

ABC LTD.

Condensed Financial Statements

Financial Year Ended October 31, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ABC LTD.

We have audited the accompanying condensed financial statements of ABC LTD. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of October 31, 2020 and October 31, 2019, and the related condensed statements of income for the years then ended, and the related notes to the condensed financial statements.

Management's responsibility for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation"). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 of the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the "Basis for adverse opinion on U.S. generally accepted accounting principles" paragraph, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of October 31, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on regulatory basis of accounting

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of ABC LTD. as of October 31, 2020 and 2019, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
February 26, 2021

CONDENSED BALANCE SHEET

ABC LTD.

As at
expressed in ['000s]

October 31, 2020

United States Dollars

LINE No.		2020	2019
1	CASH AND CASH EQUIVALENTS	676,995	142,285
2	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other	21,101,231	18,090,355
(b)	Total Bonds and Debentures	21,101,231	18,090,355
(c)	Equities		
	i. Common stocks	11,789,257	15,317,116
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	11,789,257	15,317,116
(e)	Other quoted investments		
(f)	Total quoted investments	32,890,488	33,407,471
3	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates		
(h)	Total investments in and advances to affiliates	-	-
5	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6	POLICY LOANS		
7	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8	COLLATERAL LOANS		
9	INVESTMENT INCOME DUE AND ACCRUED		
10	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	500,909	496,083
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	500,909	496,083
11	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers		
(e)	Total reinsurance balance receivable	-	-
12	FUNDS HELD BY CEDING REINSURERS		

CONDENSED BALANCE SHEET

ABC LTD.

As at
expressed in [000s]

October 31, 2020

United States Dollars

LINE No.		2020	2019
13	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs		
(g)	Net receivables for investments sold		
(h)	Other Sundry Assets (Specify)		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	-	-
14	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15	TOTAL	34,068,392	34,045,839
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	13,521,892	14,194,886
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	13,521,892	14,194,886
17	LOSS AND LOSS EXPENSE PROVISIONS		
(a)	Gross loss and loss expense provisions	569,102	684,972
(b)	Less: Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	569,102	684,972
18	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19	TOTAL GENERAL BUSINESS INSURANCE RESERVES	14,090,994	14,879,858
	LONG-TERM BUSINESS INSURANCE RESERVES		
20	RESERVE FOR REPORTED CLAIMS		
21	RESERVE FOR UNREPORTED CLAIMS		
22	POLICY RESERVES - LIFE		
23	POLICY RESERVES - ACCIDENT AND HEALTH		
24	POLICYHOLDERS' FUNDS ON DEPOSIT		
25	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	Total Net Long-Term Business Insurance Reserves	-	-
	OTHER LIABILITIES		
28	INSURANCE AND REINSURANCE BALANCES PAYABLE	723,865	732,289
29	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30	LOANS AND NOTES PAYABLE		
31	(a) INCOME TAXES PAYABLE		

CONDENSED BALANCE SHEET

ABC LTD.

As at
expressed in ['000s]

October 31, 2020

United States Dollars

LINE No.		2020	2019
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES		
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	126,242	66,500
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Loss Settlement Account	-	-
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	850,107	798,789
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	14,941,101	15,678,647
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	19,127,291	18,367,198
41.	TOTAL	34,068,392	34,045,839

TRUE

TRUE

CONDENSED STATEMENT OF INCOME

ABC LTD.
As at October 31, 2020
expressed in ['000s] United States Dollars

LINE No.		2020	2019
	GENERAL BUSINESS UNDERWRITING INCOME		
1	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	6,603,478	7,182,198
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	6,603,478	7,182,198
2	REINSURANCE PREMIUMS CEDED		
3	NET PREMIUMS WRITTEN	6,603,478	7,182,198
4	INCREASE (DECREASE) IN UNEARNED PREMIUMS	672,994	448,948
5	NET PREMIUMS EARNED	7,276,472	7,631,146
6	OTHER INSURANCE INCOME		
7	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	7,276,472	7,631,146
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	6,979,933	8,478,000
9	COMMISSIONS AND BROKERAGE	163,017	173,000
10	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	7,142,950	8,651,000
11	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	133,522	(1,019,854)
	LONG-TERM BUSINESS INCOME		
12	GROSS PREMIUMS AND OTHER CONSIDERATIONS		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13	PREMIUMS CEDED		
14	NET PREMIUMS AND OTHER CONSIDERATIONS		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15	OTHER INSURANCE INCOME		
16	TOTAL LONG-TERM BUSINESS INCOME	-	-
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17	CLAIMS - LIFE		
18	POLICYHOLDERS' DIVIDENDS		
19	SURRENDERS		
20	MATURITIES		
21	ANNUITIES		
22	ACCIDENT AND HEALTH BENEFITS		
23	COMMISSIONS		
24	OTHER		
25	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES)		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-
27	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-
29	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	133,522	(1,019,854)

CONDENSED STATEMENT OF INCOME

ABC LTD.

As at October 31, 2020
expressed in ['000s] United States Dollars

LINE No.		2020	2019
	UNDERNOTED ITEMS		
30	COMBINED OPERATING EXPENSE		
	(a) General and administration	846,840	856,417
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	846,840	856,417
31	COMBINED INVESTMENT INCOME - NET	(102,940)	(104,008)
32	COMBINED OTHER INCOME (DEDUCTIONS)		
33	COMBINED INCOME BEFORE TAXES	(816,258)	(1,980,279)
34	COMBINED INCOME TAXES (IF APPLICABLE)		
	(a) Current		
	(b) Deferred		
	(c) Total	-	-
35	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(816,258)	(1,980,279)
36	COMBINED REALIZED GAINS (LOSSES)	1,415,656	203,023
37	COMBINED INTEREST CHARGES		
38	NET INCOME	599,398	(1,777,256)

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

ABC LTD.
As at October 31, 2020
expressed in ('000s) United States Dollars

LINE No.		2020	2019
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 120,000 shares of par	120,000	120,000
	value \$ 1,000 each issued and		
	fully paid 120,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2020 _____		
	2019 _____		
	(B) Preferred shares issued by a subsidiary:		
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2020 _____		
	2019 _____		
	(iii) Treasury Shares		
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus	400,000	400,000
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	520,000	520,000
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	17,847,192	18,069,147
(b)	Add: Income for the year	599,398	(1,777,256)
(c)	Less: Dividends paid and payable	(226,000)	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	386,701	1,555,301
(e)	Add (Deduct) change in any other surplus		-
(f)	Surplus - End of Year	18,607,291	17,847,192
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	19,127,291	18,367,192

Matters to set forth in a General Note to the Financial Statements

1. ABC LTD. (the Company) was incorporated in Bermuda on May 10, 1994 and, effective October 31, 2001, is a wholly owned subsidiary of Paddington Western (Bahamas) ("the Parent"), a company incorporated in the Bahamas. The Company holds a Class 3a license under the Insurance Act 1978.
2. The primary business of the Company is to issue warranty policies to individual customers of ABC Appliance, Inc. through contracts written by ABC Warranty Corp, Inc. (the former owner of the Company). The warranty policies account for over 80% of the Company's written premiums (unrelated business).

The Company insures Workers' Compensation, General Liability, Auto Liability and Employers' Liability to entities related to ABC Warranty Corporation, the former owner of ABC LTD. The Company's exposure is limited to \$250,000 per occurrence and \$1,500,000 annual aggregate.

The Company has provided insurance coverage to ABC Appliance Inc. an entity related to the former owner, for Directors & Officers; Company Reimbursement Coverage limited to \$35,000 per occurrence, Employment Practices Liability limited to \$2,000,000 per occurrence and in the aggregate, excess of \$3,000,000 per claim, all Risk of Physical Loss or Damage limited to \$25,000 per occurrence, Vendor Credit Insurance limited to \$100,000 per occurrence and \$300,000 in aggregate, Crime Deductible Reimbursement Coverage limited to \$35,000 per occurrence and in excess of \$2,500 for any one occurrence and Flood Insurance limited to \$100,000 per occurrence and \$100,000 in the aggregate.

3. The condensed general purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statement (the "Legislation"). The recognition and measurement principles applied are in line with accounting principles generally accepted in the United States of America ("US GAAP"). The presentation of these financial statements in accordance with the guidance prescribed under the legislation differs from US GAAP in certain respects as follows:
 - a. The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016.
 - b. Statement of Cash Flows or equivalent is not included; and
 - c. Certain disclosures required by US GAAP are not included.
 - d. Comprehensive income and its components are not presented in the condensed statement of income.
 - e. Warranty and casualty reserves are to be reported net of reinsured amounts.

The effect of the foregoing variances from US GAAP on the accompanying condensed general purpose financial statements have not been determined but are presumed to be material.

4. The significant accounting policies of the Company are as set out below:

Premiums

Premiums are recognized into income on a pro-rata basis over the periods of the respective policies, except for premiums on the extended warranty program which are recognized over the warranty period in proportion to the costs expected to be incurred in performing services under the warranty contract. Premiums applicable to unexpired terms of the policies are deferred in the condensed balance sheet.

ABC Warranty Corporation provides warranty contracts which range in terms from two to five years. For those products where the manufacturer provides a warranty, the manufacturer's coverage is utilized prior to the Company's. Under certain of the warranty contracts offered, the customer receives a credit on the purchase or merchandise or another warranty if there are no repairs incurred during the coverage period. These provisions have been considered in determining the amount of premiums to recognize as earned in the year ended October 31, 2020.

Unearned premiums

Unearned premiums represent the portion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis. Some are driven by non-linear earnings pattern.

The proportion of written premiums that relate to unexpired terms of policies in force at the balance sheet date is deferred as a provision for unearned premiums, generally calculated on a time apportioned basis, however, some are driven by non-linear earnings patterns. The movement in the provision is taken to the statement of income in order that revenue is recognised over the period of the risk.

Loss and loss expense incurred

Loss and loss expense incurred comprise of claims and claims handling costs paid in the year and changes in the provisions for outstanding claims. This includes provisions for claims incurred but not reported and related expenses; together with any adjustments to claims from prior years. Claims handling costs are mainly those external costs related to the negotiations and settlement of claims.

Loss and loss expense provision

Losses and loss expense provisions on the extended warranty program are recorded as an expense when reported.

On all other programs, the losses and loss expenses provisions and the related net losses and loss expenses incurred include estimates for losses incurred but not reported. The reserve is based on management's best estimate, claim adjusters evaluations and actuarial determinations, and, in the opinion of management, such reserve is adequate. However, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process as well as differences between estimates and ultimate payments, will be reflected in the statutory statements of income of future years when such adjustments become known.

Investments

All investments are carried at market value based on quoted market prices or NAV provided by the fund manager. Such investments are available to be sold in response to liquidity needs. Investments are recorded on a trade date basis with balances pending settlement accrued in the balance sheet. Gains and losses on sales of fixed income investments are determined by specific identification of the cost of securities sold. Gains and losses on sales of equity securities are based on average cost of the security sold. Unrealized gains and losses related to equity securities are recognized in Net income and those related to debt securities are included as a separate component within the statement of capital and surplus

Investment Income

Investment income is recognized when earned.

Cash and Cash Equivalents

Cash and cash equivalents includes amounts held in banks and time deposits having maturities within three months of the date of purchase and amounts invested in a money market fund. The carrying value of cash and cash equivalents approximates fair value because of the short maturity of these instruments.

Income Taxes

Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

ABC LTD.
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

5. The bases for premium recognition and investment income are set out in note 4 above.
6. The Company's functional currency is the U.S. dollar. Transactions in foreign currencies are recorded in U.S. dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies are translated at the exchange rates in effect at the reporting date and foreign exchange gains and losses are included in the statement of income.
7. There are no foreign exchange control restrictions affecting the assets of the Company.
8. There are no material contingencies or commitments at the balance sheet date.
9. The Company does not issue any securities or enter any credit agreements during the financial year.
10. The Company does not have any preferred cumulative shares.
11. There was no loan made by the Company to any director or officer of the Company outside the ordinary course of business during the financial year.
12. The Company has no employees, hence no retirement benefit obligations.

13. Investments

Investments are carried at fair market value, based on reported Net Asset Values and are considered as follows; Vanguard FTSE XUS ETC (Level 1) Performa Liquid Asset Fund Class A , Performa High Yield Fund, Performa Int'l Bond-A and Performa Equity Fund Class A (Level 2) in the fair value hierarchy. change in unrealized gains and losses related to equity securities recognized in Net income and those related to debt securities recorded in the statement of capital and surplus.

14. The contractual maturity profile of the investments are:

	Fair value	Up to a year	1 – 5 years	5 – 10 years	Over 10 years	No maturity date	Total
<u>2020</u>	\$	\$	\$	\$	\$	\$	\$
Bonds	21,101,231	164,778	20,936,452				21,101,231
Equities	11,789,257					11,789,257	11,789,257
Total	32,890,488	164,778	20,936,452			11,789,257	32,890,488

	Fair value	Up to a year	1 – 5 years	5 – 10 years	Over 10 years	No maturity date	Total
<u>2019</u>	\$	\$	\$	\$	\$	\$	\$
Bonds	18,090,354	218,636	17,871,718				18,090,354
Equities	15,317,116					15,317,116	15,317,116
Total	33,407,470	218,636	17,871,718			15,317,116	33,407,470

15. The Company does not have any related party transactions.
16. None.
17. The Company has had no adverse impact to its business, due to the Covid-19 Pandemic during the year ended October 31, 2020.

ABC LTD.
NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Matters to be set forth in Notes to the Statement of Capital and Surplus

- 1(a) Authorized, issued and fully paid 120,000 common shares at par value US\$1 each.
- 1(b) Not applicable
- 2(c) A dividend of \$226,000 was paid to shareholders by the company during January 2020.

Matters to be set forth in Notes to the Balance Sheet

1. Not applicable.
2. Quoted investments comprise of investments in the Performa International Bond Fund, the Performa High Yield Fund, the Performa Equity Fund. The Orbis Optimal US\$ Fund and the Orbis Global Equity Fund have been liquidated during September 2020, and subsequently invested in Vanguard FTSE XUS ETF. The investments are carried at the net asset value as reported by the fund manager.
3. Not applicable.
4. Not applicable.
5. Not applicable.
- 6-9. Not applicable.
- 10-14. Accounts and premiums receivable as at October 31, 2020 amounted to \$500,909 which pertains to the receivable balance from ABC Warranty Corporation.
- 15 (SFS Checklist). Not applicable.
16. Refer to Note 4 under Notes to Financial Statements section.
- 17(a). Movement in the loss and loss expense provisions for the current and previous years can be seen in the table below:

	2020	2019
Gross loss and loss expense provisions at beginning of year	684,972	699,639
Less: Reinsurance recoverable at beginning of year		-
Net loss and loss expense provisions at beginning of year	<u>684,972</u>	<u>699,639</u>
Net losses incurred and net loss expenses incurred related to:		
Current year	7,516,835	8,949,705
Prior years	<u>(421,032)</u>	<u>(551,569)</u>
Total net incurred losses & loss expenses	<u>7,095,803</u>	<u>8,398,136</u>
Net losses and loss expenses paid or payable related to:		
Current year	(7,095,803)	(8,412,803)
Prior years	<u>(115,870)</u>	
Total losses and loss expenses paid or payable	<u>(7,211,673)</u>	<u>(8,412,803)</u>
Foreign exchange and other		-
Net loss and loss expense provisions at end of year	569,102	684,972
Add: Reinsurance recoverable at end of year		-
Gross loss and loss expense provisions at end of year	<u><u>569,102</u></u>	<u><u>684,972</u></u>

ABC LTD.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

- 17(b). The change in net losses incurred and net loss expenses incurred related to prior years was a result of warranties claims. No additional or return premiums have been accrued as a result of the prior year effects. The loss and loss expense provisions are unsecured.
- 17(c). Not applicable.
20. Refer to Note 4 under Notes to Financial Statements section.
21. Refer to Note 4 under Notes to Financial Statements section.
- 22-32. Not applicable.
33. Accruals as at October 31, 2020 relate to:
- | | |
|-----------|----------|
| Audit Fee | \$42,800 |
|-----------|----------|
34. Not applicable.
35. Not applicable.
36. Realized gain during the year amounted to \$1,415,656 from sale of fixed income and equity investments which included unrealized loss of \$4,587,086 relating to equity securities.
- 37 (SFS Checklist). Not applicable.

Matters to be set forth in Notes to the Statement of Income

6. Not applicable.
15. Not applicable.
32. Not applicable.
36. Realized gain during the year amounted to \$6,002,742 from sale of fixed income and equity investments.

Matters to be set forth in Notes to the Statement of Capital and Surplus

- 2(e). This relates to the movement in prepaids.