



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

<b>Period of Investigation (POI):</b>	01 October 2021 – 30 September 2022
<b>Injury Period:</b>	01 October 2018 – 30 September 2022
<b>Date of report:</b>	18/09/2023
<b>Case team contact details:</b>	TD0029@traderemedies.gov.uk
<b>Company verified:</b>	Shanxi Yuansheng Casting & Forging Industrial Company Ltd.



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>4</b>
<b>Confidential information</b> .....	<b>4</b>
<b>Verification</b> .....	<b>5</b>
A-I. Company structure and associations .....	5
A-II. Goods .....	7
B-I. Sales .....	8
D-I. Costs.....	10
D-II. Performance .....	12
<b>Conclusions</b> .....	<b>14</b>
<b>Annexes</b> .....	<b>15</b>
Annex 1: Meetings.....	15



## 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.

Shanxi Yuansheng Casting & Forging Industrial Company Ltd, (Yuansheng,) is an exporter of the goods subject to review and 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 audited 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 Yuansheng's accounting system. An online verification visit was performed to assess the completeness, relevance and accuracy of the data provided in Yuansheng's questionnaire response and supporting documents.

The TRA does not have any concerns to report in respect of information provided by Yuansheng. We were able to verify selected samples of information provided by Yuansheng in its questionnaire response. Where discrepancies were identified, Yuansheng resolved these and provided the TRA with an updated questionnaire response.

Based on the verification activity undertaken, we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by Yuansheng, 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 decide whether the information provided by Yuansheng 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 Yuansheng and this report details the conclusions reached about the completeness, relevance and accuracy of information provided.

## Confidential information

Yuansheng 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, Yuansheng 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 TRA to determine whether the information provided by Yuansheng 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"> <li>• General set-up, including the ownership and management of the company.</li> <li>• Associations.</li> <li>• Accounting practices and policies.</li> </ul>	
<ul style="list-style-type: none"> <li>• Please indicate the confidentiality status of the information summarised above:</li> </ul>	
<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 <a href="#">public guidance</a>):</i></p>	
How the information was checked	
<p><b>General set-up, ownership, locations, and management</b></p> <p>The TRA cross-checked information provided by Yuansheng on its general set-up, ownership, year of establishment, location, memberships, or accreditations. We examined official documents such as Articles of Association, proof of registration and business licence, considering them against information held on a variety of public websites.</p> <p>Yuansheng is both a producer and an exporter of the goods subject to review. Yuansheng is owned by two shareholders with a 97.66% and 2.34% split. The company exports the goods subject to review, to the UK as well as to third countries.</p> <p><b>Associations</b></p> <p>Yuansheng have 2 associations, one by shares, the other by familial relationship between majority shareholders. <i>[redacted]</i></p> <p><i>[redacted]</i> is stated as an association by familial relationship <i>[redacted]</i> and appears to act as an intermediary in exporting between Yuansheng and <i>[redacted]</i> - its sole UK Customer, <i>[redacted]</i>.</p> <p>Online research has not found any further associations.</p>	



Yuansheng have a long-term business link with a UK importer, [redacted].  
Yuansheng produce the goods subject to review, designed by [redacted].

**Accounting practices and policies**

Yuansheng provided audited financial statements for 2018, 2019, 2020 and 2021 along with additional supporting financial documents, including trial balances and tax returns.

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

**Accounting system walkthrough**

On 12 July 2023, the TRA conducted a remote walkthrough of Yuansheng’s accounting system to gain an understanding on how purchase and sales transactions were processed from order to payment. 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.

Using the sales and purchase transactions selected for the walkthrough, we obtained supporting evidence, viewed the transactions in the system, and determined that Yuansheng’s processes have been designed and implemented sufficiently. Based on this walkthrough, we have a reasonable level of assurance on the reliability of the systems in place from which the information we have been given was sourced.

*Please indicate the confidentiality status of the information summarised above:*

<input type="checkbox"/> non-confidential	<input checked="" type="checkbox"/> 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 commercially sensitive and confidential information has been redacted.

**Exceptions/Findings/Adjustments**

None.

*Please indicate the confidentiality status of the information summarised above:*

<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> 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](#)):*



Conclusions

The information relating to company structure and associations that we have been provided by Yuansheng 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 structure and associations can be used by the TRA in this transition review.

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](#)):

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](#)):

How the information was checked

**PCN allocations and internal coding system**

The product coding of the Goods holds insufficient detail to check PCN allocation.

**Goods description and comparability to the goods subject to review**

We sought to verify the relevance of the products included in Yuansheng's questionnaire response. Yuansheng provided a brochure and technical drawings of the sampled transactions, which both demonstrated an accurate allocation of PCNs and that the goods are the goods subject to review.

Please indicate the confidentiality status of the information summarised above:



<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<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 <a href="#">public guidance</a>):</i>	
<b>Exceptions/Findings/Adjustments</b>	
None.	
<i>Please indicate the confidentiality status of the information summarised above:</i>	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<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 <a href="#">public guidance</a>):</i>	
<b>Conclusions</b>	
The information relating to products and PCN allocation that we have been provided by Yuansheng 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 for the purposes of this review.	
<i>Please indicate the confidentiality status of the information summarised above:</i>	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<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 <a href="#">public guidance</a>):</i>	

B-I. Sales

<b>What information was considered</b>
<p><b>Upwards verification</b></p> <p>We compared the following sales data in Yuansheng’s questionnaire annex to its trial balance, management accounts, and audited financial accounts to check for relevance and completeness:</p> <ul style="list-style-type: none"> <li>• Total sales within the POI.</li> <li>• Management accounts and trial balance covering 1 January 2021 to 31 December 2021 and 1 January 2022 to 31 December 2022 and the audited accounts for year ended 31 December 2021 and year ended 31 December 2022.</li> </ul>



- Trial Balance for the POI
- List of sales during the POI.

**Downwards verification**

Supporting documentation for sampled sales transactions, including copy of sales order, sales contract, 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](#)):*

How the information was checked

**Upwards verification**

We performed upwards verification to confirm the relevance and completeness of the total sales data set provided in the questionnaire response. As noted above, Yuansheng’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.

Upwards verification was completed entirely during the remote verification visit. Yuansheng 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. All data 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 used 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 Yuansheng to confirm the accuracy and relevance of the information provided. We selected a sample of ten 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, the bill of lading, customs declaration, packing list and transport charges supporting documents were also reviewed to ensure information provided within the sales data was for the goods that were physically processed, shipped, and received by the customer.



Nine of the 10 sampled transactions agreed back to source documents provided by Yuansheng with no discrepancies noted. However, it was found for one of the sales to the UK, the bill of lading referenced the goods had been dispatched from [redacted] and when queried, it was found that at times, Yuansheng used an intermediary company named [redacted] to sell goods to the UK.

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

The commercially sensitive and confidential information has been redacted.

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 sales that we have been provided by Yuansheng 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 purposes 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](#)):*

D-I. Costs

What information was considered

We compared the following cost data in Yuansheng’s questionnaire response to its trial balance, management accounts, and audited financial accounts, to ensure the data we rely on is complete:

- Cost to make
- Raw Materials costs and relevant source documents
- Total sales within the POI.
- Management accounts and financial statements covering 2021 and 2022.
- List of sales during the POI.

*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**

The TRA performed upwards verification to confirm the completeness and relevance of the cost data set provided in the questionnaire response. We performed upwards verification to confirm the completeness, relevance and accuracy of the total sales data provided in the questionnaire response. As noted, Yuansheng's financial year and the POI do not align. We therefore used the financial statements, the trial balances and management accounts.

Upwards reconciliation was completed entirely during remote verification. Yuansheng 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 cost to make. We were able to observe how the cost to make for all goods information provided in the questionnaire response reconciled to ledger extracts from the accounting system which we had aligned to the financial statements with no variances noted. The cost to make trial balance for all goods was reconciled to the ledger extracts provided from the accounting system for the POI.

We were also able to observe how the extracts for all goods had been filtered to provide the values for cost to make of like goods and the ledgers for the like goods. Filters on the like goods were used to perform this and TRA requested and received this information and was able to reperform these with no issues.

*[redacted]*

##### **Downwards verification**

The TRA performed downwards verification of raw material purchase data provided by Yuansheng to confirm the relevance and accuracy of the information provided. We selected a sample of four transactions for downward verification based on our analysis of trends in volume, value, and average unit price to identify outliers in the data.

The weight, value, and other fields of information within the cost data was traced downwards to validate the accuracy of the data submitted relating to the goods subject to review. The following source documents were checked:

- Sales Invoice (VAT invoice)
- Purchase Contract / Purchase Order
- Stock In Document (Goods Received Note)
- Bank Receipt information
- Accounting Voucher



The sampled transactions were agreed back to source documents provided by Yuansheng; no material issues were found.

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

The commercially sensitive and confidential information has been redacted.

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 costs that we have been provided with by Yuansheng 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.

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

D-II. Performance

What information was considered

We considered the following information that was extracted from the questionnaire and verified:

- Production capacity
- Production output
- Capacity Utilisation
- Inventory

*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 and analysed the questionnaire and annex data, to assess Yuansheng production capacity and output for the goods subject to review during



the injury period. We asked Yuansheng to explain how they calculated production capacity figures. They detailed the number of furnaces they run, number of hours a day and working days a year. The explanation provided appeared reasonable and we were able to replicate the figures provided. We cross-checked the production figures against:

- stocks,
- cost upwards and
- sales upwards

We were able to verify those figures and based on verified production capacity and production levels, we were able to replicate the capacity utilisation figures.

We reviewed and analysed the questionnaire response and annex data, to assess Yuansheng’s inventory levels of the goods subject to review during the injury period. To verify these figures, we used:

- the verified production output data, and
- the domestic and export sales data

By taking the opening inventory, adding production output, and deducting domestic and export sales, we were able to reach the same figure provided for the closing inventory. The closing stock figure for the previous year agrees to the opening inventory figure of the following year, we are content the methodology used was reasonable.

*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 performance that we have been provided by Yuansheng 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 purposes 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](#)):*



## Conclusions

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

Verification of Yuansheng submitted data, and its accounting system identified minor discrepancies below materiality levels. We do not consider any of these minor discrepancies of material risk to the case and do not affect the way that the TRA intends to use 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 accurate, relevant, and complete during the POI.

We reconciled submitted questionnaire data back to Yuansheng's financial statements, in respect of sales and cost to make; where it was not possible to reconcile back to the financial statements, we reconciled back to the general ledger and management accounts. Sampled transactions were agreed back to source documents provided by Yuansheng, no material issues were found.

We have obtained sufficient and appropriate evidence to conclude that the information provided by Yuansheng under all the sections above is verifiable. Therefore, we have a reasonable level of assurance that the information is complete, relevant, and accurate and can be used for the purpose of this review.



## Annexes

### Annex 1: Meetings

Date	Type of authentication	Company representatives	TRA representatives
System walkthrough – 12/07/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[Redacted – contains personal information].	[Redacted – contains personal information]
Online Verification – 18/07/23, 20/07/23 and 24/07/23	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[Redacted – contains personal information]	[Redacted – contains personal information]