



## Verification report – UK Importer Case TD0027 – Ceramic Tiles from the People’s Republic of China (PRC)

<b>Period of Investigation (POI):</b>	1 July 2021 to 30 June 2022
<b>Injury Period (IP):</b>	1 July 2018 to 30 June 2022
<b>Date of report:</b>	13 October 2023
<b>Case team contact details:</b>	TD0027@traderemedies.gov.uk
<b>Company verified:</b>	Shackerley (Holdings) Group 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 a transition review to determine whether the UK should vary or revoke anti-dumping measures on Ceramic Tiles from the PRC, pursuant to Part 12 of The Trade Remedies (Dumping & Subsidies) (EU Exit) Regulations 2019 ('the Regulations') - Statutory Instrument 450/2019.

As part of the review, the TRA sought to assess the completeness, relevance, and accuracy of the information that the importer provided in its questionnaire response. This covered its company structure and operations, imports, sales, injury, and the economic impact of varying or revoking the measure.

Shackerley (Holdings) Group Limited (Shackerley) is a manufacturer of building cladding systems. They do not trade in the goods subject to review or the like goods. Shackerley is an importer of various materials, including the goods subject to review and the like goods. These materials are utilised as inputs in the manufacture of its building cladding systems and are not sold onwards, otherwise than as an integral part of a building cladding system.

We verified information provided by Shackerley (Holdings) Group Limited (Shackerley). During the verification process, the TRA compared Shackerley's questionnaire responses, including the data annexed thereto, to information from additional sources, such as Companies House, HM Revenue & Customs (HMRC) and Shackerley's website. A reconciliation was performed between the audited financial statements and the financial data provided in the questionnaire annex, to verify the consistency of the information. We also conducted a systems walkthrough to assess the level of reliance we can place on the accounting system.

It is important to note that non-structural brick slips are considered to be ceramic tiles for the purposes of this transition review. The TRA are now clear that non-structural brick slips fall within scope of this measure, but verification activities did not include enquiries into Shackerley's imports of non-structural brick slips until commodity code clarification subsequent to the main verification concluding.

The dataset verified in this verification process is therefore only reflective of part of the imports of the goods subject to review or like good. However, the TRA is nonetheless satisfied that no non-structural brick slips were imported by Shackerley from the People's Republic of China (PRC) during the POI or IP. The TRA understand that non-structural brick slips were imported from Germany during the POI.

We were able to verify the information provided by Shackerley in its questionnaire response, annex data and throughout the verification process. Where discrepancies were identified, Shackerley was able to provide us with updated or additional evidence to resolve and clarify those discrepancies. However, as detailed above, the importation of non-structural brick slips from countries other than the PRC were omitted from its questionnaire response.



## Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to make a decision as to whether the information (data) provided by the interested party is verifiable and can be used for the purposes of our investigation.

As detailed above, we have a reasonable level of assurance on the completeness, accuracy and relevance of Shackerley's information except for the omission of information relating to non-structural brick slips which became known subsequent to the main verification concluding. The data may now be considered in our assessments and analysis to determine whether injury is likely to be caused to the UK industry by dumped imports of the goods subject to review. This will form the basis for establishing appropriate measures where necessary, in our review of the appropriate scope of the measure or description of the goods subject to review, and to assess whether these are in the UK's economic interest.

The activities undertaken have not sought to verify all of information provided by the verified party, but to undertake the work considered appropriate and possible within the time constraints of the investigation to obtain satisfactory assurance on which to base our analysis.

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



## Confidential information

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

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

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



## Verification

Please find below a summary of work that has been completed and the checks that have been carried out 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>From the questionnaire, we considered the:</p> <ul style="list-style-type: none"> <li>• general set-up, including the ownership and management of the company;</li> <li>• associations; and</li> <li>• accounting practices and policies.</li> </ul>	
<p><i>Please indicate the confidentiality status of the information summarised above:</i></p>	
<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>	
<p> </p>	
How the information was checked	
<p><b>General set-up, ownership, locations, and management</b></p> <p>We cross-checked information provided for Shackerley’s general set-up, ownership, year of establishment, location, memberships or accreditations, and number of employees by examining official documents on Companies House, including the Certificate of Incorporation and the company’s audited financial statements.</p> <p>We found the information from those sources to be consistent with the information provided by the company in its questionnaire response.</p> <p><b>Associations</b></p> <p>We reviewed the company’s associations by checking audited financial reports published on Companies House, which were also examined to check whether the Directors of Shackerley were associated with other companies related to the same industry. There were no issues noted from the testing undertaken.</p> <p><b>Accounting practices and policies</b></p> <p>The financial accounts for Shackerley are prepared in accordance with Financial Reporting Standard 102 applicable in the UK and Republic of Ireland including the provisions of section 1A small entities and the Companies Act 2006.</p>	



Detailed accounting policies for the company are included in note two of the audited financial accounts. As a result, we were able to verify the basis for account preparation, the financial year convention, the method for valuing stock, the method for depreciating assets, and the method for revenue recognition. There were no discrepancies between those results and Shackerley’s response to the importer questionnaire.

**Accounting system walkthrough**

On 22 June 2023, we conducted a walkthrough of Shackerley’s accounting system, Sage Line 50 Cloud Accounts Professional. We were able to gain an understanding on how import and sales orders were tracked from order to dispatch, this contributed to our understanding of the broader accounting process and helped us determine whether we could rely on the accounting system for the information provided for sales and import purchases. We were also able to determine whether the procedures were automated or manual and whether segregation of duties were in place for authorising transactions.

During the walkthrough we found that sales and stock are managed in the KCML system which was used prior to the introduction of Sage Line 50 Cloud Accounts Professional, with the sales data imported from KCML into Sage Line 50 Cloud Accounts Professional.

We reviewed sales transaction reported in the questionnaire annex and were able to agree to the sales order, sales invoice and payment received. However, it was noted that the sales on the accounting system were recorded on a project by project basis as and when the goods are required by the customer, whom are mainly construction companies. As such, the Group Accountant had produced the sales transaction listing manually by going through each project and identifying the products used, whether they were the goods subject to review, like goods, or out of the scope of this transition review.

A walkthrough of an import transaction was undertaken. The transaction entry was agreed to the corresponding packing list, purchase order, authorisation of purchase order, purchase invoice, and payment made as per the bank statement. There were no issues with the walkthrough. We were able gained a sufficiently level of understanding of the accountancy systems and processes employed by Shackerley to inform the remainder of our verification activities.

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Exceptions/Findings/Adjustments



The TRA found no issues with the observed accountancy process. No further clarification was required.

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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 Shackerley 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 dumping likelihood assessment, the injury likelihood assessment, the EIT assessment, and for any other purpose within this transition review

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non-confidential  confidential

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A-II. Goods

What information was considered

From the questionnaire, we examined the:

- Product Control Number (PCN) allocations and Internal Coding System (ICS) numbers;
- goods description and comparability to the like goods made and sold in the UK; and
- information supplied in the questionnaire annex in relation to the supplier, the manufacturing process of the supplier and the supply chain.

Please indicate the confidentiality status of the information summarised above:

non-confidential  confidential



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#### How the information was checked

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

Shackerley do not have an Internal Coding System (ICS) which assigns a number attached on the products' characteristics. However, the methodology used to assign its imported products to the TRA's Product Control Numbers (PCN) was reasonable and accurate.

The PCNs Shackerley assigned to product descriptions were compared to website data and invoice details to check for accuracy and consistency. We did not find an occurrence of an incorrectly allocated product.

##### **Brochures/catalogues**

We verified that the products described in the brochures, had been sold during the POI by comparing them to the PCN structure. We are satisfied that Shackerley imported the goods subject to review.

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

As the goods subject to review were only imported upon the request of the customers and only involved one PCN, all imports mentioned on the questionnaire response fell within the scope of this transition review.

##### **Verification of supplier information**

We cross-checked all worksheets in the questionnaire annex to ensure that there was consistency between PCNs and product descriptions. We found no product codes or PCNs in the annex that were not described in the questionnaire. Figures allocated to each PCN in the annex could be reconciled to the same allocation as reported in all other relevant areas of the questionnaire and matched the description of the goods subject to review.

The purpose of this work was to ensure we have accurate information and that we can use this with confidence. We have a reasonable level of assurance that the information relating to products that Shackerley has provided is verifiable and can be treated as complete, relevant and accurate.

##### **Non-structural Brick Slips**

Subsequent to the main verification concluding, the TRA became aware that there are two distinct products imported by Shackerley which fall within the scope of the measure under consideration in this transition review:

large format single piece porcelain tiles under commodity code 6907210000, and non-structural brick slips under commodity code 6907220000.



(Structural brick slips are classified under commodity code heading 6904, which refers to brick products.)

Verification planning, preparation, and the bulk of the process of verification took place in advance of the TRA being in a position to conclusively determine that non-structural brick slips fall within commodity codes 6907210000, 6907220000, or 6907230000.

The TRA are now clear that non-structural brick slips fall within scope of this measure, however, Shackerley is resolutely of the opinion that its brick slips are not tile products, and that accordingly, its brick slips should not be included in the scope of this transition review. The specific antecedents and chronology of this case result in this apparent difference of view failing to be addressed and clarified with Shackerley as part of the process surrounding Shackerley’s interaction with this report. As such, this issue is, at the time of writing remain unresolved with Shackerley.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

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Exceptions/Findings/Adjustments

As detail in the previous section non-structural brick slips were not included in the submission.

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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](#)):

Conclusions

The information relating to the goods that we have been provided by the interested party is verifiable.

Based on the work we have done, we have a reasonable level of assurance that the information provided can be treated as complete, relevant and accurate.



The case team assesses that the data provided by Shackerley can still be used in this review as no non-structural brick slips were imported from the PRC apart from a small shipment of samples.

Please indicate the confidentiality status of the information summarised above:

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confidential

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## B. Imports and forward orders

### What information was considered

#### Upwards verification

To ensure the import data was complete, we compared Shackerley's questionnaire annex, management accounts and audited financial accounts to its:

- total costs for imports within the POI;
- trial balance covering the POI;
- methodology for allocating costs for the goods subject to review; and
- list of products imported during the POI.

Please indicate the confidentiality status of the information summarised above:

non-confidential

confidential

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### How the information was checked

#### Upwards verification

We performed upwards verification to confirm the completeness and relevance of the import data set by reconciling the reported total import cost data to the audited financial statements for the year. Shackerley's financial year runs from 1 July 2021 to 30 June 2022, which aligns to the POI.

We were able to reconcile the import data provided by Shackerley to its trial balance. However, during this reconciliation we identified the importation of non-structural brick slips, which were later confirmed to sit under commodity code 6907220000.

#### Analytical and research procedures



We analysed the questionnaire annex data that Shackerley provided for imports by considering the trends in volume, value, and average unit price to discover outliers in the data and investigate the reasons behind them. For the goods subject to review, we analysed the information provided in the annex from the PRC. We reviewed trends and requested explanations for any significant fluctuations. Shackerley were able to explain all fluctuations to our satisfaction.

**Downwards verification**

Shackerley submitted its import data for goods subject to review in its questionnaire responses. Downwards verification is the process of verifying information by confirming whether it is consistent with source documentation. The weight, value, and other fields of information within the import data is traced to source documents to validate the accuracy of the data submitted relating to the goods subject to review.

In order to evaluate the completeness, relevance and accuracy of the data supplied, we sampled nine transactions for downward verification by comparing the import documents provided by Shackerley, including packing list, purchase order, purchase invoice, proof of delivery and payment made and general ledger.

There were no issues noted from the testing.

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**Exceptions/Findings/Adjustments**

We found no issues with the data presented and checked. No adjustments or amendments were required.

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<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
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*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 goods subject to review provided by Shackerley 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 case team assesses that the data provided by Shackerley can still be used in this review as no non-structural brick slips were imported from the PRC apart from a small shipment of samples.

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## C. Sales

What information was considered	
<p>To ensure the sales data was complete, we compared Shackerley's questionnaire annex, management accounts and audited financial accounts to its:</p> <ul style="list-style-type: none"> <li>• total sales within the POI;</li> <li>• trial balance covering the POI;</li> <li>• methodology for allocating costs for the goods subject to review; and</li> <li>• list of sales during the POI.</li> </ul>	
<p>Please indicate the confidentiality status of the information summarised above:</p>	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
<p>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>):</p>	
<p> </p>	
How the information was checked	
<p><b>Upwards verification</b></p> <p>We performed upwards verification to confirm the completeness and relevance of the sales data set by reconciling the reported total sales for all goods to the sales as it was stated in the audited financial statements for the year to 30 June 2022. Shackerley's financial year aligns to POI.</p> <p>However, Shackerley does not sell the like goods or goods subject to review, but rather uses these goods as an input in a cladding system.</p>	
<p>Please indicate the confidentiality status of the information summarised above:</p>	
<input checked="" type="checkbox"/> non-confidential	<input type="checkbox"/> confidential
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<p> </p>	
Exceptions/Findings/Adjustments	
<p>There were no exceptions, findings and adjustments to report.</p>	
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### Conclusions

The information relating to sales that we have been provided by Shackerley is verifiable.

Based on the work we have done, we have a reasonable level of assurance that the total sales for all goods can be treated as complete, relevant and accurate and can therefore be used by the TRA for the dumping likelihood assessment, the injury likelihood assessment, the EIT assessment, and for any other purpose within this transition review.

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## D. Economic Interest Test

### What information was considered

Shackerley completed Section 'E. Economic Interest Test (EIT)' in its questionnaire. Its responses provided comment on:

- geographical locations of sites;
- employment figures by site and breakdown relating to the number of FTE working on the Goods Subject to Review;
- median wage data per site;
- impact on its market share if the measure were to be removed; and
- impact on the market price of the Goods Subject to Review if the measure were to be removed.

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How the information was checked

**Location of sites**

The TRA was able to verify the details of locations provided by Shackerley against publicly available information including its entry on Companies House.

**Employment**

Shackerley’s employment figures were verified against its audited financial accounts. Based on these and payroll records, we were able to estimate median wages based on average employee numbers and total employment. We were able to gain a reasonable level of assurance over Shackerley’s’ reported median wages.

**Market share**

Shackerley submitted in the questionnaire that the market share “could only improve” if the measure was revoked. Due to this being forward looking and speculative, we were unable to verify this. However, this does seem a reasonable speculation.

**Market price of the Goods Subject to Review**

Shackerley submitted that “they would expect a decrease in prices from European Union producers of porcelain large tiles / panels if their monopoly were to be removed”. Due to this being forward looking and speculative, we were unable to verify this. However, this does seem reasonable.

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Exceptions/Findings/Adjustments

There were no exceptions, findings and adjustments to report with regards to the Economic Interest Test.

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confidential

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Conclusions

The information relating to Economic Interest Test that we have been provided by Shackerley 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 case team assesses that the data provided by Shackerley can still be used in this review as no non-structural brick slips were imported from the PRC apart from a small shipment of samples.

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## Conclusions

Shackerly imports non-structural brick slips, and are of the opinion that this product should not be included in the measure, hence did not report any information relating to the product in its submission. After verification activities concluded the TRA received confirmation from HMRC that non-structural brick slips are included in the measure. Shackerley did not import any brick slips from the PRC during the POI however there were imports from Germany that should have been included in their submission. The case team has concluded that the omission will not have a significant impact on our ability to use the data that was provided and verified for use in our assessments.

We were able to gain a reasonable level of assurance over the completeness of the data provided by reconciling the sales and import purchases upwards to the audited financial statements.

We were able to verify the accuracy and relevance of the transactional import purchase data provided within the questionnaire annex to Shackerley's supporting documentation and where discrepancies were found, Shackerley was able to provide us with a suitably revised questionnaire annex.

In summary, we have obtained sufficient and appropriate evidence in order to conclude that the information provided by the company under all of 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 and duration	Type of authentication	Company representatives	TRA representatives
28 November 2022	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
31 January 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[REDACTED]	[REDACTED]
13 March 2023	<input checked="" type="checkbox"/> remote <input type="checkbox"/> on-site	[REDACTED]	[REDACTED] [REDACTED] [REDACTED]
22 - 23 June 2023	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]