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It is with pleasure that I am able to present the Employers’ Liability Tracing Office (ELTO) Annual Report for 2012. Since the inception of the ELTO service there has been strong industry commitment to the provision of accurate and complete policy data which has been crucial to the realisation of the ELTO vision:

*To provide an excellent service that gives claimants and their representatives quick and easy access to a database of Employers’ Liability (EL) policies through an online enquiry facility, helping them to find their employer’s EL insurer.*

This is the first full operational year of ELTO and this report demonstrates the progress the tracing service has made throughout 2012.

One particular success is that the number of EL policy records, including new, renewed and historic, stored on the Employers’ Liability Database (ELD) is in excess of 9 million. By the close of 2012 the volume of historic voluntary records stood at just over 5 million, a 96.3% increase compared to the previous financial year and a significant milestone. This increase is evidence of the members’ determination to populate the ELD and as a result of this diligence the success rate of a claimant locating a policy record has risen to 76%. This uplift is undoubtedly beneficial for claimants.

While 2012 has seen significant progress it has not been without its challenges. Most notably is our desire to increase the population of the Employer Reference Number (ERN) on the ELD as we believe, going forward, it is the most appropriate tool for identifying the correct employer. Despite the considerable effort, resource and cost incurred to date by insurers, the industry still faces a real challenge to capture the ERN. The proportion being captured and reflected on the records in the ELD remains disappointingly low.

The importance of this information to future-proof the efficient and effective delivery of the tracing service to users cannot be underestimated. It is for this reason ELTO continues meaningful dialogue with the Regulator and the Government in an attempt to unlock the barriers which constrain the capture of ERN.

The Regulator has extended the transitional period for complying with ERN data requirements to 1 April 2014. By this date the industry must be fully compliant with the Regulator’s requirements. In the interim, ELTO will continue to support members in seeking to make the business community and employers appreciate there are no detrimental consequences when providing this small but vital piece of data to ELTO which will support the industry’s obligation to store the necessary insurance data.
Looking ahead to 2013, ELTO has set out a programme of work to be delivered which covers priority areas to ensure the service’s strategic outcomes are achieved. They include:

- Supporting members’ compliance with existing and new regulatory requirements.
- Enhancing the memory and storage capacity of the ELD to support the continued growth in historic policy records being uploaded.
- Continuing to improve search success rates and timeliness.
- Improving tracing effectiveness through member audits, sharing best practice and driving improvements to speed and accuracy of member activity.
- Building on the results of early customer satisfaction surveys and continuing to listen to the user community and make improvements to the tracing services to ensure that ELTO can realise its vision.

I look forward to 2013 being another successful year where ELTO continues to provide value to claimants and support to the insurance industry. Complacency is not an option for ELTO and we will strive to ensure that other significant milestones are achieved in 2013 to ensure the delivery of an effective, ever-improving tracing service.

Adrian Brown
Chair
It is pleasing to be able to report that good progress has been made in achieving the plans set out in 2012.

Pinpointing the development and success of ELTO to date in any one statistic or piece of information is difficult, however we can be proud of a number of highlights as we compare 2012 against the eight months of ELTO’s full operation in 2011:

- An increase in the overall search success rate from 70% to 76%.
- An increase in policy records on the database from 4.3 million to 9.4 million.
- An increase in searches from 22,200 to 64,126, and an increase in use by regular users such as solicitor firms.
- An increase in membership from 144 to 155.

The results of ELTO’s first formal customer survey showed a net satisfaction score of 42%, which is a great result for an organisation that is still in the process of transition to business as usual. During 2013, ELTO will continue to make improvements to the service, taking on board specific comments made in the survey. We continue to strive to deliver the vision for ELTO - to provide an excellent service that gives claimants and their representatives quick and easy access to a database of EL policies, helping them to find their employer’s EL insurer.
Review of 2012

Financial Overview

Since the start of the ELTO programme in 2010 until the end of 2012, the industry has invested £4.9 million in to the development and set up of the tracing service.

The ELTO budget for 2012 included a base figure of £1.4 million plus a 25% contingency provision to be used at the Board’s discretion, adding up to a total of £1.76 million. During the year, some £70,000 of the contingency was utilised to fund the ‘additional tracing’ preparations following a successful pilot.

The cost per enquiry dropped to £18.62, a 37.5% improvement upon 2011’s performance.

Figure 1: ELTO levy

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Projected 2012</th>
<th>Performance 2012</th>
<th>Projected 2011</th>
<th>Performance 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy performance</td>
<td>£1.77m</td>
<td>£1.76m</td>
<td>£1.52m</td>
<td>£1.45m</td>
</tr>
</tbody>
</table>

Employers’ Liability Database (ELD)

ELD Policies

During 2012, the total number of policy records on the ELD increased to 9.4 million. Particularly noteworthy, was the volume of historic voluntary (pre-April 2011) policy records supplied to the ELD. Despite such records not being mandated by FCA’s data regulations, members supplied more than 2.4 million of these to the database during the year. This led to ELTO surpassing an impressive milestone, 5 million historic voluntary policies on the ELD.

Figure 2: ELD policy records

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Policy</td>
<td>4.1M</td>
</tr>
<tr>
<td>Historic Compulsory Policy</td>
<td>0.1M</td>
</tr>
<tr>
<td>Historic Voluntary Policy</td>
<td>5.2M</td>
</tr>
<tr>
<td>Total</td>
<td>9.4M</td>
</tr>
</tbody>
</table>
Review of 2012

Time to Supply

Time to Supply (TTS) targets remained aligned to FCA’s data regulations with the industry aiming to supply 100% of all mandatory policy records (current and historic compulsory) to the ELD within 90 days. Of the 2 million mandatory policy records supplied during 2012, 74.6% achieved the TTS target. For historic compulsory policy records, the result was 93.2% and for current policy records 73.8%. The results for the final quarter of the year showed a marked improvement.

Figure 3: TTS total policy records

<table>
<thead>
<tr>
<th></th>
<th>Jan 12</th>
<th>Feb 12</th>
<th>Mar 12</th>
<th>Apr 12</th>
<th>May 12</th>
<th>Jun 12</th>
<th>Jul 12</th>
<th>Aug 12</th>
<th>Sep 12</th>
<th>Oct 12</th>
<th>Nov 12</th>
<th>Dec 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS in month</td>
<td>77.1%</td>
<td>75.7%</td>
<td>53.9%</td>
<td>88.1%</td>
<td>81.2%</td>
<td>77.7%</td>
<td>71.7%</td>
<td>77.7%</td>
<td>64.2%</td>
<td>83.1%</td>
<td>84.7%</td>
<td>82.4%</td>
</tr>
<tr>
<td>TTS - year to date</td>
<td>77.1%</td>
<td>76.4%</td>
<td>64.4%</td>
<td>70.5%</td>
<td>72.3%</td>
<td>73.0%</td>
<td>72.8%</td>
<td>73.4%</td>
<td>72.5%</td>
<td>73.4%</td>
<td>74.2%</td>
<td>74.6%</td>
</tr>
</tbody>
</table>

Figure 4: TTS current policy records

<table>
<thead>
<tr>
<th></th>
<th>Jan 12</th>
<th>Feb 12</th>
<th>Mar 12</th>
<th>Apr 12</th>
<th>May 12</th>
<th>Jun 12</th>
<th>Jul 12</th>
<th>Aug 12</th>
<th>Sep 12</th>
<th>Oct 12</th>
<th>Nov 12</th>
<th>Dec 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS in month</td>
<td>77.0%</td>
<td>75.9%</td>
<td>50.2%</td>
<td>84.3%</td>
<td>81.3%</td>
<td>79.5%</td>
<td>71.7%</td>
<td>77.6%</td>
<td>63.6%</td>
<td>83.2%</td>
<td>84.7%</td>
<td>82.3%</td>
</tr>
<tr>
<td>TTS - year to date</td>
<td>77.0%</td>
<td>76.5%</td>
<td>62.8%</td>
<td>67.5%</td>
<td>69.9%</td>
<td>71.3%</td>
<td>71.4%</td>
<td>72.1%</td>
<td>71.2%</td>
<td>72.4%</td>
<td>73.3%</td>
<td>73.8%</td>
</tr>
</tbody>
</table>

Figure 5: TTS historic compulsory records

<table>
<thead>
<tr>
<th></th>
<th>Jan 12</th>
<th>Feb 12</th>
<th>Mar 12</th>
<th>Apr 12</th>
<th>May 12</th>
<th>Jun 12</th>
<th>Jul 12</th>
<th>Aug 12</th>
<th>Sep 12</th>
<th>Oct 12</th>
<th>Nov 12</th>
<th>Dec 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS in month</td>
<td>90.5%</td>
<td>56.6%</td>
<td>99.8%</td>
<td>99.9%</td>
<td>70.9%</td>
<td>20.6%</td>
<td>78.8%</td>
<td>82.7%</td>
<td>92.0%</td>
<td>75.5%</td>
<td>82.1%</td>
<td>88.6%</td>
</tr>
<tr>
<td>TTS - year to date</td>
<td>90.5%</td>
<td>71.7%</td>
<td>97.8%</td>
<td>99.2%</td>
<td>98.2%</td>
<td>94.2%</td>
<td>94.0%</td>
<td>93.8%</td>
<td>93.8%</td>
<td>93.3%</td>
<td>93.2%</td>
<td>93.2%</td>
</tr>
</tbody>
</table>

Additional Policy Data

From 1 April 2012, the FCA regulations introduced the requirement for all new and renewed policies to include additional mandatory information, chiefly details of the policyholder’s subsidiary companies and the Employer Reference Number (ERN) for the policyholder and its subsidiary companies.

The ELTO Rules mirror these requirements enabling more accurate search results to be returned. It is envisaged that the ERN will:

- Eventually act as a unique reference number for employers on the ELD.
- Improve ELTO’s ability to find matching policy records by supplementing the employer name search, which in isolation has its limitations.
- Enable search users to see the most relevant policy records immediately.
- Make the return of the insurance history of the employer more accurate.

Feedback through audits and meetings with insurers indicated that capturing subsidiary name data had not proved too difficult as many had already adopted the practice of gathering this information from intermediaries. However, insurers encountered difficulties in capturing the ERN, with a population rate of 33.9% for policies where the ERN was required.

Both insurers and intermediaries reported difficulties in collecting ERNs from some employers, particularly for small and medium-sized employers. The main reasons cited were: uncertainty about why the information is necessary (wrongly perceived link to tax); practical difficulties in finding their ERN; and lack of imperative to cooperate (chase-up calls and letters are not responded to).
Review of 2012

Tracing Service

Tracing Policy
The revised ELTO Tracing Policy v2.0 took effect in May, refining the principles governing member tracing activities. This built upon the original version by incorporating lessons learned from initial visits to numerous member tracing teams.

Tracing Audit
In July 2012, the ELTO tracing audit programme was introduced. The tracing audit assesses members’ performance against key aspects of the ELTO Tracing Policy to give the Board visibility of the industry’s tracing strengths and areas for improvement. The plan is for all members to have received their first audit visit by 30 June 2014, and be audited annually thereafter. As expected, the results of the audits conducted to date highlighted that members were making good progress in identifying and making their historic policy records available for tracing, but in a number of cases had further work to do. They also highlighted a variety of different methods for tracing against search enquiries, the majority being acceptable with some very strong and others where improvements can be made.

All members have been cooperative with the audit process with many recommendations accepted by members and either already implemented or specific dates set for implementation. The ELTO audit team follows up the agreed recommendations to see that they are implemented.

Tracing Timeliness
Having adjusted their tracing processes for the ELD implementation in 2011, members gradually showed a strong improvement in the timeliness of successful trace responses. In the early months of 2012, the proportion of timely responses ranged from 64% to 71%. By the latter months of the year, this had improved to a range of 79% to 87%. For mesothelioma searches, members provided as many as 98% of successful trace responses within the timeframe in some months, highlighting the industry’s dedication to ensuring these cases are prioritised for a prompt turnaround.

Additional Tracing
Early in the year, the Board considered recommendations following a pilot investigation into a sample of unsuccessful enquiries. The outcome of the analysis resulted in the following key points:

- In almost 40% of cases, further information was found.
- In 8.8% of cases an insurer was found following the undertaking of further basic enquiries.
- Insurers had already been found by other means by claimants in 13.8% of cases.
- Some cases were not, or would not, be pursued for other reasons (7.5%).

The pilot concluded that the binary approach to measuring success (e.g. each enquiry being positive or negative) had its limitations as enquiries falling into the ‘negative’ category could include those where the employer was not insured (making it impossible for insurers to trace a policy) and / or where the enquirer had provided poor quality information (making it difficult or impossible for insurers to match with their policy records).

As such, it was recognised that ELTO tracing performance data is not an exclusive source which would indicate the ability of claimants to pursue a claim. Upon conclusion of the pilot, the Board agreed to introduce ‘additional tracing’: a service where ELTO’s new Tracing Investigators would perform further research into selected unsuccessful searches to obtain more, and better quality, information about the employers being traced. The aim of additional tracing is to find an insurer for cases where the existing Simple Search and Extended Search services (see Glossary on page 19) had not been able to achieve a positive result.
Review of 2012

Customer Service
Two customer surveys took place; a pilot survey in February and the first full survey in October with net satisfaction scores of 50% and 42% respectively. Customers (users of the search facility) fed back on topics including the website, the system, the extended search service and the customer support provided. The surveys showed:

- Very high satisfaction for the relevance and usefulness of information returned by the Simple Search facility.
- Good satisfaction with the customer service provided when contacting ELTO for support.
- Low satisfaction with the speed of the service, including the overall turnaround time of extended searches and the speed of the system itself.

Based on the customer survey feedback, the Board agreed a number of plans to assess and resolve the concerns about the speed of the service, including a review of the Simple Search functionality and of the overall search life span for non-mesothelioma searches.

Communications
In order to facilitate understanding and effective use of the tracing service, ELTO regularly communicates to members, the user community and the wider industry about developments, system changes and good practice through the ELTO website, e-Newsletter and, where appropriate, webinars.

The ELTO e-Newsletter provides commentary from the Chairman and articles on key topics of interest for insurers, intermediaries, claimant solicitor firms and many other stakeholders. The webinars recorded and broadcast in 2012 focused on regulatory compliance and effective tracing. In the sessions, participants were invited to raise questions that were answered live by the panel of Board, Tracing Services Limited (TSL) and working group representatives.

ELTO again exhibited at the British Insurers Brokers’ Association (BiBA) 2012 conference in May. ELTO attended the conference as a means to engage with and educate brokers about the importance of capturing the ERN and the role that the broker community plays in the successful delivery of the tracing service.
Overall Search Statistics

During 2012, 64,126 searches were made using the ELTO service. 48,757 received a policy match meaning that ELTO achieved a total success rate of 76% for the year. This compares favourably with 2011’s 70% result and reflects the growing number of historic policy records loaded onto the ELD and the increasing attention to, and diligence of, insurer tracing as the tracing policy changes and audit activity begin to take effect.

This improvement in search success came despite a marked increase in the number of searches made. This increase in the number of searches presented members with a significant challenge in keeping up-to-date with their tracing activities. The highest number of Extended Search requests sent to insurers in one month was November (2,166) compared with 2011’s highest month of November (1,282).

**Figure 6: Search success**

<table>
<thead>
<tr>
<th></th>
<th>All searches</th>
<th>Success (simple)</th>
<th>Success (extended)</th>
<th>Success (Total)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-12</td>
<td>4,509</td>
<td>1,834</td>
<td>1,587</td>
<td>3,421</td>
<td>75.9%</td>
</tr>
<tr>
<td>Feb-12</td>
<td>3,899</td>
<td>1,382</td>
<td>1,497</td>
<td>2,879</td>
<td>74.9%</td>
</tr>
<tr>
<td>Mar-12</td>
<td>4,574</td>
<td>1,752</td>
<td>1,611</td>
<td>3,363</td>
<td>74.4%</td>
</tr>
<tr>
<td>Apr-12</td>
<td>4,172</td>
<td>1,552</td>
<td>1,533</td>
<td>3,085</td>
<td>74.3%</td>
</tr>
<tr>
<td>May-12</td>
<td>4,717</td>
<td>1,867</td>
<td>1,600</td>
<td>3,467</td>
<td>74.3%</td>
</tr>
<tr>
<td>Jun-12</td>
<td>4,153</td>
<td>1,820</td>
<td>1,288</td>
<td>3,108</td>
<td>74.3%</td>
</tr>
<tr>
<td>Jul-12</td>
<td>5,741</td>
<td>2,590</td>
<td>1,802</td>
<td>4,392</td>
<td>74.7%</td>
</tr>
<tr>
<td>Aug-12</td>
<td>6,070</td>
<td>2,772</td>
<td>1,911</td>
<td>4,683</td>
<td>75.1%</td>
</tr>
<tr>
<td>Sep-12</td>
<td>5,969</td>
<td>2,774</td>
<td>1,755</td>
<td>4,529</td>
<td>75.2%</td>
</tr>
<tr>
<td>Oct-12</td>
<td>7,364</td>
<td>3,626</td>
<td>2,126</td>
<td>5,752</td>
<td>75.6%</td>
</tr>
<tr>
<td>Nov-12</td>
<td>7,597</td>
<td>3,730</td>
<td>2,166</td>
<td>5,896</td>
<td>75.9%</td>
</tr>
<tr>
<td>Dec-12</td>
<td>5,361</td>
<td>2,698</td>
<td>1,484</td>
<td>4,182</td>
<td>76.0%</td>
</tr>
</tbody>
</table>

Figure 7 shows the comparison between the 12 month period of May 2011 to April 2012 as covered in the *ELTO Twelve Month Report* and the 12 month period of the 2012 financial year covered by this report.

**Figure 7: Search volumes**

**ELTO** (May 2011 - Apr 2012)

- All Searches: 39,354
- Success (Total): 27,979
- 71% Success

**ELTO** (Jan 2012 - Dec 2012)

- All Searches: 64,126
- Success (Total): 48,757
- 76% Success
Success By Claimant

The 64,126 searches made during the year related to 24,980 individual claimants. Of these 20,359 (81.5%) found a policy match.

Figure 8: Success by claimant

<table>
<thead>
<tr>
<th>Year</th>
<th>Claimants</th>
<th>Success</th>
<th>%</th>
<th>Claimants</th>
<th>Success</th>
<th>%</th>
<th>Claimants</th>
<th>Success</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>24,980</td>
<td>20,359</td>
<td>81.5%</td>
<td>1,393</td>
<td>918</td>
<td>65.9%</td>
<td>23,587</td>
<td>19,441</td>
<td>82.4%</td>
</tr>
</tbody>
</table>

Success By Exposure Period

The search enquiry success rate improved across three reported exposure periods: pre-1972, 1972 – 1999 and 2000 – ELD. The best improvement came in the 2000 – ELD category, an increase from 60.4% in 2011 to 69.4% in 2012.

Figure 9: ELTO search success by exposure periods

<table>
<thead>
<tr>
<th>Exposure period</th>
<th>Searches Jan 2012 – Dec 2012</th>
<th>Success in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1972</td>
<td>27,689</td>
<td>73.5%</td>
</tr>
<tr>
<td>1972 – 1999</td>
<td>33,701</td>
<td>78.5%</td>
</tr>
<tr>
<td>2000 – ELD</td>
<td>2,252</td>
<td>69.4%</td>
</tr>
<tr>
<td>Post ELD</td>
<td>484</td>
<td>78.1%</td>
</tr>
</tbody>
</table>

Mesothelioma Search Enquiry Success Rates

Between January 2012 and December 2012 there were 5,274 search enquiries relating to mesothelioma and 60.9% of those had successfully traced an insurer. Figure 10 shows the comparison between the 12 month period of May 2011 to April 2012 covered in the *ELTO Twelve Month Report* and the 12 month period of the 2012 financial year covered by this report. Figure 8 (above) shows the success by claimant figures for mesothelioma which stands at 65.9%.

Figure 10: Mesothelioma search enquiry success

**ELTO** (May 2011 - Apr 2012)

- All Searches: 4,051
- Success (Total): 2,354
- 58.1% Success

**ELTO** (Jan 2012 – Dec 2012)

- All Searches: 5,274
- Success (Total): 3,215
- 60.9% Success
The Board

ELTO is an industry body with a robust and transparent governance structure. The ELTO Board has been in place since April 2010 and meets at least four times per year. The Board currently includes six insurer Directors plus a further insurer Director as Chair, Adrian Brown, RSA. The Board pays close attention to corporate risks, regulatory matters and key performance indicators.

The Directors who served during the year were:

- Adrian Brown, Royal & Sun Alliance Insurance plc
- Steven Browne, AXA Insurance UK plc
- Dawn Dillaway (resigned 1 June 2013), Groupama Insurance Company
- Robert Donovan, Aviva Insurance UK Limited
- Anne Griffiths, Zurich Insurance Plc
- Andrew McBride (resigned 21 June 2012), QBE Insurance (Europe) Limited
- Michael Noonan (appointed 21 June 2012), QBE Insurance (Europe) Limited
- Shaun Randell, Brit Insurance Limited

ELTO has a contract with Tracing Services Limited (TSL) which manages the day-to-day service provision to ELTO customers. TSL takes direction from and reports to the Board. TSL has a contract with CSC to manage the hosting of the ELD and with Sopra Group to manage the day-to-day technical support for the ELD.

Membership

ELTO’s members are firms with EL liabilities for UK employers, both active and run-off insurers. Members subscribe to ELTO’s Articles and Rules which compel them to submit data to ELTO in a specified format within specified timescales.

The proportion of EL insurers who opted to join ELTO as members remained extremely high, increasing from 144 at the end of 2011 to 155 at the end of 2012. This represents an estimated 99% of the current EL market. Non-members were approached to obtain their policy data as catered for by FCA regulations and where this has been obtained it has been loaded onto the ELD.

ELTO is funded through a levy on its membership, which is based on an individual insurer’s proportion of market EL Gross Written Premium (GWP).
FCA Tracing Office Audit
ELTO’s service satisfied the FCA Tracing Office requirements during 2012. Please see the Independent Assurance Report on pages 17 to 18. ELTO remains committed to ensuring its services are delivered through a well-governed, robust framework.

FCA ERN Regulations
Discussions with the FCA and interested parties continue in an effort to capture the ERN. ELTO and its members however, are aware of the formal obligations and ELTO is investigating the ways in which the ERN can be accessed from HMRC records.

FCA Tracing Regulations
ELTO has a formal tracing policy and a full audit programme has been implemented to ensure the industry does all it can to fulfill its obligations. ELTO anticipates changes will be made to tracing regulations as a result of the FCA’s consultation in Q1 of 2013, which ELTO responded to. ELTO will work with members to comply with the outcome of the FCA’s decision.
## Summary Financial Statements

### Profit and Loss Account for the Year Ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
<td>1,755,801</td>
<td>1,483,767</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(1,756,805)</td>
<td>(1,490,522)</td>
</tr>
<tr>
<td><strong>OPERATING LOSS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>(251)</td>
<td>(395)</td>
</tr>
<tr>
<td><strong>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</strong></td>
<td>(1,255)</td>
<td>(7,150)</td>
</tr>
<tr>
<td>Tax on loss on ordinary activities</td>
<td>1,255</td>
<td>7,150</td>
</tr>
<tr>
<td><strong>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>PROFIT BROUGHT FORWARD</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>RETAINED PROFIT CARRIED FORWARD</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

There were no recognised gains or losses for 2011 or 2012 other than those included in the Profit and Loss Account.

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>885</td>
<td>1,946</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>163,930</td>
<td>722,695</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>170,659</td>
<td>57,800</td>
</tr>
<tr>
<td></td>
<td>334,589</td>
<td>780,495</td>
</tr>
<tr>
<td><strong>CREDITORS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due within one year</td>
<td>(335,474)</td>
<td>(782,441)</td>
</tr>
<tr>
<td><strong>NET CURRENT LIABILITIES</strong></td>
<td>(885)</td>
<td>(1,946)</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CAPITAL AND RESERVES</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

ELTO Annual Report and Accounts 2012
Summary Financial Statements

Directors’ Statement
These summarised financial statements do not constitute the full accounts but are a summary of the Profit & Loss Account and Balance Sheet contained in the full accounts. The full accounts, which were audited by Nexia Smith & Williamson who issued them with an unqualified audit opinion, were approved by the Board on 11 June 2013 and have been filed with Companies House.

A copy of the full accounts can be obtained from:
Employers’ Liability Tracing Office, Linford Wood House, 6 - 12 Capital Drive, Milton Keynes, MK14 6XT.

SIGNATURE

DATE: 11 June 2013
Adrian Brown
Director

Independent Auditor’s Statement to the Members of Employer’s Liability Tracing Office
We have examined the summary financial statement which comprises the Profit and Loss Account and the Balance Sheet.

Respective responsibilities of directors and auditors
The Directors are responsible for preparing the annual report in accordance with United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the annual report with the full annual financial statements, and its compliance with the relevant requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of opinion
We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company’s full annual financial statements describes the basis of our audit opinion on those financial statements.

Opinions
In our opinion the summary financial statement is consistent with the full annual financial statements of Employers’ Liability Tracing Office for the year ended 31 December 2012 and complies with the applicable requirements of section 427 of the Companies Act 2006, and the regulations made thereunder.

DATE: 12 June 2013
Nexia Smith & Williamson
Chartered Accountants
Statutory Auditors
Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT
Report by the Director of Employers’ Liability Tracing Office Limited ("ELTO") on the requirements of ICOBS 8.4.9 as set out in the FCA Handbook in respect of the year ended 31 December 2012.

Directors’ Statement

In accordance with the requirements in ICOBS 8.4.9R(7)(a) of the Financial Conduct Authority ("FCA") Handbook effective as at 31 December 2012, the Board of Directors of the Employers’ Liability Tracing Office ("ELTO") are able to confirm that for the year to 31 December 2012, ELTO complied in all material respects with the requirements in ICOBS 8.4.9R(1) to (6).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 11 June 2013.

DATE: 11 June 2013

Adrian Brown
Director
Independent Assurance Report

Independent Assurance Report to the Directors of Employers’ Liability Tracing Office on the requirements of ICOBS 8.4.9 of the FCA Handbook in respect of the year ended 31 December 2012.

1. In accordance with the terms of our letter of engagement dated 19 March 2013, we have been commissioned by the Directors of Employers’ Liability Tracing Office Limited (“the Company”) to perform an independent reasonable assurance engagement in respect of the requirements of ICOBS 8.4.9 of the FCA Handbook effective as at 31 December 2012. ICOBS 8.4.9 requires an auditor satisfying the requirements of SUP 3.4 and SUP 3.8.5 R to SUP 3.8.6 R, to provide an independent assurance report to the Directors of the Company addressing the accuracy and completeness of the database as defined in paragraph 2 below for the year ended 31 December 2012.

2. The database maintained by the Company comprises information provided to it by the members of Employers’ Liability Tracing Office (“the Underwriters”). Under the FCA regulations (ICOBS 8.4), it is the responsibility of the Underwriters to ensure that information provided to the Company is accurate and complete. Underwriters provide information to the Company by uploading their own information onto the database. The Company then has responsibility to ensure that it maintains a database which accurately and reliably stores information submitted to it by the Underwriters for the purpose of complying with the FCA regulations and has systems which can adequately keep it up to date in the light of new information provided to the Company by the Underwriters. Any reference in this report to accuracy and completeness of the Company’s database relates only to the accurate and complete maintenance of data uploaded to the database by the Underwriters.

3. For the purposes of this report, a ‘material error’ is an error in a data field which would significantly affect the outcome of a search by an external user of the database. We have determined for the purposes of this report that materiality is defined as the occurrence of errors at a rate of 1% or more in the specific population which is subject to a test or other procedure.

Respective responsibilities of the Directors and Nexia Smith & Williamson

4. The Directors of the Company are responsible for the Company’s policies for the accuracy and completeness of the Database and for ensuring that the Company complies with all relevant requirements of the FCA including those of ICOBS 8.4.9 in order to meet the requirement of a Qualifying Tracing Office.

5. The Directors of the Company are responsible for preparing a certificate stating whether the Company has complied with the requirements in ICOBS 8.4.9 (1) to (6) in relation to the year ended 31 December 2012. The Directors have included their report in this published annual report.

6. As set out in paragraph 1, our responsibility is to form an independent opinion based on our assurance procedures, addressing the accuracy and completeness of the database for the year ended 31 December 2012.

7. This report, including our opinion, has been prepared for the Company to assist the Directors in complying with ICOBS 8.4.9 of the FCA Handbook. As required by ICOBS 8.4.7 7(b), we permit the disclosure of this report by the Directors in their published annual report to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with those requirements of ICOBS 8.4.9 that relate to the accuracy and completeness of the Company’s database. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report save where terms are expressly agreed in advance and with our prior consent in writing.
Scope of assurance work

8. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board.

9. Our work included examination, on a test basis, of evidence relevant to the accuracy and completeness of the database for the year ended 31 December 2012. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence on which to base our opinion in respect of the accuracy and completeness of the database for the year ended 31 December 2012.

Our work included the following procedures:

- Making enquiries of relevant management;
- Evaluating the design and implementation of the key processes and controls for the accuracy and completeness of the database for the year ended 31 December 2012;
- Testing, on a sample basis, the preparation and maintenance of the database using a combination of compliance and substantive procedures; and
- Obtaining written representations from management.

Inherent and other limitations

10. Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable assessment and evaluation techniques which can result in materially different outcomes and conclusions and can affect comparability. The precision of different assessment and evaluation techniques may also vary. Furthermore the nature and methods to determine such information, as well as the assessment and evaluation criteria and precision thereof may change over time.

Our reference to accuracy and completeness of the Company’s database relates only to the accurate and complete maintenance of data uploaded to the database by the Underwriters. Accordingly, our assurance work has not included an examination of the data uploaded to the database by those firms required to maintain an employers’ liability register under ICOBS 8.4.4 of the FCA Handbook. Our assurance work has not included examination of the derivation of the information contained within such employers’ liability registers nor upon any other third party information.

Conclusion

11. Based on the results of our procedures, in our opinion, the database is complete and accurate in all material aspects as regards to the maintenance of data uploaded to the database by the Underwriters, at the year ended 31 December 2012, and that there are systems in place which can adequately keep the database up to date in the light of new information provided by the Underwriters, in accordance with the requirements of ICOBS 8.4.9 of the FCA Handbook.
Record Type

**Current Records:**
Policies with a cover start date on or after 01 April 2011.

**Historic Compulsory Records:**
Policies expiring prior to 01 April 2011 where a new claim has been made (as per FCA regulations).

**Historic Voluntary Records:**
Policies expiring prior to 01 April 2011 not required by FCA regulations.

Search Type

**Simple Search:**
To use this, the customer (claimant or their representative) fills in the appropriate details including the employer, and the system searches against the policies held on ELD. The results are returned to the customer in real time.

**Extended Search:**
If the customer is not satisfied with their Simple Search results, or if the Simple Search does not return any records, the customer can request an Extended Search. To do so, they fill in extra details about the employer, and these are sent to all ELTO members to check against their historic policing records. The results are returned to the customer within a target period, currently of five weeks for mesothelioma enquiries and eight weeks for all other enquiries.
Footnotes Summary

1 It is important to note there have been changes to the Regulator in relation to the tracing requirements and compliance of EL policy records. As a result of the Financial Services Act 2012, the previous regulator, the Financial Services Authority (FSA), was replaced with the Financial Conduct Authority (FCA). The FCA began operating on 1 April 2013. Although this report covers 2012, the FCA is referenced throughout as the Regulator in order to maintain consistency with current statutory practice.

2 Levy performance figures include irrecoverable VAT.

3 The data used throughout this annual report, including the ‘Review of 2012’ and ‘Search Statistics’ sections, was extracted between 14 February 2013 and 15 April 2013 when the report was compiled.

4 FCA regulations can be found at www.fca.org.uk

5 For more details of the pilot investigation, please see page 16 of the ELTO Twelve Month Report.

6 The results of the customer survey were captured and a Net Satisfaction Score produced using the following standard methodology. A Net Satisfaction Score groups responses into three categories:
   - Positive (Satisfied/Very Satisfied)
   - Negative (Dissatisfied/Very Dissatisfied)
   - Neutral (Neither Satisfied or Dissatisfied/Not applicable)

   The Net Satisfaction Score is calculated by taking the Negative score away from the Positive score for each question.