

CHUBB TARQUIN (FORMERLY ACE TARQUIN)

FINANCIAL STATEMENTS

31 DECEMBER 2016

COMPANY REGISTRATION NUMBER: 2983302

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Chubb Tarquin (the "company"), has prepared this report in accordance with Section 414A of the Companies Act 2006.

RESULTS AND PERFORMANCE

The result for the financial year to 31 December 2016 on ordinary activities before taxation amounted to £Nil (2016: £Nil).

CHUBB ACQUISITION

On 30 June 2015, ACE Limited ('ACE'), the company's ultimate parent, entered into an Agreement and Plan of Merger ("the Merger") with The Chubb Corporation ('Chubb') under which ACE would acquire Chubb. The Merger was completed on 14 January 2016.

On 30 March 2016 the company changed its name to Chubb Tarquin.

KEY PERFORMANCE INDICATORS (KPIs)

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty affecting the company is in relation to movements in the valuation of its investment in subsidiary undertakings.

Approved by the board of directors on 28 September 2017 and signed on its behalf by:



M K Hammond

Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are pleased to submit their report and the audited financial statements for the year to 31 December 2016.

The company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102"), being applicable United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

FUTURE DEVELOPMENTS

The company continues to act as an intermediate holding company for subsidiary undertakings of the Chubb Limited group and is expected to do so for the foreseeable future.

RESULTS AND DIVIDENDS

The principal activity of the company is that of an intermediate holding company. The result on ordinary activities for the year to 31 December 2016 before taxation amounted to £Nil (2015: £Nil) and, the total shareholders' funds of the company total £48,585,091 (2015: £48,585,091). The directors do not recommend the payment of a dividend (2015: £Nil).

DIRECTORS

The following have been directors from 1 January 2016 to the date of this report unless otherwise indicated:

M K Hammond	
A J Kendrick	
A C Mullins	Appointed 5 February 2016
K L H Underhill	Resigned 21 January 2016

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) are in place for the benefit of the directors and, at the date of this report, are in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

The company also has the benefit of a group insurance company management activities policy affected by Chubb Limited. No charge was made to the company during the year for this policy.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 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 102 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 - continued

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

- i) So far as each of them is aware, there is no information relevant to the audit of the company's financial statements for the year ended 31 December 2016 of which the auditors are unaware, and
- ii) The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The company's independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



G P Langley

for and on behalf of
Chubb London Services Limited
Secretary
28 September 2017

100 Leadenhall Street
London
EC3A 3BP

Independent auditors' report to the members of Chubb Tarquin

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result 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 and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

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.

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.

Independent auditors' report to the members of Chubb Tarquin - continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2017

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	4	47,985,091	47,985,091
CURRENT ASSETS			
Debtors	5	600,000	600,000
TOTAL ASSETS		<u>48,585,091</u>	<u>48,585,091</u>
CAPITAL AND RESERVES			
Called-up share capital - equity	6	4,844,582	4,844,582
- non-equity	6	50,000	50,000
Share premium account		43,561,812	43,561,812
Profit and loss account		128,697	128,697
TOTAL SHAREHOLDERS' FUNDS		<u>48,585,091</u>	<u>48,585,091</u>

The notes on pages 8 to 10 form an integral part of these financial statements.

The financial statements on pages 6 to 10 were approved by the board of directors on 28 September 2017 and were signed on its behalf by:



M K Hammond

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called-up share capital - equity £	Called-up share capital - non- equity £	Share premium account £	Profit and loss account £	Total shareholders' funds £
AT 1 JANUARY 2015	4,844,582	50,000	43,561,812	128,697	48,585,091
AT 31 DECEMBER 2015	4,844,582	50,000	43,561,812	128,697	48,585,091
AT 31 DECEMBER 2016	4,844,582	50,000	43,561,812	128,697	48,585,091

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES****Basis of preparation**

Chubb Tarquin is a limited liability company incorporated in the United Kingdom. The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Financial Reporting Standard FRS 102 ("The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102")). The company is a wholly owned subsidiary within the Chubb Limited group and is included in the consolidated financial statements of Chubb Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement and disclosing details of key management personnel and related party transactions under the terms of FRS102.

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are wholly-owned subsidiaries within the Chubb Limited group and are included within the consolidated financial statements of Chubb Limited.

The principal accounting policies, which are set out below, have been applied consistently throughout the year.

Investments

Investments in group undertakings are stated at the lower of cost and net realisable value.

Dividends

Dividends are recognised when they are approved by the Board of Directors.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Share capital denominated in United States dollars is translated into sterling at the historic exchange rate in force when it was issued.

2. DIRECTORS AND EMPLOYEES

The company has no employees (2015: nil). The directors received no emoluments for their services to the company (2015: £Nil).

All executive directors are entitled to shares in Chubb Limited under long-term incentive plans. During the year, three directors received shares in Chubb Limited under long-term incentive plans; two directors exercised options over the shares of Chubb Limited.

3. ADMINISTRATIVE EXPENSES

Fees payable to the company's auditors and their associates for the following services are borne by Chubb Services UK Limited, a fellow group undertaking:

	2016	2015
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	3,850	3,850
Fees payable to the company's auditors and their associates for other services:		
The audit of the company's subsidiaries and the managed syndicate	269,293	233,893
Audit-related assurance services	91,801	147,869
Other non-audit services	-	-
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	364,944	385,612
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. ADMINISTRATIVE EXPENSES - continued

"Audit-related assurance services" includes reports under section 404 of the US Public Company Accounting Reform and Investor Protection Act 2002, and also the audit of the regulatory returns for the company's subsidiaries and the managed syndicate.

4. INVESTMENTS

	2016	2015
	£	£
Cost:		
Investment in Chubb Capital V Limited	42,835,669	42,835,669
Investment in Chubb Leadenhall Limited	38,699,422	38,699,422
	<hr/>	<hr/>
	81,535,091	81,535,091
	<hr/>	<hr/>
Provision against diminution in value:		
Investment in Chubb Leadenhall Limited	33,550,000	33,550,000
	<hr/>	<hr/>
Net carrying value	47,985,091	47,985,091
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The investments comprise 100% of the ordinary share capital of each of the above unlisted undertakings, which are registered and incorporated in England and Wales. In the opinion of the directors the investments are worth not less than their carrying values.

5. DEBTORS

	2016	2015
	£	£
Amounts due from group undertakings	600,000	600,000
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6. CALLED-UP SHARE CAPITAL

	2016	2015	2016	2015
	US\$	US\$	£	£
Issued, called up and fully paid equity shares:				
7,571,000 (2015: 7,571,000) US\$1 ordinary shares	7,571,000	7,571,000	4,844,582	4,844,582
	<hr/>	<hr/>	<hr/>	<hr/>
			2016	2015
			£	£
Issued, called up and fully paid non-equity shares:				
50,000 (2015: 50,000) £1 deferred shares			50,000	50,000
			<hr/>	<hr/>

The holders of the deferred shares shall not, by virtue of or in respect of their holdings of sterling deferred shares, have the right to receive notice of any general meeting of the company, nor the right to attend, speak or vote at any such general meeting. The sterling deferred shares shall not entitle their holders to receive any dividend or other distribution. The sterling deferred shares shall on the return of assets in a winding-up entitle the holder only to the repayment of the amounts paid upon such shares after the repayment of the capital paid up on ordinary shares plus the payment of £10,000,000 per such ordinary share.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**7. TRANSACTIONS WITH RELATED PARTIES**

Advantage has been taken of the exemption provided in FRS 102 from disclosing details of transactions with Chubb Limited and its subsidiary undertakings.

8. ULTIMATE HOLDING COMPANY

The company's immediate holding company is Chubb Group Holdings Limited. The ultimate holding company is Chubb Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange. Copies of the ultimate holding company's consolidated financial statements can be obtained from Investor Relations at ACE's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.