



Verification report – UK Importer

Case AS0046: Certain excavators from China

Period of Investigation (POI):	1 July 2022 – 30 June 2023
Injury Period:	1 July 2019 – 30 June 2023
Date of report:	19 August 2024
Case team contact details:	AS0046@traderemedies.gov.uk
Interested Party verified:	Liugong Machinery (UK) Limited

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



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Executive Summary

The Trade Remedies Authority (TRA) is conducting an (anti-subsidy) investigation to determine whether injury is being caused to the UK excavator industry due to (subsidisation) of certain excavators imported into the United Kingdom (UK) from the People's Republic of China (PRC).

More information about the case can be found on the public files:

[AS0046 – Certain excavators from the PRC](#)

Liugong Machinery (UK) Limited (LGUK), an importer of the goods concerned, returned a completed importer questionnaire ('questionnaire response'). LGUK imports the goods concerned produced by [REDACTED] [REDACTED]¹ in the PRC via their associated companies [REDACTED] [REDACTED] [REDACTED].² We carried out verification work on information provided by LGUK to ascertain the completeness, relevance and accuracy of the information submitted in questionnaire responses.

- We conducted a walkthrough of the accounting systems to gain an appreciation of the system and to assess the level of reliance to place on the data provided.
- We conducted a remote verification to evaluate the completeness, relevance and accuracy of information provided in the questionnaire response.

¹ Confidential supplier information.

² Confidential supplier information.



- We compared the questionnaire responses and other accompanying evidence submitted against information from the company's website and Companies House.
- We reviewed information provided for internal consistency and alignment with financial statements.

Based on the verification activity undertaken the TRA have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by LGUK and we can use it for the purpose of this investigation.



Purpose of verification

The purpose of the TRA's verification activity is to determine whether the information provided by interested parties is complete, relevant, and accurate and can be used in our investigation. This verification report sets out the conclusions reached for each component that covers the scope of our work. It also provides an overall conclusion stating the level of assurance reached.

The information verified may then be considered in our assessments and analysis to determine whether subsidisation has occurred and if this subsidisation is causing injury to the UK industry. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

We carried out our verification activities remotely. The TRA did not seek to verify all information provided, but undertook the work considered appropriate and possible within the time constraints of the investigation to obtain assurance upon which to base our case decision.

This verification report documents the work completed, providing an overview of the range and scope of verification procedures performed, for each component that covers the scope of our work, on the information submitted by LGUK. It details the conclusions reached regarding completeness, relevance, accuracy and provides an overall conclusion stating the level of assurance reached.



Confidential information

LGUK must provide a non-confidential version of the verification report marked as 'non-confidential' in the header.

If any information contained in the verification report is considered confidential, LGUK should delete or redact those sections and provide a non-confidential summary of the information 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 completed by the TRA to determine whether the information provided by LGUK in its questionnaire response is complete, relevant, and accurate.



A. Company structure and associations

What information was considered

- Company details
- Products sold
- Owners and shareholders
- Associated companies
- Accounting practices

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

- We reviewed the company details provided and information on products sold by LGUK by comparing it with information on the company’s website.
- We cross-checked the information the company provided in its questionnaire response about its general set up, role, location and accounting practices for consistency with independent sources including filings at Companies House and other online resources.
- We examined the financial statements for the financial year ending December 2022 provided by LGUK for consistency with information regarding ownership, shareholders, associated companies, and accounting policies and practices provided in questionnaire responses.

We found that the information from the financial statements and LGUK’s website aligns with what the companies provided in questionnaire responses.

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 company structure and associations provided by LGUK is verifiable. Based on the work performed, 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 injury assessments 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. Accounting Systems and Procedures

What information was considered

- Information Technology Systems and Applications
- Accounting policies, significant risks, and chart of accounts
- Sales and customer order process and procedures
- Purchase order and invoice approval process and procedures

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

None.

How the information was checked

We conducted a walkthrough of the LGUK’s accounting systems to gain an appreciation of the applications used and the relevant process in place, to inform our assessment of the level of reliance to place on the data provided. LGUK uses [REDACTED]³ for its accounting processes.

- We conducted a sale and purchase order process walkthrough. LGUK showed us how each selected transaction was processed, step by step through the accounting system from inception to being recorded on the relevant ledger.
- We reviewed and discussed accounting policies listed in the notes to audited financial statements. The financial statements are in accordance with the applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

³ Confidential information about accounting software.



- LGUK demonstrated how information provided in the questionnaire response was extracted from [REDACTED],⁴ and explained how the methodologies used for cost allocations were relevant.

We found no material risk factors when reviewing the accounting system.

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 work performed, we have obtained a basic understanding of the relevant accounting and associated business systems of LGUK. This enabled us to plan appropriate verification procedures.

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

⁴ Confidential information about accounting software.



C. Goods

What information was considered
<ul style="list-style-type: none"> • Goods description of the goods concerned assigned to PCN's • Goods description of the like goods assigned to PCN's • Internal coding systems
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>
How the information was checked
<ul style="list-style-type: none"> • We reviewed LGUK's submitted weight and description of goods provided in the questionnaire response against the allocated PCN. • We examined import documentation during verification to check the weight of the goods declared. • We examined LGUK's internal coding system during verification. <p>We analysed LGUK's internal coding system and its correspondence with each PCN. We also reviewed the import documentation to verify the accurate allocation of PCNs to the goods in scope. Our findings indicate that the PCN structure has been consistently applied across submitted information.</p>
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>
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 provided by LGUK is verifiable. Based on the work performed, 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 injury assessments 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. Imports

What information was considered
<ul style="list-style-type: none"> • LGUK's import purchases • Information from LGUK's accounting system.
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>
How the information was checked
<ul style="list-style-type: none"> • We reviewed the dates of all transactions provided in the listing to ensure that all the purchase transactions occurred during the POI. • We were unable to align the transactions in the questionnaire response to its financial statements because the financial statements include imports of other goods that are out of scope for this investigation. • We therefore observed LGUK extract its full listing of imports from the accounting system, and they demonstrated how we could identify the purchases of the like goods from this listing. • We reconciled the extract of import transactions to the questionnaire annex with no issues identified, with the exception that we identified that the invoice numbers in the questionnaire annex were incorrectly ordered and did not match up with the corresponding transactions.
<i>If you have redacted or removed any information, please provide reasons as to why the information is considered confidential (see Confidential information):</i>
Exceptions/Findings/Adjustments



We noted from our review of the import transactions provided in the questionnaire response that the invoice numbers were incorrectly ordered and did not match up with the corresponding transactions. This was discussed with the IP and was identified as a transcription error, and has no impact on the values in the questionnaire response.

These invoice numbers have not been updated in the questionnaire response, however this is not a material issue and therefore we do not consider that an adjustment is required.

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 imports provided by LGUK is verifiable. Based on the work performed, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate. Cognisant of the invoice number transcription error stated above, the information can be used by the TRA for injury assessments 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. Sales

What information was considered

- T-by-T sales transactions
- Pricing and price reductions
- Delivery charges

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 selected a random sample of domestic sales transactions for verification. These transactions were tested for relevance and accuracy by agreeing the transaction details to relevant source documentation.

LGUK provided source documentation such as sales orders, sales invoices, bank receipts and various import documentation were provided.

- We examined sampled sales documents. Transactions were traced back to source documents, from order inception through to payment evidence.
- Transaction by transaction data was compared with data retrieved live from the sales ledger.
- We discussed and gained an understanding of how sales were processed between LGUK and its customers.
- We identified two errors which the company adjusted for:
 - One transaction that had not been completed, but still included in the listing, the listing was updated to remove this.
 - One transaction with an incorrect value in the listing. The difference was immaterial, however the company rectified the error.

Overall, we were able to reconcile sales information provided by LGUK to aligned financial statements. We were also able to trace sampled transactions to source



documents and all issues raised during verification were satisfactorily addressed. LGUK submitted an updated questionnaire response after the verification.

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

LGUK provided an updated questionnaire annex to rectify errors on two transactions identified during verification.

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 provided by LGUK is verifiable. Based on the work performed, 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 injury assessments 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](#)):



F. Economic Interest Test

What information was considered

- The total sales of customers and suppliers
- Employment figures
- Potential economic impact on domestic price and production if measures were imposed

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

- We selected a sample of customers and cross checked their sales transactions to relevant source documentation.
- We reconciled LGUK's imports to the exporters sales listing.
- We checked the staff list provided by LGUK against the employment figures reported in the questionnaire annex with immaterial difference due to staff turnover.
- We have noted the arguments presented on the potential economic impact on the UK market if measures were removed.

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 economic interest provided by LGUK is verifiable. Based on the work performed, 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 this case.

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



Conclusions

We verified company details and ownership information provided by LGUK by comparing it with information in audited financial statements and company websites. We gained an understanding of LGUK goods concerned and reviewed accuracy of PCN allocation. During verification, we were able to reconcile information provided in questionnaire responses to LGUK's accounting systems. LGUK also demonstrated how it generated data for annexes using its accounting system and walked us through how to reconcile the data to the annexes. A sample of sales transactions were also traced back to source documents with no material issues.

LGUK provided sufficient and appropriate evidence, which enabled us to conduct verification work on a sample basis as detailed in the above sections. Based on the work performed, we have a reasonable level of assurance that the information provided in its questionnaire response is complete, relevant, and accurate for the purpose of this investigation.



Annexes

Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
13 June 2024	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<p>██████████ ██████████,⁵ Managing Director of LGUK; ██████████ ██████████⁶ – Finance Director of LGUK; ██████████,⁷ Deputy General Manager of LGUK ██████████,⁸ Operations Manager of LGUK ██████████ ██████████,⁹ Partner of Aaron and Partners LLP</p>	<p>[CONFIDENTIAL – Names of the Individuals]</p>

⁵ Confidential personal data.

⁶ Confidential personal data.

⁷ Confidential personal data.

⁸ Confidential personal data.

⁹ Confidential personal data.



14 June 2024	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	<p>██████████ ██████████,¹⁰ Managing Director of LGUK; ██████████ ██████████¹¹ – Finance Director of LGUK; ██████████,¹² Deputy General Manager of LGUK ██████████,¹³ Operations Manager of LGUK ██████████ ██████████,¹⁴ Partner of Aaron and Partners LLP</p>	<p>[CONFIDENTIAL – Names of the Individuals]</p>
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¹⁰ Confidential personal data.

¹¹ Confidential personal data.

¹² Confidential personal data.

¹³ Confidential personal data.

¹⁴ Confidential personal data.



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