



## Verification report – UK Producer Case TS0044: Biodiesel from Argentina

<b>Period of Investigation (POI):</b>	1 October 2022 – 30 September 2023
<b>Injury Period:</b>	1 October 2019 – 30 September 2023
<b>Date of report:</b>	24/05/2024
<b>Case team contact details:</b>	TS0044@traderemedies.gov.uk
<b>Companies verified:</b>	Argent Energy Ltd and Argent Energy (UK) Ltd (Argent)

For further details, please see the [Notice of Initiation](#) on the public file.



## Contents

<b>Executive Summary .....</b>	<b>3</b>
<b>Purpose of verification .....</b>	<b>3</b>
<b>Confidential information .....</b>	<b>4</b>
<b>Verification.....</b>	<b>5</b>
A. Company structure and associations .....	5
B. Goods.....	7
C. Costs.....	8
D. Sales .....	9
E. Injury .....	11
G. Economic Interest Test .....	14
<b>Conclusions.....</b>	<b>15</b>
<b>Annexes .....</b>	<b>16</b>
Annex 1: Meetings.....	16



## Executive Summary

On 5 October 2023, the Trade Remedies Authority (TRA) initiated a transition review of Biodiesel originating from Argentina ('the goods subject to review').

The UK Trade Remedies Authority carries out a transition review of each trade remedy measure active under the European Union (EU) system that the UK transitioned following the exit from the EU.

More information about the case can be found on the [public file](#).

The Period of Investigation (POI) is from 1 October 2022 to September 2023.

Argent Energy UK (hereafter "Argent"), a UK producer of the like goods, returned both a completed confidential and non-confidential producer questionnaire. The TRA sought to verify the completeness, relevance and accuracy of the data submitted.

We compared questionnaire responses and accompanying evidence against information from open sources, such as Companies House, and HMRC, etc. Information was checked for consistency with audited financial statements and responses from other interested parties. We conducted a walkthrough of the financial systems to assess the level of reliance we can place on data produced. An onsite verification visit was performed to assess the completeness, relevance and accuracy of the data provided in Argent's questionnaire response and supporting documents.

The TRA does not have any concerns to report in respect of information provided by Argent. We were able to verify selected samples of information provided by Argent in its questionnaire response, annex data and throughout the verification process. Where discrepancies were identified, Argent resolved them and provided the TRA with an updated questionnaire.

Based on the verification activity undertaken, we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by Argent, and it can be used for the purpose of this review.

## Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to make a decision as to whether the information (data) provided by the Argent is verifiable and can be used for the purposes of our investigation. Such data may then be considered in our assessments and analysis to determine whether injury is caused or likely to be caused to the UK industry by subsidised imports of the goods subject to review. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.



We may carry out verification activity using desk and remote analysis or undertake work on-site. The activity undertaken will not seek to verify all information provided but to undertake the work considered appropriate and possible within the time constraints of the investigation to obtain assurance on which to base a decision.

This verification report documents the work we have completed, the checks the case team has carried out and conclusions we have reached about the reliability of information provided by the interested party.

## Confidential information

The interested party must provide a non-confidential version of the verification report marked as “non-confidential” in the header of the non-confidential verification report.

If any information contained in the confidential verification report is considered confidential, the party should delete or redact those sections and provide a non-confidential summary of the information which has been removed. It must provide reasons as to why the particular information is considered confidential (see also [public guidance](#)).

The non-confidential version of the verification report will be placed on the public file.



## Verification

Please find below a summary of work that has been completed and the checks that have been carried out by the case team to determine whether the information provided by the interested party in their questionnaire response is verifiable.

### A. Company structure and associations

#### What information was considered

We considered the following from the questionnaire;

- Company details e.g., founding date, company addresses etc.
- General company structure, ownership, and management.
- Associations with other companies.
- Accounting practices and policies

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

#### How the information was checked

##### **Company Details**

The TRA cross-checked the details submitted by Argent with documents published on Companies House and information provided on the Argent company website. These documents include the Argent Energy UK audited financial statements for 2022 which ends in the Period of Investigation of 1 October 2022 to 30 September 2023. We found that the information submitted in their questionnaire was consistent with information published on Companies House and Argent UK's website.

##### **General company structure, ownership and management**

We cross-checked details provided by Argent on its structure, ownership, and management with documents that Argent have published on Companies House and publicly available information. The parent company is Argent Energy Holdings owned by John Swire & Sons Limited. We found that the information in these documents and websites are consistent with information provided in the Argent submission.

##### **Associations with other companies**

We compared the companies listed by Argent in its questionnaire response that it claims association with and is involved in production or sale of the like good to



information relating to corporate structure and board membership provided by Companies House. We found that the information was consistent with Companies House records and therefore the information in relation to associations can be used during the investigation.

**Accounting practices and policies**

The financial statements for Argent are prepared in accordance with the United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). The independent auditor’s opinion of the Argent 2022 audited financial statements gives an unqualified statement that the Argent 2022 accounts give a true and fair view of the company’s affairs as of 31 December 2022. Argent’s accounting policies are shown in the notes to the financial statements. The policies are understood and deemed reasonable if applied as expected.

**Systems Walkthrough**

On 28 February 2024 the TRA conducted an on-site system walkthrough of Argent’s financial system (Oracle) to review how its costs and sales are tracked and recorded. Argent has shown that its Oracle system is highly integrated with its business systems with minimal need for external interventions.

During the system walkthrough, we were provided with screenshots and supporting evidence of Argent’s sales and purchasing processes. We tested one sale and one purchase transaction of Biodiesel selected by the TRA in order to gain an understanding of processes and system controls. We identified through this process the amount of manual intervention, the level of integration with the Oracle system, and the source documents that are accessible to Argent. Based on this systems walkthrough, we have a reasonable level of assurance that the financial systems Argent UK use are reliable and have sufficient controls in place for the TRA to rely on its submitted data.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Exceptions/Findings/Adjustments**

There were no exceptions, findings, and adjustments to report with regards to the company information and associations.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Conclusions**



The information relating to company structure and associations that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA to inform our decision making and for any other purpose within the investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

## B. Goods

### What information was considered

- Goods description and comparability to the goods subject to review
- PCN allocations
- Internal coding system

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

#### **PCN allocations and internal coding system**

Argent has an internal coding system which assigns an internal code number that chiefly differentiates between the finished product and the raw materials. Argent’s internal coding system also differentiates between 100% biodiesel and biodiesel blended with ultra low sulfur diesel (ULSD). We compared Argent’s internal product codes to our PCN structure and determined that Argent produces only one PCN for the like goods: P2P100 (doubled-counted 100% biodiesel with a positive Cold Filter Plugging Point).

#### **The like goods**

As mentioned, Argent only produces one specification of biodiesel. As our PCN structure is for biodiesel only, we have determined that there are no products that Argent produces that should be included in this review but have been omitted from PCN allocation and there are no products that have been allocated PCNs that are out of scope for this review.. Argent produces blended biodiesel and this blended biodiesel is filtered out for PCN allocation by Argent’s ICS which has codes for blended product. Argent does not buy biodiesel and the portion of biodiesel that goes into the blended product is accounted for at production under P2P100.

#### **Visit to the production facility and observed operations**

We were able to view the storage and preparation of raw materials, the production process, the quality control procedures, the storage of finished goods, and the site



facilities available to transport products to its customers. The operations we observed were consistent with the information submitted within the questionnaire.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Exceptions/Findings/Adjustments

There were no exceptions, findings, and adjustments to report with regards to goods.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### Conclusions

The information relating to Argent goods that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA to inform our decision making and for any other purpose within the investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

## C. Costs

### What information was considered

#### Upward verification

- Cost reconciliation
- Audited financial statements
- Trial balances
- Management reports

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

### How the information was checked

#### Upward verification

We reconciled the cost data provided in the questionnaire annex upwards to the financial statements for both legal entities. The financial year for Argent is from 1<sup>st</sup> January to 31<sup>st</sup> December, which doesn't align with the POI. We were able to align



the financial statements to the POI using monthly trial balances and consolidation schedule and ultimately agree them back to the submitted annexes. We used the trial balances to separate the like goods from the total for all goods. The figure we found agreed to the figure listed in Annex 4 with an immaterial difference. As such, we have a reasonable level of assurance on the separation of like goods and all goods.

Argent used cost of sales figures in the Annex under CTM instead of cost to make figures, we found it to be acceptable because stock levels of biodiesel are low and stable. Following on from that, we then were able to identify and match the Cost of Sales as stated in the Cost to Make Annex and the Cost reconciliation for the Like goods to trial balance accounts which provided us with a reasonable level of assurance on the completeness and relevance of Cost to make figures for the Like Goods.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Exceptions/Findings/Adjustments**

There were no exceptions, findings, and adjustments to report with regards to costs.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Conclusions**

The information relating to costs that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA to inform our decision making and for any other purpose within the investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**D. Sales**

**What information was considered**

**Upward Verification**

- Transaction-by-transaction domestic sales data for the like goods



- Trial balances
- Financial statements
- Management accounts

**Downward verification**

- Transaction-by-transaction domestic sales data for the like goods
- Sales source documentation
- Rebates
- Management accounts concerning delivery costs

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

How the information was checked

**Upwards Verification**

We performed upwards verification for the sales data submitted by Argent by reconciling the sales information reported in its questionnaire annex upwards to its financial statements published on Companies House. Both entities' financial periods end on 31 December 2022 therefore the POI does not align to the financial year. Argent have provided us with monthly trial balances to cover both the POI and the financial period ending 31 December 2022. We used the monthly trial balances to align the audited financial statements to sales information in the questionnaire response annex.

**Downwards Verification**

We performed downward verification by comparing sales information to source documentation associated for a sample of 15 sales transactions. We also confirmed the accuracy of its financial system in reference to these transactions during the verification visit.

We selected the transaction sample size based on our analysis and the system walkthrough's findings. We requested the following documents for each transaction:

- A purchase order,
- An order confirmation,
- A sales invoice or credit note, and
- A source document confirming payment

The source documents related to the sales transactions the TRA selected matched the information provided by Argents in its questionnaire annex. Where there appeared to be small inconsistencies Argent was able to explain reasons for those. These were mainly due to foreign exchange fluctuations and negligible small volume inconsistencies which related to the nature of the product and is therefore accepted in the industry.



If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Exceptions/Findings/Adjustments

There were no exceptions, findings, and adjustments to report with regards to goods.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

Conclusions

The information relating to sales that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA to inform our decision making and for any other purpose within the investigation.

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

E. Injury

What information was considered

- Sales
- Profit
- Output
- Market share
- Return on Investment
- Capacity and Utilisation of Capacity
- Cashflow
- Inventory
- Employment, median wage and productivity

If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):

How the information was checked

Sales



As Argent maintains its accounts by calendar year which does not align with the period in the injury period, we cannot agree the annex figures with the financial statements. We have calculated a percentage difference between sales revenue of all goods and the domestic sales of the like goods to perform a reasonableness check for the figures for the IP. We have also been able to reconcile a sample of sales transactions made during the POI to source documents as outlined in section D. These reconciliations provide reasonable assurance that the sales data provided in the injury annex is relevant, complete, and accurate.

### **Profits**

The profit for the like goods and for the company is the same. This reflects that the diesel used for the blends is a passthrough cost. Argent has given a clear breakdown of how it calculated profit over the injury period. We are satisfied with how profit has been calculated and consider it reasonable.

### **Output**

The production output data for the like goods stated in the questionnaire annex has been reconciled to production reports calculated through Oracle. Argent submitted a breakdown on how it calculated the figures in the Injury Annex and the methodology appears reasonable and agrees with the Injury Annex figures.

### **Market Share**

The market share figures provided in the questionnaire annex have been reconciled to publicly available DfT RTFO statistics. The TRA has been able to view and verify the data source and we are reasonably assured that the market share estimate provided is accurate.

### **Investments**

We have been unable to gain clarity on the methodology for the investment figures, Argent was unable to submit data on investment calculations and as such we have limited assurance on this data as it could not be verified.

### **Return on Investment**

The percentage calculation is profit after tax as a percentage of total net assets, Argent provided a clear breakdown of how return on investment figures were calculated which we found to be reasonable.

### **Capacity**

Argent does not produce to demand; it produces to maximum capacity. Argent has explained to us its utilisation of capacity and the figures in the Injury Annex. We consider these figures to be reasonable.

### **Cashflow**



We identified through verification that the cashflow figures given for the injury period are actually the data for the calendar year rather than the correct injury period. Argent was not willing to submit figures for the injury period and as such this data could not be verified, resulting in limited assurance on it.

**Inventory**

The inventory data reported in the questionnaire annex has been reconciled to Argent trial balances. Argent explained the methodology behind the stock calculations, and we were able to tie the figures back to the trial balances. We have a reasonable assurance that Argent’s stock figures are correct.

**Employment, Median wage and productivity**

During verification, Argent submitted to us a presentation containing the figures on employment pulled from management accounts backed up from payroll for the POI and also gave us all of the payroll data for its employees, which allowed us to calculate a median with an immaterial difference from the annex figures. With employee information and output, we could corroborate Argent’s productivity calculation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Exceptions/Findings/Adjustments**

There were no exceptions, findings, and adjustments to report with regards to goods.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

**Conclusions**

The information relating to injury factors that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate except for investment and cash flow. The data can be used by the TRA for the injury assessment and for any other purpose within the investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*



## G. Economic Interest Test

What information was considered
<ul style="list-style-type: none"> <li>• Employment and average wage data</li> <li>• Market share forecasts</li> <li>• Sales forecasts conditional on the implementation of measures</li> </ul>
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see <a href="#">Confidential information</a>):</i></p>
How the information was checked
<p><b>Employment</b> We have verified the employment and average wage data by reconciling the data to Argent’s management accounts. This data reconciliation has been covered in further detail in section E Injury “Employment, average wage, and productivity”.</p> <p><b>Market share</b> The market share figures provided in the questionnaire annex have been reconciled to publicly available DfT RTFO statistics. This data reconciliation has been covered in further detail in section E Injury “Market Share”.</p> <p><b>Sales volume and price forecasting</b> Argent has stated that its forecasts of sales volume and prices are based on current margins in place and its sales volume reductions following the expansion of Argentinian exports in the UK. The price change information provided by Argent is reasonable, relevant and consistent with our understanding of the market.</p>
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see <a href="#">Confidential information</a>):</i></p>
Exceptions/Findings/Adjustments
<p>There were no exceptions, findings, and adjustments to report with regards to goods.</p>
<p><i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see <a href="#">Confidential information</a>):</i></p>



Conclusions

The information relating to economic interest that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate and can therefore be used by the TRA for the economic interest assessment and for any other purpose within the investigation.

*If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see [Confidential information](#)):*

## Conclusions

We did not identify any material issues that may impact upon the way the TRA intends to use its submitted data.

We are satisfied that the company and product information provided can be verified to source documentation. We have reasonable assurance that the company and product information provided is complete, relevant.

We have been able to reconcile the submitted questionnaire data to the company's published financial statements and have also been able to reconcile all sampled cost and sales transactions to source documents. We also have a reasonable level of assurance that the allocation of indirect manufacturing costs to PCNs reflects the actual cost incurred by the company during the POI.

We have checked the information submitted by the company to support its allegations of injury. With the exception of cashflow, payroll and investments, we verified that the injury figures are consistent with source documents provided and the calculation methods appeared to be reasonable.

In summary, we have obtained sufficient and appropriate evidence to conclude that the majority of information provided is verifiable. We therefore have a reasonable level of assurance that the information submitted by the company is complete, relevant, and accurate for the purpose of informing this review.



Annexes

Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
27/02/2024	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	Redacted – Personal details	Redacted - Personal details
25/03/2024 – 29/03/2024	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	Redacted – Personal details	Redacted – Personal details