

# **Chubb (NI) Limited**

**Annual Report  
for the year ended 31 December 2015**

Registered number 373935



## **Chubb (NI) Limited**

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## **Chubb (NI) Limited**

### **Strategic Report**

The directors present their Strategic Report for the company for the year ended 31 December 2015.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### **Review of the business**

The directors are satisfied with the results for the year and anticipate sustainable results in the future. The company's profit for the financial year is £523,000 (2014: £681,000) which will be transferred to reserves.

#### **Accounting policy change**

During the year, the directors have reviewed the policy in place for the valuation of finished goods within the inventory balance. The current policy is to value finished goods using the weighted average method. The directors have chosen to change the accounting policy so that raw materials are accounted for at standard cost. The directors have made the change to align the stock valuation policy with other companies within the United Technology Corporation group. The effect on retained earnings in relation to this change in accounting policy is to increase the retained earnings by £14,000 (2014: increase of £13,000, 2013: increase of £14,000).

#### **Key performance indicators**

Turnover shows a year on year increase of 2.7% from £5,880,000 in 2014 to £6,038,000 in 2015. This is attributable to small volume increases in the business.

Gross profit, at £1,971,000 (2014: £1,910,000) shows a year on year increase of 3.2%, at 32.6% of turnover (2014: 32.5% of turnover). Due to an increase in administration expenditure, operating profit has decreased from £673,000 in 2014 to £605,000 in 2015.

The company's profit for the financial year is £523,000 (2014: £681,000), which will be transferred to reserves. At 31 December 2015 the company had net assets of £1,069,000 (2014: £796,000):

#### **Principal risks and uncertainties**

The directors and senior managers review the company's financial risk profile on a regular basis. This process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is of extreme importance not only within the company, but the United Technologies Corporation group as a whole. The key business risks affecting the company are considered to relate to the economic environment, including credit risk, and competition.

#### **Business environment**

The UK fire protection industry is highly competitive as many companies offer similar coverage. This gives rise to competitive pricing structures. The company regularly assesses the impact of market conditions and technological changes in relation to the products supplied and will source the best products to meet its customers demands.

#### **Credit risk**

The company's principal financial assets are cash at bank, intercompany debt, trade debtors and other 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.

## **Chubb (NI) Limited**

### **Strategic Report**

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

Liquidity risk and interest rate risk is managed centrally by the company's ultimate parent.

#### ***Foreign exchange risk***

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. The impact of the Brexit referendum result will be kept under review by the directors as the situation unfolds.

#### **Future developments**

The directors believe that the economic conditions will remain challenging in 2016 and the impact of the Brexit referendum result will be kept under review as the situation unfolds. The directors will seek to manage risk to profitability through growth initiatives and reductions in the cost base of the company.

#### **Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

#### **Approval**

Approved by the Board and signed on its behalf by:



C Forbes  
Director  
21 November 2016

Littleton Road  
Ashford  
Middlesex  
TW15 1TZ

## **Chubb (NI) Limited**

### **Directors' Report**

The directors present their Report and audited financial statements of the company for the year ended 31 December 2015.

#### **Future developments**

Details of future developments can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

#### **Going concern**

At 31 December 2015 the company had net current liabilities of £2,780,000 (2014: £3,051,000). The company has received a letter of support from Commonwealth Luxembourg Holdings Sarl and, therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

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

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

#### **Dividends**

The directors recommend a final dividend of £250,000 for the year (2014: £500,000).

#### **Directors**

The directors, who served throughout the year and up to the date of signing the financial statements were as follows:

Chubb Management Services Limited  
A Brennan  
D Byrne  
C Forbes  
L Harvey  
S Quillish (Resigned 17 March 2015)

#### **Directors indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

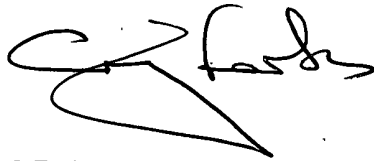
## **Chubb (NI) Limited**

### **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 auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'C Forbes', with a large, sweeping flourish underneath.

C Forbes  
Director  
21 November 2016  
Littleton Road  
Ashford  
Middlesex  
TW15 1TZ

## Chubb (NI) Limited

### Statement of directors' responsibilities

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

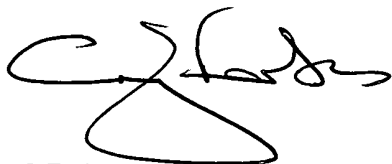
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:



C Forbes  
Director  
21 November 2016  
Littleton Road  
Ashford  
Middlesex  
TW15 1TZ

## **Chubb (NI) Limited**

### **Independent auditors' report to the members of Chubb (NI) Limited**

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Chubb (NI) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
- 

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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## **Opinion on other matters prescribed by the Companies Act 2006**

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

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility



## **Chubb (NI) Limited**

### **Independent auditors' report to the members of Chubb (NI) Limited**

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & 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.

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Kate Finn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

21 November 2016

## Chubb (NI) Limited

### Income statement For the year ended 31 December 2015

	<i>Note</i>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Revenue</b>	<b>4</b>	<b>6,038</b>	5,880
Cost of sales		<b>(4,067)</b>	(3,970)
<b>Gross profit</b>		<b>1,971</b>	1,910
Distribution costs		<b>(378)</b>	(403)
Administrative expenses		<b>(988)</b>	(834)
<b>Operating profit</b>		<b>605</b>	673
Finance income	<b>5</b>	<b>12</b>	12
<b>Profit on ordinary activities before taxation</b>	<b>6</b>	<b>617</b>	685
Income tax expense on profit on ordinary activities	<b>10</b>	<b>(94)</b>	(4)
<b>Profit for the financial year</b>		<b>523</b>	681

All results are derived from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

The company has no recognised gains or losses other than its profit for the financial years ended 31 December 2015 and 2014, and hence no separate statement of other comprehensive income has been presented.

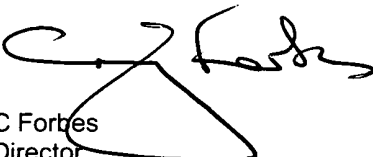
**Chubb (NI) Limited**  
**Registered number: 373935**

**Balance sheet**  
**At 31 December 2015**

	<i>Note</i>	2015 £'000	2014 (restated) £'000	2013 (restated) £'000
<b>Fixed assets</b>				
Intangible assets	<b>12</b>	<b>3,826</b>	3,826	3,826
Property, plant and equipment	<b>13</b>	-	-	4
Deferred tax asset	<b>18</b>	<b>23</b>	21	25
		<b>3,849</b>	<b>3,847</b>	<b>3,855</b>
<b>Current assets</b>				
Inventory	<b>14</b>	<b>296</b>	277	381
Trade and other receivables:				
- due within one year	<b>15</b>	<b>4,446</b>	4,575	4,187
Cash and cash equivalents		<b>445</b>	207	651
		<b>5,187</b>	<b>5,059</b>	<b>5,219</b>
<b>Creditors: Amounts falling due within one year</b>	<b>17</b>	<b>(7,967)</b>	(8,110)	(8,459)
<b>Net current liabilities</b>		<b>(2,780)</b>	<b>(3,051)</b>	<b>(3,240)</b>
<b>Total assets less current liabilities</b>		<b>1,069</b>	<b>796</b>	<b>615</b>
<b>Net assets</b>		<b>1,069</b>	<b>796</b>	<b>615</b>
<b>Equity</b>				
Ordinary shares	<b>19</b>	<b>5</b>	5	5
Retained earnings		<b>1,064</b>	791	610
<b>Shareholders' funds</b>		<b>1,069</b>	<b>796</b>	<b>615</b>

The notes on pages 11 to 30 form part of these financial statements

The financial statements on pages 8 to 30 were approved by the board of directors on 21 November 2016 and were signed on its behalf by:

  
C Forbes  
Director

# Chubb (NI) Limited

## Statement of changes in equity At 31 December 2015

	Called up share capital (Note 18) £'000	Retained Earnings (restated) £'000	Total £'000
<b>Balance at 1 January 2014</b>	5	596	601
Effect of restatement due to change in accounting policies (see note 24)	-	14	14
<b>As restated</b>	<b>5</b>	<b>610</b>	<b>615</b>
Profit for the year	-	681	681
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>681</b>	<b>681</b>
Dividends	-	(500)	(500)
<b>Balance at 31 December 2014</b>	<b>5</b>	<b>791</b>	<b>796</b>
Profit for the year	-	523	523
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>523</b>	<b>523</b>
Dividends	-	(250)	(250)
<b>Balance at 31 December 2015</b>	<b>5</b>	<b>1,064</b>	<b>1,094</b>

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies**

Chubb (NI) Limited ('the company') provides electronic, security, fire detection and protection solutions in Northern Ireland.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 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. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see note 24.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below, and in accordance with the Companies Act 2006.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 1. Accounting policies (continued)

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

IFRS 3 - not to restate business combinations before the date of transition

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;

IAS 1 - the requirement to present roll forward reconciliations in respect of share capital and

IAS 16 - the requirement to present roll forward reconciliations in respect of property, plant and equipment

Where required, equivalent disclosures are given in the group accounts of United Technologies Corporation. The group accounts of United Technologies Corporation are available to the public and can be obtained as set out in note 23.

#### Adoption of new and revised Standards

As explained above, the company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the company.

<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i></p> <p>(as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2013)</p>	<p>The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.</p> <p>In the current year, the company has applied a number of new and revised IFRSs (see the discussion above), which has resulted in material effects on the information in the statement of financial position as at 1 January 2014. In accordance with the amendments to IAS 1, the Company has presented a third statement of financial position as at 1 January 2014 without the related notes except for the disclosure requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p>
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## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 1. Accounting policies (continued)

<b>IFRS 13 Fair Value Measurement</b>	<p>The company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).</p> <p>IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements, however the Company has taken advantage of the exemption provided under FRS 101 from providing these disclosures.</p> <p>IFRS 13 requires prospective application from 1 January 2014. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.</p>
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#### Going concern

At 31 December 2015 the company had net current liabilities of £2,780,000 (2014: £3,051,000). The company has received a letter of support from Commonwealth Luxembourg Holdings Sarl and, therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

#### Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost. Depreciation on buildings is charged to the income statement.

Plant and machinery, furniture and vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset, less any residual value, on a straight-line basis over its expected useful life, as follows:

Short term Leasehold	20 years
Plant and machinery, furniture, vehicles	5-10 years
Equipment on lease or hire	10 years

Useful lives are reviewed, and adjusted if appropriate, at the end of every reporting period.

#### **Impairment of tangible and intangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Inventories**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.



## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **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 income statement 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 income statement, 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 profit or loss, 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.

##### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of sales taxes, trade discounts and rebates and estimated customer returns. Revenue is only discounted where the impact of discounting is material.

The business derives revenue from a number of streams and therefore uses a variety of methods for revenue recognition.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

##### Sale of goods

Revenue from the sale of goods is recognised when the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is considered probable. For product sales with no installation requirements, revenue is recognised when the product is delivered to the customer in accordance with the agreed delivery terms. Where installation is also required, revenue on both the product and installation is recognised once the customer has confirmed its acceptance procedures.

##### On-going service contracts

Revenue is recognised in equal installments over the period that services are provided to the customer. Where amounts are received in advance of services being provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

##### Specific activity service contracts

Where service contracts require the performance of a specific activity, revenue is recognised once this specific activity has been completed to the performance required by the customer.

##### Long term contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is determined by measuring the costs incurred to date as a proportion of the expected cost of completing the contract. Variations in contract work, claims and incentive payments are included as revenue, to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

##### Multiple element contracts

Some contracts contain multiple elements, such as the delivery and installation of a fire or security system and the provision of a maintenance contract. In these contracts these activities are treated separately where appropriate, with the relevant account policy for revenue recognition, as noted previously, being applied to each individual component. Revenue is allocated between the elements on the basis of fair value of each of the elements.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

##### 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).

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**

The company operated a defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Company participates in a group defined benefit scheme which is the legal responsibility of the as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which is presented within other operating expenses in the income statement.

##### **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.

##### **Leases**

###### ***The company as lessee***

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1. Accounting policies (continued)**

##### ***The company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **2. Change in accounting policy**

During the year, the directors have reviewed the policy in place for the valuation of finished goods within the inventory balance. The current policy is to value finished goods using the weighted average method. The directors have chosen to change the accounting policy so that raw materials are accounted for at standard cost. The directors have made the change to align the stock valuation policy with other companies within the United Technology Corporation group. The effect on retained earnings in relation to this change in accounting policy is to increase the retained earnings by £14,000 (2014: increase of £13,000, 2013: increase of £14,000).

#### **3. 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.

##### ***Critical judgements in applying the company's accounting policies***

The following are the 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 and that have the most significant effect on the amounts recognised in financial statements.

##### **Multi-employer defined benefit pension scheme**

Certain employees participate in a multi-employer defined benefit pension scheme with other group undertakings. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for a defined contribution scheme, see note 20 for details.

##### ***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.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### **Revenue recognition – long term contracts**

Revenue is recognised on long term contracts where the outcome of the contract can reliably be estimated. Revenue and costs are recognised based on the work performed at the date of the balance sheet. This is measured looking at the actual costs incurred to date as a percentage of the total estimated costs of the project. The estimated costs of a contract are based on detailed models of expected costs, which are regularly reviewed as the project progresses.

Adjustments to total expected costs are updated as required. Revenue is based on contracted amounts, and variations to the extent that they are considered reliably and receipt can be considered probable. Management assess the likelihood that variations will be recovered considering: the contractual position, success rate of similar claims and the ability of the customer to accept the variation.

##### **Useful economic lives of properties, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in estimated useful economic lives of the assets. The useful lives of the assets are assessed on an annual basis and are amended when necessary to reflect current estimates. See note 13 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

##### **Inventory provisioning**

The company supplies, installs and maintains fire and security equipment which are subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 14 for the net carrying value of inventory and associated provision.

##### **Impairment of Trade Receivables**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the age profile of the receivable and historic experience. See note 15 for the net carrying amount of the receivables and the associated impairment provision.

##### **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 obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures of the defined benefit scheme.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 4. Revenue

An analysis of the Company's revenue is as follows:

	2015 £'000	2014 £'000
Sale of goods	447	188
Rendering of services	3,022	3,641
Revenue from construction contracts	2,569	2,051
	<b>6,038</b>	<b>5,880</b>

An analysis of the Company's revenue by class of business is set out below:

	2015 £'000	2014 £'000
<b>Revenue:</b>		
Fire revenue	2,864	2,827
Security revenue	3,174	3,053
	<b>6,038</b>	<b>5,880</b>

#### 5. Finance income

	2015 £'000	2014 £'000
Interest receivable:		
Other loans and receivables	12	12
	<b>12</b>	<b>12</b>

#### 6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets		
- Owned (note 13)	-	4
Operating lease charges	132	144
Impairment of inventory	36	33
Inventory recognised as an expense	1,855	1,675
Impairment of trade receivables	35	30
Staff costs (see note 8)	1,928	2,003

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 7. Auditor's remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the company's annual financial statements were £18,000 (2014: £13,000).

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services were £nil (2014 £nil).

#### 8. Staff costs

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

	2015 Number	2014 Number
Operatives	41	41
Sales	5	5
Admin	7	8
	<b>53</b>	<b>54</b>

Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	1,564	1,607
Social security costs	174	190
Other pension costs (see note 21)	190	206
	<b>1,928</b>	<b>2,003</b>

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

#### 9. Directors' remuneration and transactions

None of the directors received any emoluments in respect of their services to the company.

Retirement benefits are accruing to nil (2014: nil) directors under a defined benefit contribution scheme or a defined benefit scheme.

##### Directors' transactions

Details of transactions with directors during the year are disclosed in note 22.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 10. Income tax

Tax expense included in the income statement:

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax on profits for the year	-	-
Adjustments in respect of prior years		
UK corporation tax	96	-
<b>Total current tax</b>	<b>96</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	4
Adjustment in respect of prior years	(5)	-
Effects of changes in tax rate	2	-
<b>Total deferred tax (see note 18)</b>	<b>(2)</b>	<b>4</b>
<b>Total tax on profit on ordinary activities</b>	<b>94</b>	<b>4</b>

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

	2015 £'000	2014 £'000
<b>Profit on ordinary activities before tax</b>	<b>617</b>	<b>685</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	125	147
Effects of:		
Transfer pricing adjustment	(15)	(16)
Re-measurement of deferred tax – changes in UK tax rates	2	-
Adjustments to tax charge in respect of prior years	91	-
Group relief not paid for	(109)	(127)
<b>Total tax charge for period</b>	<b>94</b>	<b>4</b>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.



## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 10. Income tax (continued)

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £1,000 and increase the tax expense for the period by £1,000.

#### 11. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	2015 £'000	2014 £'000
Final dividend for the year ended 31 December 2015 of 50p (2014:100p) per ordinary share	250	500
	<b>250</b>	<b>500</b>

#### 12. Intangible assets

	Goodwill £'000	Total £'000
<b>Cost</b>		
At 1 January 2014	5,989	<b>5,989</b>
At 31 December 2014	5,989	<b>5,989</b>
At 31 December 2015	5,989	<b>5,989</b>
<b>Accumulated amortisation and impairment</b>		
At 1 January 2014	2,163	<b>2,163</b>
At 31 December 2014	2,163	<b>2,163</b>
At 31 December 2015	2,163	<b>2,163</b>
<b>Net book value</b>		
At 31 December 2015	3,826	<b>3,826</b>
At 31 December 2014	3,826	<b>3,826</b>
At 31 December 2013	3,826	<b>3,826</b>

The directors have performed a review of the value of the company's intangible assets at the year end. The directors and their management team review the company's performance on an overall basis and can distinguish between different revenue streams. However the company structure does not allow identification of specific assets or groupings of assets that generate a specific revenue stream. On this basis the directors have performed the impairment review on the basis that the company as a whole is the smallest identifiable cash generating unit.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 12. Intangible (continued)

The recoverable amount of the cash generating unit has been determined based on a value-in-use calculation. This calculation used post-tax cash flow projections based on financial budgets approved by management covering the next financial year and estimates for the following four financial years. Cash flows beyond this period are extrapolated using the estimated growth rates stated below.

The company's revenue is assumed to remain relatively flat over the five years, this is a conservative estimate based on the continuing challenges within the company's market. Gross margin has been assumed to be an average of 34.3% as past results show margins of between 23.3% and 37.2%. Other operating costs are excluded from the calculation as these are not split at a divisional level.

The long term growth rate is 2% and the calculated post tax weighted average cost of capital is 7.8%. The weighted average cost of capital would need to increase to over 20% for an impairment to be considered.

#### 13. Property, plant and equipment

	Short Term leasehold £'000	Plant and machinery, furniture, vehicles £'000	Equipment on lease or hire £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	241	76	206	523
Disposals	(13)	(54)	(206)	(273)
At 31 December 2014	228	22	-	250
At 31 December 2015	228	22	-	250
<b>Accumulated depreciation</b>				
At 1 January 2014	241	74	204	519
Depreciation	-	2	2	4
Disposals	(13)	(54)	(206)	(273)
At 31 December 2014	228	22	-	250
At 31 December 2015	228	22	-	250
<b>Net book value</b>				
At 31 December 2015	-	-	-	-
At 31 December 2014	-	-	-	-
At 31 December 2013	-	2	2	4

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 14. Inventory (restated)

	2015 £'000	2014 £'000	2013 £'000
Work in progress	94	45	99
Finished goods and goods for resale	202	232	282
	<b>296</b>	<b>277</b>	<b>381</b>

Inventories are stated after provision for impairment of £36,000 (2014: £33,000, 2013: £15,000).

#### 15. Trade and other receivables

##### Amounts falling due within one year:

	2015 £'000	2014 £'000	2013 £'000
Trade receivables	1,413	1,089	1,281
Amounts due on construction contracts	46	61	-
Amounts owed by group undertakings	2,571	3,148	2,565
Other receivables	6	-	-
Prepayments and accrued income	410	277	341
	<b>4,446</b>	<b>4,575</b>	<b>4,187</b>

Trade receivables are stated after provision for impairment of £35,000 (2014: £30,000, 2013: £37,000).

Included within amounts owed by group undertakings is a receivable balance from Parkview Treasury Services (UK) Limited of £2,400,000 (2014: £2,989,000). This represents surplus cash pooled with Parkview Treasury Services (UK) Limited. Interest is receivable on this balance at an average of 0.5% from 1 January 2015 to 31 December 2015 (2014: 0.4%).

All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 16. Construction contracts

	2015 £'000	2014 £'000	2013 £'000
<b>Contracts in progress at the balance sheet date:</b>			
Amounts due from contract customers included in debtors	64	61	-
Amounts due from contract customers included in creditors	(18)	-	(31)
	46	61	(31)
 Contract costs incurred plus recognised profits less recognised losses to date	385	269	219
Less: progress billings	(339)	(208)	(250)
	46	61	(31)

#### 17. Creditors – amounts falling due within one year

	2015 £'000	2014 £'000	2013 £'000
Payments on account	79	-	31
Trade creditors	280	42	286
Amounts owed to group undertakings	6,221	6,909	6,754
Other taxation and social security	258	270	335
Other creditors	20	-	-
Accruals and deferred income	1,109	889	1,053
	7,967	8,110	8,459

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 18. Deferred tax

The analysis of deferred tax assets is as follows:

	2015 £'000	2014 £'000	2013 £'000
Deferred tax assets due within 12 months	23	21	25
Total provision due within 12 months	23	21	25

The movement in deferred tax is as follows:

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 18. Deferred tax (continued)

Deferred tax assets:

	Accelerated tax depreciation £'000	Total £'000
At 1 January 2014	25	25
Credited to the income statement	(4)	(4)
At 1 January 2015	21	21
Credit to the income statement	(1)	(1)
Effect of change in tax rate	(2)	(2)
Adjustments in respect of prior years	5	5
At 31 December 2015	23	23

#### 19. Share capital

##### Ordinary shares

	2015 £'000	2014 £'000	2013 £'000
<b>Allotted and fully-paid</b>			
5,000 ordinary shares of £1 each (2014: 5,000)	5	5	5

#### 20. Financial commitments

	2015 £'000	2014 £'000
Within one year	99	96
Between two and five years	205	203
After five years	-	-
	304	299

#### 21. Retirement benefit schemes

##### Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

## **Chubb (NI) Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **21. Retirement benefit schemes (continued)**

The total cost charged to the income statement of £27,000 (2014: £39,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2015, contributions of £15,000 (2014: £8,000) due in respect of the current reporting period had not been paid over to the schemes.

#### **Defined benefit schemes**

The Company participates in two group defined benefit scheme for qualifying employees, the Chubb Security Pension Fund and the Chubb Pension Plan. Under the Chubb Security Pension Fund, the majority of employees are entitled to post-retirement yearly instalments amounting to 1/60th of final salary for each complete month and year of pensionable service on attainment of a retirement age of 65. The pensionable salary is based on the yearly rate of basic earnings plus a 3 year average of bonuses and commissions. 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.

Under the Chubb Pension Plan, the majority of employees are entitled to post-retirement yearly instalments amounting to 1/60th of final salary for each complete month and year of pensionable service on attainment of a retirement age of 65. The pensionable salary is based on earnings in the tax year prior to leaving service, reduced by the Lower Earnings Limit and subject to an earnings cap. 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.

There is no contractual agreement or stated policy for charging the net defined benefit cost and, therefore, two fellow group company's, which are the sponsoring employers of the schemes, recognise the whole of the scheme surplus or deficit in its financial statements. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2015 was £163,000 (year ended 31 December 2014: £167,000).

Further details of the Chubb Security Pension Fund are disclosed in the financial statements of Chubb International Holdings Limited. Further details of the Chubb Pension Plan are disclosed in the financial statements of Chubb Group Limited.

#### **22. Related party transactions**

##### **Directors' transactions**

Other than the directors emoluments disclosed in note 9, there are no other transactions between the Company and its directors.

##### **Trading transactions**

In accordance with the exemption allowed by FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council, transactions with other undertakings within United Technologies Corporation Group have not been disclosed in these financial statements on the grounds that both related parties are wholly owned subsidiaries of United Technologies Corporation, whose financial statements are publicly available.

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 23. Controlling party

The company's immediate parent undertaking is Chubb Group Security Limited.

The company's ultimate parent undertaking and controlling party is United Technologies Corporation, a company incorporated in the United States of America.

United Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the United Technologies group financial statements are publicly available and can be obtained from [www.utc.com](http://www.utc.com)

#### 24. Explanation of transition to FRS 101 and accounting policy change

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014. The Company has also changed the valuation policy for stock in the year.

#### Reconciliation of equity

	At 1 January 2014 £'000	At 31 December 2014 £'000
Equity reported under previous UK GAAP	601	379
<b>Adjustments to equity on transition to FRS 101</b>		
<b>Note</b>		
1 Goodwill	-	399
Equity reported under FRS 101	601	778
<b>Adjustments to equity on accounting policy change</b>		
2 Stock valuation accounting policy change	14	13
Equity reported after accounting policy change	615	791

## Chubb (NI) Limited

### Notes to the financial statements For the year ended 31 December 2015

#### 24. Explanation of transition to FRS 101 and accounting policy change (continued)

##### Notes to the reconciliation of equity at 1 January 2014

1. Amortisation of the goodwill balance is not required under FRS 101, therefore the 2014 amortisation charge recognised under UK GAAP has been reversed.
2. During the year the directors changed the stock valuation policy, so that stock is now valued at standard cost rather than weighted average cost. This is not related to the change to FRS 101 but specifically a change to the accounting policies chosen by the directors.

##### Reconciliation of profit or loss for the year ended 31 December 2014

	£'000
<b>Total profit or loss for the financial year under previous UK GAAP</b>	<b>283</b>
<hr/>	
<b>Adjustments to profit or loss on transition to FRS 101</b>	
<b>Note</b>	
1 Goodwill	399
<b>Adjustments to profit or loss on accounting policy change</b>	
2 Stock valuation accounting policy change	(1)
<b>Total profit or loss for the financial year</b>	<b>681</b>

##### Notes to the reconciliation of profit or loss for 2014

1. Amortisation of the goodwill balance is not required under FRS 101, therefore the 2014 amortisation charge recognised under UK GAAP has been reversed.
2. During the year the directors changed the stock valuation policy, so that stock is now valued at standard cost rather than weighted average cost. This is not related to the change to FRS 101 but specifically a change to the accounting policies chosen by the directors.

#### 25. Subsequent events

On 23 June 2016 a referendum was held in the United Kingdom and the outcome of the vote determined that the United Kingdom would leave the European Union. At the time of the signing of the statutory accounts the details of how and when the United Kingdom will leave the European Union, and its affect on the financial markets, are unclear and as such it is not possible to estimate the impact of this event.