



Verification Report – UK Producer Case TD0014: Heavy Plate

Period of Investigation (POI):	01/01/2021 - 31/12/2021
Injury Period:	01/01/2018 - 31/12/2021
Date of report:	15/11/2022
Case team contact details:	TD0014@traderemedies.gov.uk
Company verified:	Liberty Steel Dalzell Ltd

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



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Executive Summary

On 25 January 2022, the Trade Remedies Authority ('TRA') initiated a transition review of an anti-dumping measure in relation to heavy plate originating in the People's Republic of China ('goods subject to review').

As part of the review, the TRA sought to assess the completeness, relevance, and accuracy of the information the domestic producer Liberty Steel Dalzell (Trading as Liberty Steel Distribution and here in after referred to as Liberty) provided in its questionnaire response. This covered its company structure and operations, the goods it produces, sales, costs and production, injury, and the economic impact of varying or revoking the measures.

During the verification process, the TRA compared Liberty's questionnaire responses, including the data annexed to the questionnaire (annex data) and other accompanying evidence to information in other data sources, such as Companies House, HM Revenue & Customs (HMRC) and Liberty's website. In the absence of audited accounts which we would ordinarily use as a base for reconciliation, we attempted to reconcile financial data provided in the questionnaire annex to the management accounts to check the consistency of the information.

The TRA conducted an in-person walkthrough to assess the reliability of the accounting systems used by Liberty and consider what assurance we could take from the system controls in place as to the reliability of data produced. We also conducted a site tour to aid our understanding of the heavy plate production process. We conducted other verification activities remotely. We gave Liberty the opportunity to provide further detail or clarify outstanding questions during remote verification and via written correspondence.

We were unable to reconcile questionnaire annex data to the management accounts provided by Liberty to confirm the completeness of the data set. We were also unable to fully trace selected sample of transactions from the list provided to the supporting source documents or conduct a full walkthrough of the system to confirm the accuracy of such transactions. Although Liberty were able to provide some explanation and information in response to the queries raised this was not sufficient for us to draw the necessary assurance we sought.

We were able to confirm the company information, associations and that Liberty produces the like goods. However, based on the verification activities that we have undertaken we have not been able to confirm the accuracy and completeness of the financial information provided by Liberty, therefore the use of the data for the purpose of this transition review will be limited.



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 Liberty should be treated as verifiable and based on this assessment the extent to which it can be used for the purposes of our investigation. Where we conclude that we have sufficient assurance to treat the data as verifiable, we must consider it in reaching a recommendation in a transition review as to whether a measure should be varied. Where we have only limited assurance and are unable to consider the data as verifiable its use if at all will be restricted. Such data will be only considered with circumspection, alongside secondary data, in our assessments and analysis in determining whether injury is caused or likely to be caused to the UK industry by imports of the goods subject to review. The data used will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

We have carried out verification activities through on-site visits, as well as desk and remote analysis. The activities undertaken did 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 Liberty.

Confidential information

Liberty 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, Liberty should delete or redact those sections and provide a non-confidential summary of the information which has been removed. Liberty must specify such information, provide reasons as to why the TRA should treat the particular information as confidential and create a non-confidential version of it (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 Liberty in their questionnaire response is verifiable.

A. Company structure and associations

What information was considered

We considered information provided on the following areas:

- general set up and ownership of the company;
- facility locations;
- associated companies;
- accounting practices;
- accounting systems used.

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

General set-up, ownership, locations, and associations

The TRA cross-checked the information provided by Liberty regarding the company's general set up, ownership, associated parties, function and products by examining official documents published on Companies House. We found the information to be consistent with Liberty's website and the information provided by the company in its questionnaire response.

Accounting practices

Liberty provided details of their accounting practices in their questionnaire response, but we were unable to gain the assurance we sought as to the extent to which these practices are applied in preparing Liberty's accounts.

Accounting walkthrough

We conducted a systems walkthrough during a site visit on 12 July 2022 to establish how costs and sales were tracked into Liberty's accounting system. Liberty provided us with explanation of the basis for the preparation of the accounts, the financial year convention, the method for stock valuation and income recognition policy. We also assessed Liberty's sales and accounting applications to understand how data moves between applications and the level of integration between its various systems. We observed how journal entries are inputted into the system and noted that Liberty's financial systems are not fully integrated, having several manual intervention points.

We were unable to view or observe Liberty's generation of invoice in real time. We were also unable to obtain screenshots of journal entries being posted including walking through this process on screen during the walkthrough. We therefore have no assurance



on the financial reporting part of the process, it is unclear if these are automated or requires manual intervention.

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

None.

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

Conclusions

Based on the verification activities conducted, we were able to establish the existence of Liberty, its company structure and associations. However, we were unable to gain the necessary assurance to conclude that the information regarding accounting practices and policies during the POI should be treated as verifiable for the purposes of our investigation. We were also unable to complete a walkthrough of a selected transaction; therefore, we are not able to confirm the reliability of accounting systems. Due to this inability to gain the necessary assurance in the accounting systems, we will limit use of information from this section to Liberty's general set-up, ownership, locations, and associations.

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

We considered information provided on the following areas:

- goods description and comparability to the goods subject to review;
- product control number (PCN) allocations;
- sample of sales documents;
- commodity code allocations;
- raw material inventory valuation method;
- UK market for the goods.

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

The TRA reviewed the domestically produced goods to determine if they are indeed 'like goods' defined in paragraph 7(1) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 ('TCBTA' or 'the Act') as: 'a) goods which are like those goods in all respects, or b) if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling those of the goods in question'.

We used a sample of sales documents, selected for verification activities, to analyse the physical characteristics of the like goods and reconstruct allocated PCNs for the selected sample.

During the verification meetings we queried how Liberty had allocated the commodity codes. We then recreated the method to test its accuracy.

Finally, we compared the PCNs and the commodity codes to the sales brochure and found the PCNs and commodity codes allocated to the like goods were in line with the goods description contained within the sales brochure.

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

None.

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 the company's goods that we have been provided by Liberty is verifiable. We were able to reconstruct the allocated PCNs and confirm the PCN allocation method was accurate. Furthermore, we found the PCNs, and commodity codes allocated to the like goods were in line with the goods description contained within Liberty's sales brochure.

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

We considered information provided on the following areas:

- cost components of the management accounts;
- raw materials cost;
- associated party transactions.

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 perform upwards verification to confirm the completeness of Liberty's cost data by reconciling the total cost data for all goods provided in the questionnaire response annex to the latest audited accounts. In the absence of audited accounts for the POI, we were limited to carrying out the checks described below.

Liberty provided management accounts for the POI. We checked the information provided for accuracy by reperforming certain calculations.

[Redacted due to Commercial Sensitivity]

We were unable to reconcile the questionnaire response to the management accounts for the POI.

Downwards verification

This part of the verification process involved tracing selected transactions from Liberty's transaction listings provided as part of the questionnaire response to supporting/source documents to verify accuracy, existence and relevance.

The TRA selected a sample of eight transactions of Liberty's slab purchases from their questionnaire response. We only tested slab purchases as this raw material constituted more than 85% of the total cost to make and was the only material cost. For each of these transactions we requested the following source documentation for verification:

- sales order;
- purchase invoice;
- payment of funds;
- delivery notes.

The TRA assessed the accuracy of costs provided in Liberty's questionnaire response by tracing selected raw material purchase transactions to source documents:

- We checked that purchase orders had been raised.
- We traced purchase transactions to supplier invoices.
- We checked that invoices reconciled to the goods received notes.



We found the final raw material purchase of the year as provided in the questionnaire response was from outside the POI. Liberty explained the purchase order was raised during the POI but delivery occurred outside the POI. As this transaction constituted only 2% of the total costs, this was considered immaterial to the case and no further action was deemed necessary.

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

The TRA discussed the management support [redacted due to commercial sensitivity]. Liberty was unable to provide supporting documentation or explain rationale regarding the accounting treatment [redacted due to commercial sensitivity] We are therefore unable to conclude on whether the treatment of this transaction is reasonable.

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

Conclusions

We were unable to assure ourselves that the cost data provided by Liberty was complete and accurate as we were unable to fully reconcile cost data provided in the questionnaire response to management accounts. Where explanations were provided for the variances identified, we were not able to substantiate these from the accounting systems. Although we were able to trace most of the selected cost transactions to the source documents, we cannot fully place reliance on this because of the limited assurance on the completeness of the data set and our inability to obtain or observe the general ledger being extracted so we could corroborate the management accounts.

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

We considered the following information:

- sales;
- sample of relevant sales transaction;
- price reductions.



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

In the absence of audited accounts, we compared total sales of all goods figures as per Liberty's management accounts for the POI to the sales figure provided in the questionnaire response.

Liberty provided a breakdown of the sales figure in the questionnaire response and this included sales of scrap. These figures reconciled to the management accounts with a variance of less than 1%.

We were unable to complete a walkthrough of selected sales transactions during verification as Liberty was unable to show us selected entries in their accounting system.

Downwards verification

The TRA selected a sample of 18 sales transactions for verification basis. For these transactions we requested the following source documents:

- sales and purchase contract / general agreement;
- purchases/sales order;
- purchase/sales invoice;
- proof of payment;
- proof of receipt.

Liberty confirmed that each purchase order acts as an individual contract due to the individual nature of all orders. Therefore, it was not necessary to provide a general agreement or sales and purchase contract.

We assessed the accuracy of the sales data by agreeing the information submitted in the questionnaire response against source documents provided.

The TRA reviewed Liberty's claim that they do not currently have a rebate scheme in place. We analysed the sales documentation provided and made enquiries regarding this with Liberty during verification. We reviewed the transaction listing, performed analytical procedures and checked source documents.

For the source documents that were provided for the sample of sales transactions, we cross-referenced these and they were consistent with each other and matched the data provided in the questionnaire response.

We sought to view selected transactions on Liberty's accounting system including tracing remittances through to bank statements. This information was not made available and we were unable to fully complete our tests.

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

None.

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

Conclusions

We were able to reconcile the sales data provided to Liberty’s management accounts. However, we were unable to conduct a walkthrough of selected sales transactions during verification. Although we were able to trace most of the sales transactions selected to the source documents, there were some source documents that Liberty could not provide.

Our verification activities have been limited by Liberty not being able to walk us through the system. We were unable to complete either the upwards or downwards verification process satisfactorily. This limits the level of assurance we have on the data and its use in this 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

The following factors from Liberty’s questionnaire response were analysed and are attached in Annex 2:

- turnover – Annex 2.1;
- domestic sales – Annex 2.2;
- export sales – Annex 2.3;
- profitability – Annex 2.4;
- output – Annex 2.5;
- market share – Annex 2.6;
- stocks – Annex 2.7;
- productivity – Annex 2.8;
- employment – Annex 2.9;
- wages – Annex 2.10;
- capacity utilisation – Annex 2.11;



- cash flow – Annex 2.12;
- investments – Annex 2.13;
- return on investments – Annex 2.14.

For 2018, where possible, we compared these figures from the questionnaire response to accounts published on Companies House to assess their reasonableness. We also compared the figures provided for the POI to Liberty's management accounts for the period.

We analysed the injury factors to understand the current situation of the UK industry. In injury likelihood assessments, this information helps us determine whether the UK industry is in a vulnerable state or is currently experiencing material injury. Liberty stated in their questionnaire response that they had not suffered material injury during the injury period whilst the measure was in place.

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

The TRA reviewed the information submitted for each factor and noted that there were both negative and positive trends within the data for the injury period. We saw negative trends with regards to domestic sales by volume, export sales (value and volume), output by value, number of employees and capacity utilisation.

Domestic and export sales

Domestic sales fluctuated over the injury period. Sales by volume increased in year three, but then stayed at a similar level for the POI. Sales value followed the same trends as volume for the first three years but then peaked during the POI. We noted that the average price per tonne rose significantly from year three of the injury period to year four (the POI) which explained this increase in sales value.

During verification, Liberty commented on the limited opportunities for producers like them who have end-to-end UK production. They highlighted that certain projects in the UK state they use British-made steel, but actually the steel is only finished in the UK after initially being imported from overseas. Liberty also cited COVID-19, as well as the UK's EU exit as being significant factors that affected the heavy plate market during the injury period.

As described in Section D, we performed upwards verification to check total sales values for the POI to Liberty's management accounts. We were able to do this with tolerable variances.

We also performed limited downwards verification on a sample of sales transactions from the POI and did not find any variances between the tonnage stated on the questionnaire transaction listing and the amounts on the source documents.

For the first year of the injury period, 2018, we compared Liberty's turnover figures submitted in the questionnaire response to the published accounts for the year ending



(YE) 31 March 2018 and YE 31 March 2019 (noting Liberty's financial year did not match our injury period years). We estimated 2018 revenue by taking three quarters of the YE March 2019 figure and one quarter of YE March 2018, which gave an insignificant variance of 1.9%.

Liberty presented their data for export sales during the injury period which clearly show a sharp decrease in the value of export sales to zero in the POI. Liberty claimed that this was due to EU exit and the imposition of tariffs by the USA during the injury period.

[Redacted due to Strategic and Commercial sensitivity]

We have limited assurance in Liberty's sales data across the injury period. We will include this data in our analysis regarding the current state of the UK industry for injury likelihood assessment.

Profitability

[Redacted due to commercial sensitivity]. There is very little difference between the figures for the whole company and like goods as the company only makes the like good and any other income is solely from scrap created during the manufacturing and finishing processes.

[Redacted due to Commercial sensitivity].

We were able to identify the profit figure in Liberty's management accounts for the POI and trace its calculation. In the absence of published accounts for the period, we could gain no assurance from this exercise.

As discussed in Section C, we attempted upwards verification for the costs to make the like goods during the POI. We were able to agree the cost figures back to management accounts provided by Liberty but concluded that in the absence of published accounts for the period, we could gain no assurance from this exercise.

We have no assurance in the profit data across the injury period and we will not include this data in our analysis.

Output

Production volume initially decreased but then remained steady for the remaining three years of the injury period. In terms of value, output decreased in years two and three but then significantly increased in the POI to levels higher than 2018.

Liberty explained that all production is initiated by a customer order and typically, no large quantities of goods are produced to be held as stock. Therefore, production volumes less yield for the like goods mostly match turnover for the company.

We have limited assurance in Liberty's output data across the injury period. We will include this data in our analysis regarding the current state of the UK industry for injury likelihood assessment.

Market share



Liberty returned calculations of their estimated market share which suggested their share increased in the first three years before declining in the POI. Liberty did not explain how they calculated the figures in their questionnaire response but during verification they indicated this was based on their estimates of other producers' sales and imports.

The TRA have been unable to verify the market share estimates provided by Liberty but will use information provided by producers, as well as trade data, to calculate our own market share estimates.

Stocks

Liberty's year-end stock value has steadily increased across the injury period. They explained that they predominantly produce to order and therefore stock is not typically held for long periods.

[Redacted due to commercial sensitivity]

We have limited assurance in Liberty's stock data across the injury period. We will include this data in our analysis regarding the current state of the UK industry for injury likelihood assessment.

Productivity, employment and wages

The total number of employees decreased steadily across the injury period. The volume produced per employee fluctuated slightly and median wage per employee steadily increased across the period.

Liberty highlighted that the impact of COVID-19 and lockdowns had presented challenges for the business, although the figures show no particular downturn in years three and four when this occurred.

In order to check the 2018 figures, we examined the published accounts for YE March 2019 and noted that the average monthly number of employees was the same figure given by Liberty in the questionnaire response. We also calculated an estimate of the mean wage figure for that accounting period and noted it was similar to the median figure provided in the questionnaire response.

We were satisfied that the productivity figures were calculated correctly by dividing output by the number of employees for each year.

We have limited assurance in Liberty's productivity, employment and wage data across the injury period. We will include this data in our analysis regarding the current state of the UK industry for injury likelihood assessment.

Capacity utilisation

Capacity utilisation fell in year two and remained steady for the remaining years of the injury period.



Liberty calculated capacity utilisation based on a fixed production capacity across the period. We were satisfied with the calculations and noted that capacity utilisation correlated with output volume.

We have limited assurance in Liberty's capacity utilisation data across the injury period. We will include this data in our analysis regarding the current state of the UK industry for injury likelihood assessment.

Cash flow

According to the questionnaire response, Liberty's cash flow from operations fluctuated across the injury period with a significant increase during the POI due to a number of reasons (increasing product pricing, furlough payments and Group financial support). We identified that the increase in the POI was due to a significantly reduced figure for "revenues not involving cash flows" (inventory was turned more quickly and product prices were higher).

Examining the questionnaire response, we noted the profit figures used to demonstrate cash flow were different to the profit figures provided in the injury annex. We have been unable to verify this to the published statutory accounts for 2019 as Liberty's accounts in line with standard practice, do not include a cash flow.

Given our lack of assurance regarding profits, we have no assurance in Liberty's cash flow data across the injury period and we will not include this in our analysis.

Investments and return on investments

Liberty indicated that there was only investment in 2020 and 2021 of the injury period. The level of investment in 2020 was far higher than the POI. Liberty suggested that there would be no plans for investment if the measure was removed as this would result in the likely closure of the mill.

'Return on fixed assets related to the production of the like goods' fluctuated across the injury period with the questionnaire response suggesting a positive return in years one and two before switching to negative returns in the final two years of the injury period.

We were unable to check the investment figures back to published or management accounts. We have noted that Liberty said future investment would be impossible if the measure were removed and will take this into account during our injury likelihood assessment.

Due to its reliance on profit figures, we have no assurance in Liberty's return on investment data across the injury period and we will not include this data in our analysis. We will however, take into account Liberty's comments regarding investments in the questionnaire response.

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



None.

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

Conclusions

In reviewing the information provided by Liberty on injury we have considered the conclusions made above on the information provided for the POI on costs and sales and note that we were unable to fully reconcile this. We were able to use the published accounts for March 2018 and 2019 to give us some limited assurance for figures in the first year of the injury period.

We sought to further our understanding of the trends by asking questions during verification meetings. We also compared Liberty's trends and responses against other sources and other questionnaire responses.

Output, sales, stocks, employment, wages, productivity and capacity utilisation all follow similar trends to the rest of the industry or can be verified from external sources and will therefore be included in our injury assessment.

We were not able to gain any assurance regarding the profit figures provided. As profit is a factor that also affects cash flow and return on investment figures, we will not be able to use Liberty's information for these in our injury assessment.

Regarding investments, we will consider Liberty's comments regarding future investments in our injury assessment but we will not rely on the investment figures provided by Liberty.

We will calculate our own market share figures based on sales, trade data and any other relevant information.

We will be unable to use all the information provided on injury in isolation but where it follows similar trends within the industry or provides useful commentary for our assessments, we will use it alongside other data from the UK market or external sources.

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

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



F. Economic Interest Test

What information was considered

We have considered the following information:

- UK producers of heavy plate;
- geographical location of producers;
- structure of the supply chain;
- likely effect on consumers;
- imports, exports, and market shares.

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

UK producers of heavy plate

We verified Liberty was a producer of heavy plate during the POI. The TRA were able to verify this company as producer of heavy plate through reviewing their website and product descriptions as well as reviewing a report on the UK Steel industry produced by BEIS (Business, Energy, and Industrial Strategy).

Location of sites

The TRA was able to verify the details provided for all named producers and their locations through web-based research and information from Companies House.

Structure of the supply chain

Liberty have identified the slab market as being the significant upstream business and that they buy the majority of their slab from another British company. We have verified that Liberty gets its steel slab from another British company as the TRA checked their sales and transaction data for the steel slab input.

Liberty have identified the supply chain as consisting of slab from raw materials, transport to the mill and then reheating, rolling, finishing of plate and delivery. This delivery involves both end users and stockists. We verified the use of slab in the supply chain through desk-based research and the BEIS report on the steel industry. They have identified stockists and Steel Service Centres (SSC) as one of their customer types.

We used transaction-by-transaction data to identify and verify the downstream users in the supply chain. We identified “stockists” and “wholesale trader” amongst others which was verified by looking up these companies of Companies House and confirming the business activity of the companies. We conclude that the traders and stockists play a significant role in the supply chain of heavy plates.

Given the above, we are satisfied with Liberty’s information regarding the supply chain of heavy plate.



Employment and median wage

We were able to verify the employment numbers by comparing against the employment numbers on Companies House. We were not able to verify the median wages. Instead, using data from Companies House, we calculated the mean average wage for 2018 and 2019 (no data was available for 2020 or POI). We found that the mean average was slightly higher than the median provided by Liberty. However, this is to be expected as wages are often positively skewed in companies and so we would expect a slightly higher mean wage.

As such we are satisfied with the accuracy of the median wage figures submitted by Liberty.

Market share

See Section E. Injury.

Relative significance of heavy plate to Liberty

Heavy plate is hugely significant to Liberty because it is the only product they produce. This has been verified by the TRA through site visits confirming this production.

Exports

Liberty's export data presented in the questionnaire response showed that they did export heavy plate in the first three years of the injury period. [Redacted due to strategic and commercial sensitivity].

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

Liberty have also provided statements related to the following areas:

- impact of removal of measures on downstream industry;
- regional impacts;
- particular groups which might be affected;
- consumer characteristics;
- impact on competitive environment.

No evidence was provided to underpin these statements, but the TRA recognise, given Liberty's position in the market, that it is reasonable to assume that Liberty has answered from a position of good understanding/knowledge of the market. It is also important to note that the claims Liberty made reflect its position in favour of the measure being continued. These areas are subjective, so it is not possible to verify that they are correct. We can however, compare these views against other statements and online sources to make sure we are satisfied that the views they have submitted are reliable and therefore can be included as arguments in the EIT.

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



Conclusions

In reviewing the information provided by Liberty on EIT we have considered the conclusions made above on the information provided for the POI on costs and sales and note that we were unable to fully reconcile this. For the first two years of the injury period, 2018 and 2019, we have been able to compare the information provided in the questionnaire response with the published accounts on Companies House and found this to be consistent.

We will therefore use the information provided on EIT in relation to employment and wages, exports and market share only where it follows similar trends within the industry or can be corroborated using external sources, we will use it in our assessment. Where Liberty has provided useful commentary based on its understanding/knowledge of the market for our assessments, we will use it alongside other data from the UK market or external sources.

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

Conclusions

We were able to establish the existence of Liberty, its company structure and associations. We also found that the information relating to the company's goods that we have been provided is verifiable.

The verification work undertaken to assess Liberty's accounting system and the methods used to identify the like goods within its system and the questionnaire responses identified some discrepancies and some reconciliation issues.

We have been unable to get good assurance at a system level in part because of the lack of audited accounts (which we could use as part of the assurance evidence). This impacted on the approach to the verification activity we undertook.

Our reconciliation work to the management accounts revealed some issues which we were unable to resolve and led us to be unable to get assurance that some of the questionnaire data is complete and accurate.

Whilst providing evidence of individual transactions at source document level, our transaction testing was unsatisfactory because we were unable to view the accounting records to assure ourselves that those records were complete. This adds to the lack of assurance at system level which we started with and given the reconciliation issues leads us to being unable to conclude that certain financial data is complete and accurate.

In summary, we have not obtained sufficient and appropriate evidence in order to conclude that the information provided by the company under all the sections above is verifiable. We have obtained sufficient assurance regarding company structure, associations and the goods produced. We also have limited assurance regarding the injury trends relating to sales, output, stocks, productivity, employment, wages and capacity utilisation.



Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
19 January 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
21 February 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
21 March 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
05 April 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
08 June 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
12 July 2022 5 hours	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
31 August 2022 3 hours	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
1 September 2022 1 hour	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]
2 September 2022 30 minutes	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[redacted – contains personal information]	[redacted – contains personal information]



Annex 2: Injury assessment (updated)

Annex 2.1 Turnover

	Total turnover of whole company Index (2018 = 100)
2018	100
2019	84
2020	76
POI	109

Annex 2.2 Domestic Sales

	Domestic sales by volume Index (2018 = 100)	Domestic sales by value Index (2018 = 100)
2018	100	100
2019	116	114
2020	88	90
POI	87	117

Annex 2.3 Export sales

	Export sales by volume Index (2018 = 100)	Export sales by value Index (2018 = 100)
2018	100	100
2019	152	96
2020	30	33
POI	-	-

Annex 2.4 Profitability

	Total net operating profit after tax (NOPAT) for whole company Index (2018 = 100)	Average net operating profit after tax (NOPAT) margin of like goods Index (2018 = 100)
2018	100	100
2019	167	161
2020	175	168
POI	114	121



Annex 2.5 Output

	Output by volume Index (2018 = 100)	Output by value Index (2018 = 100)
2018	100	100
2019	75	84
2020	78	76
POI	75	109

Annex 2.6 Market Share

	For like goods, the percentage of UK markets total sales that are manufactured by you Index (2018 = 100)
2018	100
2019	200
2020	240
POI	200

Annex 2.7 Stocks

	Stocks at year end, total value manufactured by you in UK Index (2018 = 100)
2018	100
2019	179
2020	226
POI	24



Annex 2.8 Productivity

	Average output in volume per employee for like goods (FTE) Index (2018 = 100)
2018	100
2019	90
2020	96
POI	95

Annex 2.9 Employment

	Total number of employees (FTE) Index (2018 = 100)	Number of employees for like goods (FTE) Index (2018 = 100)
2018	100	100
2019	83	83
2020	81	81
POI	78	78

Annex 2.10 Wages

	Median wage for FTE engaged in activities related to the like goods Index (2018 = 100)
2018	100
2019	106
2020	105
POI	112



Annex 2.11 Capacity utilisation

	Production capacity for like goods Index (2018 = 100)	Production capacity utilisation for like goods Index (2018 = 100)
2018	100	100
2019	100	75
2020	100	78
POI	100	75

Annex 2.12 Cash flow

	Cash flow from operations Index (2018 = 100)
2018	100
2019	-1309
2020	9
POI	1637

Annex 2.13 Investments

	Return on fixed assets related to the production of the like goods Index (2020 = 100)
2018	-
2019	-
2020	100
POI	20



Annex 2.14 Return on investments

	Return on fixed assets related to the production of the like goods Index (2018 = 100)
2018	100
2019	530
2020	-427
POI	-187