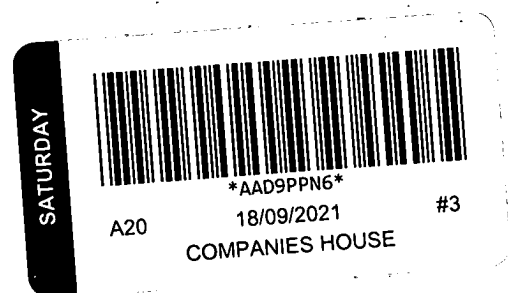


Chubb (NI) Limited

**Annual Report
for the year ended 31 December 2020**

Registered number: 00373935



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 2020.

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 loss for the financial year is £0.13 million (2019: loss of £0.33 million) which will be transferred to reserves.

Separation of UTC

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

COVID-19

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

The company's services have generally been considered essential in nature and business has been continued throughout the outbreak. Chubb (NI) Limited is taking all prudent measures to protect the health and safety of our employees and has implemented work from home requirements, where possible, social distancing where working from home is not feasible including in our manufacturing facilities, deep cleaning protocols at all of our facilities and travel restrictions, among other measures. The company has also taken appropriate measures to work with its customers to minimize potential disruption and to support the communities that it serves to address the challenges posed by the pandemic.

As a result of the COVID-19 pandemic, the company has experienced varied impacts across its business. The directors have considered the outbreak and subsequent impacts to be a trigger to reassess the company's goodwill. The directors also assessed whether or not COVID-19 impacts their significant assumptions regarding future income from the company's underlying assets or potentially changes its liabilities. In order to evaluate these impacts, the directors reviewed forecast assumptions regarding future business activity, that have been subject to COVID-19 uncertainties, including those noted in the prior paragraph.

Because of the dynamic environment, the directors will continue to evaluate whether these assumptions are reasonable. In addition, the duration of the Government's restrictions is not known and cannot be reasonably estimated.

The extent of the pandemic's impact on the company will also depend upon our employees' ability to work safely in our facilities and to be granted access to vaccines (including the time it takes for our employees to be vaccinated), our customers' ability to continue to operate or to receive our products, our suppliers' ability to continue to supply us with products, and the level of activity and demand for the ultimate products and services of our customers or their customers.

In any case, the situation and its impact on the company are constantly kept under close review by the directors and appropriate measures are being implemented to protect the company. Currently, the directors believe that there is no doubt about the company's ability to continue as a going concern, for a reasonable period of time, from the date the financial statements are issued.

Chubb (NI) Limited

Strategic Report

Key performance indicators

Revenue shows a year on year decrease of 24.8% to £3.2 million in 2020 (2019: £4.2 million).

Gross profit, at £1.2 million (2019: £1.4 million) has improved, at 36.9% of revenue (2019: 32.9% of revenue). This is due to a change in revenue stream mix.

The company's operating loss for the financial year is £0.1 million (2019: loss £0.2million), which will be transferred to reserves. This is due to the combination of a decrease of revenue and static operating expenditure. The company has no exceptional items in relation to the defined benefit pension contributions (2019: £ 0.1m).

At 31 December 2020 the company had net liabilities of £0.3 million (2019: net liabilities of £0.1 million).

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 Carrier Global 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 and security 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.

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.

Future developments

The directors expect the general level of activity to remain consistent with 2020 in the forthcoming year, although the impact of the COVID-19 pandemic will be kept under review as the situation evolves. The UK fire and security industry remains relatively static, and the directors believe they will be able to hold the value of the portfolio. The directors anticipate that economic conditions will remain challenging in 2021. Revenue will continue to be a challenge in 2021 and winning of new contracts will continue to be a key area.

Chubb (NI) Limited

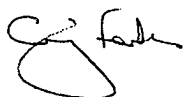
Strategic Report

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 23 to the financial statements.

Approval

Approved by the Board and signed on its behalf by:



C Forbes
Director
10th September 2021

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 2020.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Going concern

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

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

The company is constantly kept under close review by the directors and appropriate measures are being implemented to protect the company. At 31 December 2020 the company had net current liabilities of £0.3 million (2019: £0.1 million). The company has received a letter of support from Carrier Global Corporation, its ultimate parent, and therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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

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

Financial risk management objectives and policies

Details of the 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 do not recommend a dividend for the year (2019: £Nil).

Chubb (NI) Limited

Directors' Report

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
C Forbes
B McNulty Appointed 4th February 2020

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.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Statement of Directors' Responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chubb (NI) Limited

Directors' Report

Statement of Directors' Responsibilities (continued)

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.

Disclosure of information to auditors

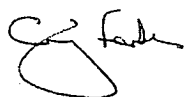
In the case of each director in office at the date the Directors' Report is approved:

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

Independent Auditors

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

Approved by the Board and signed on its behalf by:



C Forbes
Director
10th September 2021

Littleton Road
Ashford
Middlesex
TW15 1TZ

Chubb (NI) Limited

Independent Auditors' Report to the Members of Chubb (NI) Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty relating to going concern

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Chubb (NI) Limited

Independent Auditors' Report to the Members of Chubb (NI) Limited

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit: the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but not limited to, the Companies Act 2006, and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- Obtained an understanding of the legal and regulatory framework applicable to the Company and how the Company is complying with that framework
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and

Chubb (NI) Limited

Independent Auditors' Report to the Members of Chubb (NI) Limited

- Challenging assumptions and judgements made by management in their significant accounting estimates
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

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

Use of this report

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

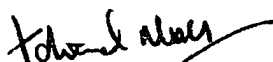
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
13 September 2021

Chubb (NI) Limited

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	3,175	4,221
Cost of sales		(2,004)	(2,833)
Gross profit		1,171	1,388
Distribution costs		(230)	(370)
Administrative expenses		(1,006)	(1,194)
Operating (loss)/profit		(65)	(176)
Exceptional items	4	—	(120)
Loss on ordinary activities before finance charges		(65)	(296)
Finance costs	5	(48)	(52)
Loss on ordinary activities before taxation	6	(113)	(348)
Income tax credit/(expense) on profit on ordinary activities	10	(21)	22
Loss for the financial year		(134)	(326)
Other comprehensive income		—	—
Total comprehensive expense for the year		(134)	(326)

All results are derived from continuing operations.

Chubb (NI) Limited

Balance Sheet

As at 31 December 2020

Registered number: 00373935

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	11	3,826	3,826
Property, plant and equipment	12	1	7
Right of use assets	13	22	47
Deferred tax asset	19	13	34
		3,862	3,914
Current assets			
Inventory	14	115	125
Debtors			
- due within one year	15	1,196	1,307
Cash and cash equivalents		—	114
		1,311	1,545
Creditors: Amounts falling due within one year	17	(5,431)	(5,563)
Net current liabilities		(4,120)	(4,018)
Total assets less current liabilities		(258)	(103)
Creditors: Amounts falling due after more than one year	18	(2)	(23)
Net liabilities		(260)	(126)
Equity			
Called up share capital	20	5	5
Accumulated losses		(265)	(131)
Total shareholders' deficit		(260)	(126)

The notes on pages 13 to 33 form part of these financial statements.

The financial statements on pages 10 to 33 were approved by the board of directors on 10th September 2021 and were signed on its behalf by:



C Forbes
Director

Chubb (NI) Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital (Note 21) £'000	Retained Earnings/ (Accumulated losses) £'000	Total shareholders' funds/(deficit) £'000
Balance as at 1 January 2019	5	195	200
Profit for the financial year	—	(326)	(326)
Total comprehensive income for the year	—	(326)	(326)
Balance at 31 December 2019	5	(131)	(126)
Loss for the financial year	—	(134)	(134)
Total comprehensive expense for the year	—	(134)	(134)
Balance at 31 December 2020	5	(265)	(260)

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies

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

The company is a private limited company, limited by shares, and is incorporated and domiciled in England. 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.

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

The financial statements have been prepared on a going concern basis, under the historical cost convention.

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

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

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

IFRS 15 - requirements of paragraphs 110, second sentence, 113(a), 114, 115, 118. 119(a) to (c), 120 to 127 & 129

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 financial statements of Chubb Group Security Limited. The group financial statements of Carrier Global Corporation are available to the public and can be obtained as set out in note 24.

Adoption of new and revised Standards

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 have had a material impact on the company.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Going concern

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

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

The company is constantly kept under close review by the directors and appropriate measures are being implemented to protect the company. At 31 December 2020 the company had net current liabilities of £0.3 million (2019: £0.1 million). The company has received a letter of support from Carrier Global Corporation, its ultimate parent, and therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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

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.

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 and vehicles	5-10 years

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

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

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 costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity.

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.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Taxation (continued)

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 Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of the return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Revenue Recognition (continued)

Sales of services -provision of electronic, security, fire detection and protection solutions

The company provides electronic, security, fire detection and protection solutions under fixed price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as the sale of equipment and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of equipment, revenue for the equipment is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceeds the payment, a contract asset is recognised. If the payments exceeds the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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

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

The company participates in a group defined benefit scheme which is the legal responsibility of 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.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Foreign currency

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

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

Exchange differences are recognised in the income statement in the period in which they arise.

Leases

The company as lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 2.

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.

Financial instruments

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

Financial Assets

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

Financial assets at fair value through profit or loss or at fair value through other comprehensive income

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

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Impairment of financial assets

Assets carried at amortised cost

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

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplies.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which do not have a redemption entitlement, have mandatory dividend payments paid half-yearly in arrears and are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary statement of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the company's accounting policies

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

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

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

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 as a defined contribution scheme. See note 21 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.

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 reliable 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.

Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

- To determine the incremental borrowing rate, the company:
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

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 12 for the carrying amount for the property, plant and equipment, and note 1 for the useful economic lives for each class of assets.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

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

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.

3. Revenue

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

	2020 £'000	2019 £'000
Continuing operations		
Sales of goods	33	386
Rendering of services	2,119	2,531
Revenue from construction contracts	1,023	1,304
	3,175	4,221

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

	2020 £'000	2019 £'000
Revenue:		
Fire revenue	1,476	1,781
Security revenue	1,699	2,440
	3,175	4,221

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

4. Exceptional Items

During 2019, the sponsoring employer of the Chubb Security Pension Fund and the Chubb Pension Plan communicated a proposal to the defined benefit pension scheme members of its intention to close the pension schemes. This proposal was accepted prior to the 31st of December 2019, and amounts payable to members in respect of the closure were accrued in the income statement in 2019.

The effects of the exceptional items reported after operating profit on the amounts charged to the profit and loss account for taxation were:

	2020 £'000	2019 £'000
Exceptional defined benefit contributions	—	120
Increase in charge to profit and loss account	—	120

5. Finance Costs

	2020 £'000	2019 £'000
Finance leases and hire purchase contracts	3	5
Interest due on intercompany balances	45	47
	48	52

6. Loss Before Taxation

Loss before taxation is stated after charging/(crediting)

	2020 £'000	2019 £'000
Net foreign exchange losses/(gains)	4	(1)
Depreciation of tangible fixed assets:		
- owned	6	6
Inventory recognised as expense	797	695
Impairment of inventory	5	10
Impairment of trade receivables	20	29
Staff costs (see note 8)	1,332	1,641
Grant income/furlough monies received	(142)	—

7. Auditors' Remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statement were £7 thousand (2019: £7 thousand).

Fees payable to PricewaterhouseCoopers LLP for non-audit services to the company were £nil (2019: £nil).

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

8. Staff Costs

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

	2020 Number	2019 Number
Production	25	27
Sales	5	5
Administration	11	8
	41	40

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	1,061	1,217
Social security costs	156	174
Other pension costs (see note 21)	115	250
	1,332	1,641

'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 (2019: none).

Retirement benefits are accruing to £nil (2019: £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 23.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

10. Tax on Loss

Tax expense included in profit or loss:

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on loss for the year	—	—
Adjustments in respect of prior years		
UK corporation tax	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	23	(20)
Impact of rate change	—	(1)
Adjustment in respect of prior years	(2)	(1)
Total deferred tax (see note 19)	21	(22)
Total tax charge/(credit) on profit on ordinary activities	21	(22)

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

	2020 £'000	2019 £'000
Loss before tax	(113)	(348)
Tax on loss at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(21)	(66)
Effects of:		
Re-measurement of deferred tax - changes in UK tax rates	—	(1)
Group relief not paid for	44	46
Adjustments to tax charge in respect of prior years	(2)	(1)
Total tax charge/(credit) for year	21	(22)

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

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

11. Intangible Assets

	Goodwill £'000	Total £'000
Cost		
At 1 January 2020	5,989	5,989
At 31 December 2020	5,989	5,989
Accumulated amortisation and impairment		
At 1 January 2020	2,163	2,163
At 31 December 2020	2,163	2,163
Net book value		
At 31 December 2020	3,826	3,826
At 31 December 2019	3,826	3,826

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.

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 33.62% as past results show margins of between 29.25% and 37.93%. The operating margin is assumed to remain stable.

The long term growth rate is 2% and the calculated post tax weighted average cost of capital is 9.3%. The weighted average cost of capital would need to increase to over 12.1% for an impairment to be considered.

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

12. Property, Plant and Equipment

	Short term leasehold £'000	Plant and machinery, furniture and vehicles £'000	Total £'000
Cost			
At 1 January 2020	228	40	268
At 31 December 2020	228	40	268
Accumulated depreciation			
At 1 January 2020	228	33	261
Depreciation	—	6	6
At 31 December 2020	228	39	267
Net book value			
At 31 December 2020	—	1	1
At 31 December 2019	—	7	7

13. Leases

The company has lease contracts for an office and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are detailed below.

Right of use assets

	Leasehold property £'000	Plant and machinery, furniture and vehicles £'000	Total £'000
Cost			
At 1 January 2020	19	93	112
At 31 December 2020	19	93	112
Accumulated depreciation			
At 1 January 2020	19	46	65
Depreciation	—	25	25
At 31 December 2020	19	71	90
Net book value			
At 31 December 2020	—	22	22
At 31 December 2019	—	47	47

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

13. Leases (continued)

Lease liabilities

	Minimum lease payments	
	2020	2019
	£'000	£'000
Amounts payable under finance leases:		
Not later than one year	22	27
Later than one year and not later than five years	2	25
Total gross payments	24	52
Less: future finance charges	—	(3)
Carrying value of liability	24	49

Analysed as:

Amounts due for settlement within 12 months (note 17)	22	26
Amounts due for settlement after 12 months (note 18)	2	23
	24	49

Amounts recognised in the income statement

	2020	2019
	£'000	£'000
Depreciation	25	65
Interest expense included in finance cost (see note 5)	3	5

14. Inventory

	2020	2019
	£'000	£'000
Work in progress	18	10
Finished goods and goods for resale	97	115
	115	125

Inventories are stated after provision for impairment of £27,000 (2019: £26,000)

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

15. Debtors

Amounts falling due within one year:

	2020 £'000	2019 £'000
Trade receivables	799	879
Amounts due on construction contracts	53	104
Amounts owed by group undertakings	113	118
Other receivables	4	51
Prepayments and accrued income	227	155
	1,196	1,307

Trade receivables are stated after provision for impairment of £20,000 (2019: £29,000).

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

16. Construction Contracts

	2020 £'000	2019 £'000
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in debtors	53	104
	53	104
Contract costs incurred plus recognised profits less recognised losses to date	158	119
Less: progress billings	(106)	(15)
	52	104

At 31 December 2020, retentions held by customers for contract work amounted to £86,000 (2019: £159,000). Advances received from customers for contract work amounted to £30,000 (2019: £160,000).

17. Creditors: Amounts Falling Due Within One Year

	2020 £'000	2019 £'000
Payments on account in respect of construction contracts	29	160
Trade creditors	112	117
Amounts owed to group undertakings	4,511	4,420
Finance leases (note 13)	22	26
Other taxation and social security	179	191
Other creditors	—	135
Accruals and deferred income	578	514
	5,431	5,563

Chubb (NI) Limited

Notes to the financial statements for the year ended 31 December 2020

17. Creditors: Amounts Falling Due Within One Year (continued)

Included in amounts owed to group undertakings is a payable balance to Parkview Treasury Services (UK) Limited of £3,565,000 (2019: £3,590,000). This represents cash pooled with Parkview Treasury Services (UK) Limited. Interest is payable on this balance at an average of 1.26% (2019: 0.75%) from 1 January to 31 December 2020.

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

18. Creditors Amounts Falling Due After More Than One Year

	2020 £'000	2019 £'000
Finance leases (note 13)	2	23
	2	23

19. Deferred Tax Asset

The analysis of deferred tax assets is as follows:

	2020 £'000	2019 £'000
Deferred tax assets due within 12 months	13	34
Total provision due within 12 months	13	34

The movement in deferred tax is as follows:

Deferred tax assets:

	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
At 1 January 2019	12	—	12
Credited to profit and loss	19	1	20
Adjustments in respect of prior years	—	1	1
Impact of rate change	1	—	1
At 1 January 2020	32	2	34
Charged to profit and loss	(1)	(22)	(23)
Adjustment in respect of prior years	(21)	23	2
Effect of change in tax rate	—	—	—
At 31 December 2020	10	3	13

A deferred tax asset has been recognised as it is considered probable that there will be future taxable profits available.

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Notes to the financial statements for the year ended 31 December 2020

20. Called Up Share Capital

Ordinary shares

	2020	2019
	£'000	£'000
Allotted and fully-paid		
5,000 ordinary shares of £1 each (2019: 5,000)	5	5
	5	5

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.

The total cost charged to income of £18,000 (2019: £38,000) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 2020, contributions of £5,000 (2019: £7,000) due in respect of the current reporting year 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, a fellow group company, which is the sponsoring employer of the scheme, recognises 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 2020 was £97,000 (2019: £212,000).

During 2019, the sponsoring employer of the Chubb Security Pension Fund and the Chubb Pension Plan communicated a proposal to the defined benefit pension scheme members of its intention to close the pension schemes. This proposal was accepted and both schemes were closed in March 2020.

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.

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Notes to the financial statements for the year ended 31 December 2020

22. Subsequent Events

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

23. 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

The company has no disclosure to make on related party transactions as all transactions with other group companies are wholly owned companies within the Carrier Global Corporation group.

24. Controlling Party

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

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

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

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