

Chubb Limited
(Registered Number 4034666)
Annual report
for the year ended 31 December 2005



Chubb Limited

Annual report for the year ended 31 December 2005

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Chubb Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activities, review of business and future developments

The Company acts as an intermediate parent company with subsidiaries operating worldwide in the field of security services provision. The company provides management services to its subsidiaries.

The directors consider the results for the year to be satisfactory and in line with expectations. During the year the company disposed of its interest in the preference share capital of Chubb Security Holdings Australia, resulting in a profit of £7m.

The directors do not expect the nature of the business to change in the foreseeable future.

Results and dividends

The directors did not recommend a payment of dividend (2004:£nil).

The company's loss for the financial year is £73.8m (2004:£81.7m) which will be deducted from reserves.

Directors and their interests

The directors of the company during the year and up to the date of signing the accounts were:

H Faure	(resigned 24 February 2005)
O Robert	(resigned 24 February 2005)
T J Kallman	(resigned 24 February 2005)
W Trachsel	(resigned 24 February 2005)
Chubb Management Services Limited	(appointed 24 February 2005)
Westminster Securities	(appointed 24 February 2005)

None of the directors at 31 December 2005 held any interest in the share capital of the company, the ultimate parent United Technologies Corporation, or any other of its subsidiaries that are required to be disclosed under Schedule 7 of the Companies Act 1985.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's operations expose it to financial risks as set out below.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Interest rate cash flow risk

The company has interest-bearing liabilities and interest-bearing assets that include intercompany balances.

Liquidity risk

The company actively maintains intercompany finance that is designed to ensure the company has sufficient available funds for operations.

Directors' report for the year ended 31 December 2005 (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, with the exception of the changes arising on the adoption of new accounting standards in the period as explained in note 1;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

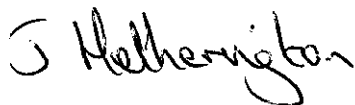
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers LLP are willing to continue in office and as a consequence of an elective resolution in place will continue until further notice.

By order of the board



For and on behalf of Westminster Securities Limited
Director

13/12/2006

Independent auditors' report to the members of Chubb Limited

We have audited the financial statements of Chubb (UK) Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

19 December 2006

Chubb Limited

Profit and loss account for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 £'000
Administrative income/(expenses)		682	(3,200)
Operating profit/(loss)	2	682	(3,200)
Profit on disposal of investments		7,003	-
Interest receivable and similar income	3	44,359	17,583
Interest payable and similar charges	4	(124,760)	(96,159)
Loss on ordinary activities before taxation		(72,716)	(81,776)
Tax charge on loss on ordinary activities	5	(1,090)	-
Loss for the financial year		(73,806)	(81,776)

The operating loss relates to continuing operations.

The company has no recognised gains or losses other than the loss for the year, and hence no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The notes on pages 6 to 11 form part of the financial statements.

Chubb Limited

Balance sheet as at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	6	1,119,192	1,161,630
Current assets			
Debtors: amounts falling due within one year	7	2,532,096	1,937,940
Cash at bank and in hand		104	2,131
		2,532,200	1,940,071
Creditors: amounts falling due within one year	8	(3,129,415)	(2,505,918)
Net current liabilities		(597,215)	(565,847)
Net assets		521,977	595,783
Capital and reserves			
Called up share capital	9	298,445	298,445
Share premium account	10	511	511
Capital contribution reserve	10	8,290	8,290
Profit and loss account	10	214,731	288,537
Total Equity shareholders' funds	11	521,977	595,783

The financial statements on pages 4 to 11 were approved by the board of directors on and were signed on its behalf by:

13/12/2006



For and on behalf of Chubb Management Services Limited
Director

**Notes to the financial statements
for the year ended 31 December 2005**

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The following is a summary of the more important accounting policies which have been applied consistently throughout the year except for any changes arising on the adoption of new accounting standards as set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain tangible fixed assets.

The financial statements contain information about Chubb Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228A of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, United Technologies Corporation, a company incorporated in the United States of America.

The company is a wholly owned subsidiary of the ultimate parent undertaking, United Technologies Corporation incorporated in the United States of America. The company is exempt under Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group headed by United Technologies Corporation on the grounds that more than 90% of voting rights are controlled within the group.

Changes in accounting policies

The company has adopted FRS 17 'Retirement benefits', FRS 21, 'Events after the balance sheet date', the presentational requirements of FRS 25, 'Financial instruments: disclosure and presentation' and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy.

There was no impact on the current or prior year figures from the adoption of FRS 17, FRS 21, or the presentational requirements of FRS 25 or FRS 28.

Cash flow statement

The company is a wholly owned subsidiary of United Technologies Corporation and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Fixed asset investments

Fixed asset investments are held at cost less any provision for impairment

Foreign exchange

Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the rates ruling at the balance sheet date. Individual transactions are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the profit and loss account.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

1 Principal accounting policies (continued)

Deferred taxation

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

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

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

Interest

Interest payable and receivable is recognised on an accruals basis.

2 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2005 £'000	2004 £'000
Foreign exchange gains/(losses)	708	(3,163)

Auditors' remuneration for the year ended 31 December 2005 has been borne by Chubb Group Ltd, a subsidiary of Chubb Limited.

Chubb Limited has no employees for the year ended 31 December 2005.

The directors received no emoluments in respect of their services to the company (2004: £nil).

3 Interest receivable and similar income

	2005 £'000	2004 £'000
Interest receivable on bank deposits	55	274
Interest receivable from group companies	44,304	17,309
	44,359	17,583

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

4 Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable on overdrafts and bank loans	169	60
Interest payable to group companies	124,591	96,099
	124,760	96,159

5 Tax on loss on ordinary activities

	2005 £'000	2004 £'000
United Kingdom corporation tax at 30% (2004:30%)		
- Prior year adjustment	(1,090)	-
- Current	-	-
Tax charge	(1,090)	-

Factors affecting current tax charge for the year:

The tax assessed for the year is lower (2004: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	(72,716)	(81,776)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2004:30%)	(21,815)	(24,533)
Effects of:		
Impact of deemed interest on intercompany balances	16,527	-
Permanent differences	(2,101)	-
Group relief surrendered for nil consideration	7,388	24,533
Current tax charge	-	-

6 Fixed asset investments

	Shares in group undertakings £'000
Cost & Net Book Value	
At 1 January 2005	1,161,630
Disposals	(42,438)
At 31 December 2005	1,119,193

At 31 December 2005, the Company held 100% of the issued ordinary share capital of Chubb Group Limited, a company incorporated in the United Kingdom.

During the year the company disposed of its interest in the preference share capital of Chubb Security Holdings Australia, resulting in a profit of £7m.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

6 Fixed asset investments (continued)

At 31 December 2005, except where indicated, the Company held 100% of the issued share capital of the following operating companies through intermediate holding companies. The country of both incorporation and principal operation is also shown below. As permitted by Section 231(5) of the Companies Act 1985, only principal operating companies have been shown below. A list of all subsidiaries is attached to the Company's annual return filed with the Registrar of Companies.

Chubb Group Limited	UK	Chubb Security Personnel Ltd	UK
Chubb Electronic Security Ltd	UK	Chubb Security Systems NV	Belgium
Chubb Fire Ltd	UK	Chubb Singapore Pte Ltd (70%)	Singapore
Chubb Flame Control BV	Netherlands	Security Monitoring Centres Ltd	UK
Chubb Iberia SL	Spain	T G Products Ltd	UK
Chubb Ireland Ltd	Ireland	Chubb Nord-Alarm GmbH & Co	Germany
		KG	

7 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Corporation tax recoverable	-	1,074
Amounts owed by group undertakings	2,532,096	1,936,866
Total debtors	2,532,096	1,937,940

Amounts owed by group undertakings includes £1,032,685,000 (2004: £426,781,000) which is unsecured, interest bearing at a rate between 4.9% and 10.5% and repayable on demand. The remainder is unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdrafts	86,211	59,702
Amounts owed to group undertakings	3,043,204	2,446,216
	3,129,415	2,505,918

Included in amounts owed to group undertakings is £2,628,025,000 (2004: £2,018,918,000) which is unsecured and repayable on demand with variable interest rates between 4.9% and 8%. The remainder is unsecured, interest free and repayable on demand.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

9 Share capital

	2005 £'000	2004 £'000
Authorised		
1,110,000,000 ordinary shares of 36p each (2004: 1,110,000,000)	399,600	399,600
50,000 Redeemable preference shares of £1 each (2004: 50,000)	50	50
	399,650	399,650
Allotted, called up and fully paid		
829,015,000 ordinary shares of 36p each (2004: 829,015,000)	298,445	298,445
	298,445	298,445

10 Reserves

	Share premium £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	511	8,290	288,537	297,338
Loss for the year	-	-	(73,806)	(73,311)
At 31 December 2005	511	8,290	214,731	224,027

11 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Loss for the financial year	(73,806)	(81,776)
Opening equity shareholders' funds	595,783	677,559
Closing equity shareholders' funds	521,977	595,783

12 Contingent liabilities

The company is party to a group arrangement with its bankers whereby its in hand balance may be applied against the overdraft of United Technologies Corporation.

**Notes to the financial statements
for the year ended 31 December 2005 (continued)**

13 Ultimate parent undertaking

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

The company's immediate parent undertaking is Ceesail Limited. United Technologies Corporation is the smallest and largest group to consolidate these financial statements.

Copies of the United Technologies group financial statements are publicly available and can be obtained from:

United Technologies Corporation
One Financial Plaza
Hartford
Connecticut 06103
U.S.A.