



Verification report – Overseas Exporter Case TD0029: Cast Iron Articles originating from the Peoples Republic of China

Period of Investigation (POI):	01 October 2021 – 30 September 2022
Injury Period:	01 October 2018 – 30 September 2022
Date of report:	18/09/2023
Case team contact details:	TD0029@traderemedies.gov.uk
Company verified:	Qingdao Everbright Machinery Co., Ltd.

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



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Executive Summary

On 23 November 2022, the Trade Remedies Authority (TRA) initiated a transition review for Certain Cast Iron Articles originating from the People's Republic of China ('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:

[Case TD0029 public case file](#)

The Period of Investigation (POI) is from 1 October 2021 to 30 September 2022.

Qingdao Everbright Machinery Co., Ltd (Everbright) is an exporter of the goods subject to review. Everbright do not manufacture the goods subject to review. They returned both a completed confidential and non-confidential exporter questionnaire ('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 His Majesty's Revenue & Customs (HMRC) and other trade data sources. Information was checked for consistency with financial statements and responses from other interested parties. A walkthrough of the accounting systems was conducted to assess the level of reliance to place on data produced by the system. An online verification visit was performed to assess the completeness, relevance and accuracy of the data provided in Everbright's questionnaire response and supporting documents.

The TRA were able to verify the information provided by Everbright in its questionnaire response, and throughout the verification process regarding company information and sales. Where discrepancies in these sections were identified, Everbright were able to provide an updated questionnaire annex with updated figures. Based on the verification activity undertaken, we have a reasonable level of assurance over the completeness, relevance and accuracy of information provided for these sections.

However, the TRA faced some issues when verifying two areas: Everbright's purchases information and Product Control Numbers (PCNs) of the goods subject to review. For purchases, Everbright was unable to reconcile purchases to the financial statements and due to the aggregated monthly recording of purchase information, we were unable to complete verification checks on a sample of purchase transactions. For the PCNs, a range of misallocations were identified and a lack of supporting evidence, such as brochures, for the products resulted in not being able to confirm all of the goods subject to review had been correctly assigned PCNs. We



therefore have limited assurance over the completeness, relevance and accuracy of the purchases and PCN information provided.

Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to decide whether the information provided by the interested party is verifiable and can be used for the purposes of our review. Such data can then be considered in our assessments and analysis to determine whether injury is caused, or likely to be caused, to the UK industry by dumped imports of the goods concerned. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

Verification activity is carried out through desk-based procedures, remote analysis, and verification work online. The activity undertaken did not seek to verify all information provided but to undertake work considered appropriate and practicable within the time constraints of the review to obtain assurance upon which to base our decision.

This verification report documents the work completed. The TRA carried out a variety of verification procedures and checks on Everbright and this report details the conclusions reached about the completeness, relevance, and accuracy of information provided.

Confidential information

Everbright 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, Everbright 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 its questionnaire response is verifiable.

A-I. Company structure and associations

What information was considered	
<p>We considered the following from the questionnaire:</p> <ul style="list-style-type: none"> • General set-up, including the ownership and management of the company. • Associations. • Accounting practices and policies. 	
<ul style="list-style-type: none"> • <i>Please indicate the confidentiality status of the information summarised above:</i> 	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<p><i>If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also public guidance):</i></p>	
<p>Not applicable.</p>	
How the information was checked	
<p>General set-up, ownership, locations, and management</p> <p>The TRA cross-checked information provided by Everbright on its general set-up, ownership, year of establishment, location, memberships or accreditations, and number of employees by examining official documents such as Articles of Association, Proof of Registration and Business Licence, considering them against translated online data through a variety of public websites.</p> <p>Everbright have a long-term business link with [redacted – commercially sensitive information]. Everbright exports goods manufactured by Shandong Heshengda Machinery Technology Co., Ltd (Heshengda), the associated producer, to [redacted – commercially sensitive information].</p> <p>Everbright is an exporter and does not produce the goods subject to review. Everbright is owned by two shareholders with a 60% and 40% split. The company exports the goods subject to review to the UK as well as to third countries.</p> <p>Where discrepancies were found in location and share ownership, Everbright provided supplementary official documents to address these. We found the information from those additional sources to be consistent with the information provided by the company in its questionnaire response.</p>	



Associations

Everbright have an association, by familial relationship between majority shareholders, with a producer of the goods subject to review, Heshengda. During the POI, Everbright only exported products procured from Heshengda, and Heshengda only sold goods subject to review through Everbright.

Accounting practices and policies

Everbright provided unaudited financial statements for 2018, 2019, 2020 and 2021 along with additional supporting financial documents.

There were no discrepancies between policies disclosed in Everbright’s financial statements and its response to the exporter questionnaire.

Accounting system walkthrough

On 13 July 2023, the TRA conducted a remote walkthrough of Everbright’s accounting system ([Redacted – commercially sensitive information]) on how export and sales orders were tracked from order to dispatch. This contributed to our understanding of the accounting process and helped us determine whether we could rely on the accounting system for the information provided.

During the sales walkthrough, we were able to agree the selected sales transaction to source documentation i.e., purchase order submitted by Everbright’s customer, shipping documents, bank receipts and accounting system entries. The information processed in the accounting system was at the appropriate level of granularity to provide details necessary for the walkthrough.

For the purchases walkthrough, we were able to agree the selected purchase transaction to source documentation i.e., purchase order and VAT invoices. However, we were unable to reconcile the payments made to suppliers for these purchases and we were also unable to reconcile the accounting entries made for purchases as these were performed monthly and at a level of granularity that did not provide the accuracy required to follow a transaction from inception to the financial statements.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

The redacted information involves Everbright’s UK customer and accounting system. The disclosure of this information would harm Everbright’s interests.

Exceptions/Findings/Adjustments

The TRA were unable to reconcile the payments made to suppliers for these purchases and we were also unable to reconcile the accounting entries made for purchases due to



the limitations of the accounting system. This will be discussed further in the Sales and Cost sections below.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

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. The data relating to the company information can be used by the TRA for the purposes of this transition review.

The accounting system walkthrough conducted has given the TRA reasonable assurance on the sales process and limited assurance on the purchases process due to the findings relating to payment of suppliers and the reconciliation of accounting entries.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

A-II. Goods

What information was considered

We examined the following from the questionnaire:

- Product Control Number (PCN).
- Goods description and comparability to the like goods made and sold in the UK.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential



If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

How the information was checked

PCN allocations and internal coding system

Everbright does not have an internal coding system for its products; the products sold by Everbright are made to order according to technical drawings provided by the customer.

Initial review of the PCN allocation found instances of incorrectly allocated PCNs; this was raised with Everbright during the accountancy walk-through meeting, and they subsequently submitted a revised questionnaire annex that addressed these errors.

For the products that were selected in sample testing, technical drawings and photographs were provided to evidence the allocation of the PCN.

Goods description and comparability to the goods subject to review

The TRA sought to verify the relevance of the products included in Everbright's questionnaire response. Everbright does not have sales brochures or a web-based sales facility for the range of goods that they sell. Products are made to order, according to the technical drawings provided by customers.

Everbright provided technical drawing and photos of the sampled transactions, which demonstrated that additional goods to those goods subject to review had been incorrectly included. As such the TRA has limited assurance over the relevance and accuracy of some of the goods description provided by Everbright except for the products that were supported by technical drawings and photographs provided upon request for sampled transactions.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

Exceptions/Findings/Adjustments

The TRA found description discrepancies during review of the submitted documents, including identifying goods that were not subject to review within the selected sample transactions for further verification.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential



If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

Conclusions

Despite the resubmission of an amended response, we were unable to obtain full assurance over the information provided by the interested party due to errors in, and limited availability of supporting documentation. The TRA deems that it has limited assurance over the completeness, relevance, and accuracy of PCN data and therefore there will be limitations on its use for case decisions.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

If applicable, please specify what particular information you consider to be confidential, provide reasons as to why we should treat it as such, and create a non-confidential version of it (see also [public guidance](#)):

Not applicable.

B-I. Sales

What information was considered

Upwards verification

We compared the following sales data in Everbright's questionnaire annex to its trial balance, management accounts, and unaudited financial accounts to check for completeness and relevance:

- Total sales within the POI.
- Management accounts and trial balance covering 1 January 2021 to 31 December 2021 and 1 January 2022 to 31 December 2022 and the unaudited accounts for year ended 31 December 2021 and year ended 31 December 2022.
- List of sales during the POI.

Downwards verification

Supporting documentation for sampled sales transactions, including copy of sales order, commercial invoice, bill of lading, customs declaration, packing lists, transport charges and bank payment were received and reviewed.

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

Not applicable.

How the information was checked



Upwards verification

We performed upwards verification to confirm the completeness and relevance of the total sales data set provided in the questionnaire response. As noted above, Everbright’s financial year and the POI do not align. We therefore used the financial statements, the trial balances and management accounts and were able to ascertain the completeness of information provided in the questionnaire response for both the sales of all goods and for the like goods.

The upwards verification was completed entirely during the remote verification visit and Everbright was able to display extracts from their accounting system for all requested periods such as the POI or year ended 31 December 2021 and 31 December 2022 which reconciled to the information provided in the questionnaire response for sales of all goods. We were able to observe how the extracts for all goods had been filtered to provide the values for sales of like goods and the transaction listings for the like goods. Filters on country of export and whether goods were like goods or non-like goods were utilised to perform this and TRA requested and received this information and was able to reperform these with no issues.

Downwards verification

The TRA performed downwards verification of sales data provided by Everbright to confirm the accuracy and relevance of the information provided. We selected a sample of 11 transactions for downward verification based on our analysis of trends in volume, value, and average unit price to identify outliers in the data. We traced selected transactions to source documents, checking for consistency. Source documents provided included sales order/invoice/contracts. The information provided within the sales data was traced downwards to validate the accuracy of the data submitted relating to value, goods description, and volume. Furthermore, other supporting documents such as the bill of lading, customs declaration, packing list and transport charges were also scrutinised, checking for consistency with information provided within the sales data, ensuring the goods were physically processed, shipped and received by the customer.

The sampled transactions were agreed back to source documents provided by Everbright. All sales to the UK were denominated in GBP. All 11 transactions passed our testing and reconciled with the information provided by Everbright.

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

Not applicable.

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](#)):

Not applicable.



Conclusions

The information relating to sales that we have been provided by Everbright 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 this transition review.

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

Not applicable.

D-I. Costs

What information was considered

Everbright procures finished goods from the producer Shandong Heshengda Machinery Technology Co., Ltd., for export and therefore does not have any associated costs to make. We therefore sought to verify purchases costs.

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

Not applicable.

How the information was checked

Upwards verification

The TRA sought to reconcile the purchase costs provided in Everbright's questionnaire response to its financial accounts. Everbright did not provide a purchases upwards reconciliation in the questionnaire response. During verification, TRA queried this but Everbright was unable to provide sufficient information to facilitate upwards reconciliation of the purchases to the financial statements due to the fact that purchases were recorded on the system on an aggregated monthly basis. The accounting system does not record the granular level of detail required for our purposes.

Downwards verification

The TRA performed downward verification on a sample of eight purchases data provided by Everbright by tracing the transactions through the relevant source documents. Key fields of information within the purchases data were checked to validate relevance and accuracy. This was successfully completed for five of the samples; however, for three of the transactions, information provided in the questionnaire response did not match source documentation. As the TRA was unable to obtain assurance on the completeness of purchases data due to the difficulties in completing the upwards verification as stated above, we have limited assurance over the completeness, relevance, and accuracy of the purchases information provided.



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

Not applicable.

Exceptions/Findings/Adjustments

Due to the limitations of Everbright’s accounting system, we were unable to reconcile purchases provided to Everbright’s accounting systems and financial statements.

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

Not applicable.

Conclusions

The TRA faced some issues when verifying information relating to purchases that has been provided by Everbright. Based on the work that we have done, we have limited assurance over the completeness, relevance and accuracy of the information provided. The TRA will treat the information accordingly for the purpose of this review.

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

Not applicable.

D-II. Performance

What information was considered

This section is not relevant as Everbright is an exporter of the goods subject to review but does not manufacture the goods subject to review. Therefore, no production or capacity data was available.

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

Not applicable.

Conclusions

The TRA has completed verification of the data provided by Everbright for use in our assessments.



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

The verification of the information relating to product descriptions, allocation of PCN codes and inclusion of goods subject to review within the data submitted identified discrepancies. Revisions to the data were submitted; however, a lack of corroborating evidence means that we have limited assurance on the completeness, relevance, and accuracy for this information.

We were able to reconcile sales data back to Everbright's management accounts and trial balances, as well as tracing sample transactions through the appropriate source data and so have reasonable assurance that the sales information provided is complete, relevant and accurate during the POI.

We were unable to reconcile purchase cost data upwards to the financial accounts, which subsequently impacted verification of purchase transaction data; The TRA have limited assurance over the completeness, relevance and accuracy of purchase data provided.

As Everbright is a non-producing exporter, performance data was not provided.

In summary, the TRA have obtained sufficient and appropriate evidence to conclude that the information provided by Everbright relating to company operations and sales is complete, relevant, and accurate, and can be used for the purpose of this transition review. The TRA encountered issues when verifying purchases as well as PCN information and therefore our assurance on this information level is limited. Purchases information and PCN information will therefore be treated with due circumspect for its limitations in this transition review.



Annexes

Annex 1: Meetings

Date	Type of authentication	Company representatives	TRA representatives
System walkthrough – 13/07/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[Redacted – contains personal information]	[Redacted – contains personal information]
Online Verification – 31/07/23 and 02/08/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[Redacted – contains personal information]	[Redacted – contains personal information]