out in detail on pages 6 to 14. The year end position is satisfactory and future growth will ensure the company's continued profitability.

Results and dividends

Retained profits for the year were £776,724. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year are listed below:

Chubb Management Services Limited
Westminster Securities Limited
M Davies (appointed 11 June 2001)
S Mundy (appointed 11 June 2001)
D Byrne (appointed 11 June 2001)
C Kelleher (appointed 11 June 2001)

Directors' share interests

None of the directors at the year-end held any interest in the share capital of the Company or any other subsidiary of Chubb plc.

The directors' interests in the share capital of the Company's ultimate holding company, Chubb plc, are as follows:

Name	Chubb plc - Ordinary Shares of 36p each			
	At 1 January 2001 or date of appointment		At 31 December 2001	
	Shares	Options	Shares	Options
D Byrne	Nil	37,696	Nil	95,482
C Kelleher	Nil	17,991	Nil	53,451
MD Davis	25,000	178,571	93,379	442,162
SJ Mundy	Nil	Nil	Nil	102,141

Name	Chubb plc - Share Options				
	At 1 January 2001 or date of appointment	Granted	Exercised	Lapsed	At 31 December 2001
D Byrne - Executive Share Options	37,696	57,786	Nil	Nil	95,482
C Kelleher - Executive Share Options	17,991	35,460	Nil	Nil	53,451
MD Davis - Executive Share Options	178,571	263,591	Nil	Nil	442,162
SJ Mundy - Executive Share Options	Nil	102,141	Nil	Nil	102,141

In addition, Mr D Byrne and Mr MD Davies were both granted conditional awards under the Chubb Performance Share Plan on 21 March 2001, of 22,020 and 49,645 shares respectively.

Directors' interest in contracts

During the year, none of the directors held any material interest in any contract of significance in relation to the Company's business.

DIRECTORS' REPORT - continued

Donations

No political donations were made during the year to 31 December 2001.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the Companies Act 1985. 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.

Auditors

As a consequence of an elective 'resolution' passed on 25 February 1999, PricewaterhouseCoopers will continue in office until further notice.

On behalf of the board

Connie Kelleher



31 May 2002

PricewaterhouseCoopers

P.O. Box 1283

George's Quay

Dublin 2

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AUDITORS' REPORT : To the shareholders of Chubb (NI) Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

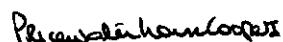
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the financial accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

31 May 2002

PROFIT AND LOSS ACCOUNT
Year Ended 31 December 2001

	Notes	2001 Stg£	2000 Stg£
Turnover	2	<u>6,792,169</u>	<u>3,052,117</u>
Operating profit	3	831,737	204,889
Interest payable less interest receivable	5	<u>(14,804)</u>	<u>(10,465)</u>
Profit on ordinary activities before taxation	4	816,933	194,424
Tax on ordinary activities	8	<u>(40,209)</u>	<u>(124,599)</u>
Profit on ordinary activities after taxation		776,724	69,825
Dividends		-	-
Retained profit for the year		776,724	69,825
Balance at beginning of year		<u>578,598</u>	<u>508,773</u>
Balance at end of year		<u>1,355,322</u>	<u>578,598</u>

The above amounts relate to the continuing activities of the company.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year, as stated above, and the historical cost equivalents.

The company has no recognised gains or losses than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 December 2001

	Notes	2001 Stg£	2000 Stg£
Fixed assets			
Tangible assets	9	234,148	162,742
Investments	10	<u>49,492</u>	<u>-</u>
		<u>283,640</u>	<u>162,742</u>
Current assets			
Stock	11	425,255	268,979
Debtors	12	3,749,537	1,785,841
Cash at bank and in hand		<u>1,041,108</u>	<u>186,031</u>
		5,215,900	2,240,851
Creditors - Amounts falling due within one year	13	<u>(4,104,176)</u>	<u>(1,819,995)</u>
Net current assets		<u>1,111,724</u>	<u>420,856</u>
Total assets less current liabilities		<u>1,395,364</u>	<u>583,598</u>
Provisions for liabilities and charges	14	<u>(35,042)</u>	<u>-</u>
		<u>1,360,322</u>	<u>583,598</u>
Capital and reserves			
Called up share capital	15	5,000	5,000
Profit and loss account		<u>1,355,322</u>	<u>578,598</u>
Shareholders funds	16	<u>1,360,322</u>	<u>583,598</u>

The financial statements on pages 6 to 14 were approved by the board of directors on [31st May] 2002 and were signed on its behalf by:

Director

Connie Kelleher

Connie Kelleher

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The significant accounting policies adopted by the company are as follows:

Basis of preparation

These financial statements are prepared under the historical convention, as modified by the revaluation of certain tangible fixed assets, the accounting policies set out below and in accordance with applicable accounting standards.

Turnover

Turnover represents sales by the company (net of sales related taxes) to third parties. Installation charges for alarms are credited to sales in the year of installation.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets other than land over their estimated useful lives by equal annual instalments as follows:

Plant, machinery, furniture and vehicles	5 to 10 years
Equipment held under rental contract	7 years

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rates ruling at the balance sheet date. All exchange gain/losses are dealt with through the profit and loss account.

Leases

Operating lease costs are charged to the profit and loss account as incurred.

Stocks and work in progress

Stocks are included in financial statements at lower of cost and net realisable value. Cost represents invoice price from suppliers, less trade discounts and rebates.

Net realisable value comprises the actual or estimated selling price of stock less all costs to be incurred in marketing, selling and distribution.

Deferred taxation

Deferred taxation represents the amount required to allow for the effect of certain items of income and expenses being attributable for tax purposes to periods different from those in which credits or charges are recorded in the financial statements. Such taxation is determined using the liability method by applying the rate of tax applicable at the balance sheet date to accumulated timing difference.

Deferred taxation is not provided for where there is reasonable evidence that such taxation will not become payable in the foreseeable future. Any amount not provided for is disclosed as a contingent liability.

Pension costs

Pension costs, which are periodically calculated by professionally qualified actuaries, are charged against profits so that the expected cost of providing pensions is recognised during the period in which benefit is derived from the employee's services. The cost of the various pension schemes may vary from the funding dependent upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Turnover

Turnover is comprised of the invoiced value of goods and services supported by the company, exclusive of trade discounts and value added tax.

All of the companies turnover arose in Northern Ireland.

3 Operating profit	2001 Stg£	2000 Stg£
Turnover	6,792,169	3,052,117
Cost of sales	(4,176,715)	(2,068,532)
Factory margin	2,615,454	983,585
Selling and distribution costs	(897,852)	(443,863)
Administrative expenses	(885,865)	(334,833)
Operating profit	<u>831,737</u>	<u>204,889</u>

4 Profit on ordinary activities before taxation	2001 Stg£	2000 Stg£
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Profit on ordinary activities before taxation has been arrived at after charging:

Directors' emoluments (note 6)	-	-
Auditors' remuneration and expenses	7,986	6,280
Depreciation of tangible fixed assets	43,246	40,588
Payments under operating leases		
Land and buildings	57,498	43,652
Other assets	<u>228,119</u>	<u>107,244</u>

5 Interest payable less interest receivable	2001 Stg£	2000 Stg£
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Interest payable:

Bank overdrafts, loans and other borrowings repayable within five years	<u>14,804</u>	<u>10,465</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued

6 Directors' emoluments	2001 Stg£	2000 Stg£
Fees	-	-
Other emoluments	-	-
Pension contributions	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	2001 Number	2000 Number
Scale of other directors' remuneration:		
£0 - £5,000	<u>-</u>	<u>-</u>
7 Employees	2001 Stg£	2000 Stg£
Employee costs during the year:		
Wages and salaries	2,035,090	882,230
Social security costs	166,751	71,389
Other pension costs	143,010	51,719
	<u>2,344,851</u>	<u>1,005,338</u>
	2001 Number	2000 Number
Average number of persons employed:		
Direct	76	25
Indirect	<u>27</u>	<u>24</u>
	<u>103</u>	<u>49</u>
8 Tax on profit on ordinary activities	2001 Stg£	2000 Stg£
The tax (charge)/credit based on profits comprises:		
Corporation tax at 30% (2000: 31%)	<u>(40,209)</u>	<u>(124,599)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible fixed assets	Plant, machinery, furniture and vehicles Stg£	Equipment leased or hired to customers Stg£	Total Stg£
Cost or valuation			
At 31 December 2000	291,158	126,449	417,607
Transfer from group company	31,035	138,913	169,948
Additions	20,717	4,410	25,127
Disposals	(25,634)	-	(25,634)
At 31 December 2001	<u>317,276</u>	<u>269,772</u>	<u>587,048</u>
Depreciation			
At 31 December 2000	135,963	118,902	254,865
Transfers from group company	12,793	67,630	80,423
Charge for the year	23,339	19,907	43,246
Disposals	(25,634)	-	(25,634)
At 31 December 2001	<u>146,461</u>	<u>206,439</u>	<u>352,900</u>
Net book value			
At 31 December 2001	<u>170,815</u>	<u>63,333</u>	<u>234,148</u>
At 31 December 2000	<u>155,195</u>	<u>7,547</u>	<u>162,742</u>
10 Investments		2001 Stg£	2000 Stg£
Unlisted investments at cost		<u>49,492</u>	<u>-</u>
11 Stocks		2001 Stg£	2000 Stg£
Raw materials		307,186	245,699
Finished goods		<u>118,069</u>	<u>23,280</u>
		<u>425,255</u>	<u>268,979</u>
12 Debtors		2001 Stg£	2000 Stg£
Trade debtors		2,319,387	918,300
Amounts owed by parent and fellow subsidiary companies		1,271,827	819,094
Prepayments and accrued income		<u>158,323</u>	<u>48,447</u>
		<u>3,749,537</u>	<u>1,785,841</u>

There are no amounts due over one year.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Creditors - amounts falling due within one year	2001 Stg£	2000 Stg£
Trade creditors	291,214	490,087
Accruals and deferred income	953,827	642,721
Amounts owed to parent and fellow subsidiary companies	2,213,153	359,720
Other taxes and social security costs	645,982	327,467
	<u>4,104,176</u>	<u>1,819,995</u>

14 Provisions for liabilities and charges	2001 Stg£	2000 Stg£
Litigation provision	<u>35,042</u>	<u>-</u>

Litigation provision has been made for the anticipated costs of resolving litigation based on professional advice. The timing and settlement of these claims is uncertain.

15 Called up share capital	2001 Stg£	1999 Stg£
Authorised, allotted and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

16 Reconciliation of movements in shareholders' funds	2001 Stg£	2000 Stg£
Profit for the financial period	776,724	69,825
Dividends	<u>-</u>	<u>-</u>
	776,724	69,825
Opening shareholders' funds	<u>583,598</u>	<u>513,773</u>
Closing shareholders' funds	<u>1,360,322</u>	<u>583,598</u>

17 Future capital expenditure

Capital expenditure contracted for and authorised but not contracted for, at 31 December 2001 for which no provision has been made in these financial statements is nil.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Lease commitment	Land and buildings 2001 Stg£	Other assets 2001 Stg£	Land and buildings 2000 Stg£	Other assets 2000 Stg£
Payable on operating leases that expire within one year	-	-	-	2,189
Payable on operating leases that expire between two and five years	-	228,118	-	5,062
Payable on operating leases that expire after five years	57,498	-	38,630	-
	<u>57,498</u>	<u>228,118</u>	<u>38,630</u>	<u>7,251</u>

19 Pensions

The company contributes to two defined benefit pension schemes, the Chubb Pension plan and the Chubb Security Pension Fund operated by the Chubb Plc (UK), which covers the majority of its directors and employees.

The assets of these schemes are held separately from those of the company. It is not possible to identify the company's share of the underlying assets and liabilities in the schemes on a consistent basis. In accordance with FRS 17 - Retirement Benefits, the schemes are accounted for as defined benefit schemes.

The total pension cost for the company was Stg£143,010 (2000: Stg£51,719). The pension cost is assessed by an independent qualified actuary using the Projected Unit Credit Method. An amount of Stg£15,054 (2000: £16,050) is included in accruals, which represents the excess of the accumulated pension cost over the payment of contributions to the pension fund.

The assumptions which have the most significant effects on the valuations are those relating to the rate of investment return and pensionable salary increases. It was assumed that there will be an excess interest growth over pay growth of 1.5% and 1.4%.

At the date of the most recent actuarial valuation which took place in April 2000 and April 2001. The aggregate market value of the assets at the respective valuation dates was Stg£871.7m.

20 Ultimate parent company

The ultimate parent company, at 31 December 2001, of Chubb (NI) Limited was Chubb plc a company incorporated in Great Britain and registered in England. The smallest and largest group into which these financial statements are consolidated is Chubb plc. Copies of the Group financial statements of Chubb plc are available from Chubb plc, Pentagon House, Sir Frank Whittle Road, Derby DE21 4XA.

21 Cash flow statement

The directors have availed of the exemptions in Financial Reporting Standard No 1 which permits wholly owned subsidiaries of a European Community undertaking, which itself published such a statement, not to produce a Cash Flow Statement.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Related party transactions

The company undertakes transactions with other Group Companies. As the company was, during the year, a wholly-owned subsidiary of Chubb plc the Consolidated Accounts of which are publicly available at Pentagon House, Sir Frank Whittle Road, Derby DE21 4XA, England, disclosure of such transactions is not required.