



Verification Report – UK Producer

Case TD0056: Ceramic Tableware and Kitchenware from the People’s Republic of China

Period of Investigation (POI):	1 April 2023 – 31 March 2024
Injury Period:	1 April 2020 – 31 March 2024
Date of report:	28 January 2025
Case team contact details:	TD0056@traderemedies.gov.uk
Interested party verified:	Churchill China (UK) Ltd

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 Tableware and Kitchenware from the People's Republic of China (PRC), pursuant to Part 12 of The Trade Remedies (Dumping & Subsidies) (EU Exit) Regulations 2019 ('the Regulations') - Statutory Instrument 450/2019.

More information about the case can be found on the [public file: TD0056 - Ceramic Tableware and Kitchenware from China](#).

Churchill China (UK) Limited (Churchill China), a domestic producer of the like goods, returned a completed, domestic producer questionnaire ('questionnaire response'). It also imports and sells sourced goods which include small volumes of sourced like goods, and non-ceramic goods (which are not within the scope of this transition review). Churchill China has a small public-facing retail outlet based at its main manufacturing site in Tunstall, Staffordshire but the majority of its sales are direct to hospitality businesses and wholesalers worldwide.

Churchill China was cooperative with the TRA and hosted representatives of the TRA for a facilitation visit on 17 July 2024 and submitted both a pre-sampling questionnaire (PSQ) and substantive questionnaire response, the non-confidential version of which is available on the [public file](#).

Churchill China provided us with an online systems walkthrough to familiarise the TRA with its accounting systems and then hosted representatives of the TRA for a three-day verification visit in October 2024. Churchill China was forthcoming with information both during and after these visits.

During verification, the TRA compared information provided by Churchill China to published financial statements, unpublished accounts, management reports and various open sources of information. The TRA also performed a reconciliation between the published financial statements and the financial data provided in the questionnaire and annex in order to verify the consistency of the information provided.

The TRA have no concerns in respect to the information provided by Churchill China for the purposes of verification. We were able to check the information provided by Churchill China in its questionnaire response, its annex data, and in response to our enquiries throughout the verification process. Where discrepancies were identified, Churchill China was able to provide us with updated information or supporting evidence to our satisfaction. Where information could not be provided or could not be provided in a format we could use or adequately test, we identified it early and discussed options with Churchill China.

Based on the work undertaken, we have a reasonable level of assurance that the information provided by Churchill China that we have assessed can be treated as complete, relevant, accurate and can be used for the purposes of this transition review.



This said, although Churchill China provided us with information for output, investment and return on investment, these were provided in a format that could not be tested or compared to other datasets. As such, we may not be able to use this data for the purposes of this transition review.

Additionally, Churchill China was not able to provide us with data for factors including market share, production capacity, wages, or employee productivity so these cannot be used for the purposes of this transition review.

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 for the purposes of this transition review.

The information verified may then be considered in our assessments and analysis to determine whether injury to the UK industry is likely to continue or recur as a result of dumped imports of the goods subject to review to the UK. This will form the basis for our recommendation to either vary or revoke the measure.

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

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

Confidential information

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

If any information contained in this verification report is considered confidential, Churchill China 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 completed by the TRA to determine whether the information provided by Churchill China in its questionnaire response is complete, relevant, and accurate.

A. Company structure and associations

What information was considered
<p>From the questionnaire, we verified the:</p> <ul style="list-style-type: none"> • General set-up, including the ownership and management of the company; • Company details; and • Company associations.
<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></p>
How the information was checked
<p>Company information, set-up, ownership, locations, and management</p> <p>We cross-checked the information provided by Churchill China on company details, ownership, and locations by examining official documents published on Companies House, including Churchill China’s most recent published financial statement for the year ended 31 December 2023. We found the information from these sources to be consistent with the information provided by Churchill China in its questionnaire response and on publicly available sources.</p> <p>Associations</p> <p>We cross-checked information provided by Churchill China with regards to associated parties. We confirmed the relationship between Churchill China and a number of current and dormant related companies within the parent company, Churchill China Plc. We found no inconsistencies and found the relationships as described to be simple and intuitive.</p>
<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></p>



Exceptions / Findings / Adjustments

We found no issues with the data provided and no adjustments or amendments were 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 company structure and associations provided by Churchill China is verifiable. Based on the work undertaken, 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 dumping likelihood assessment, the injury likelihood assessment, the EIT and for any other purpose within 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](#)):



B. Accounting systems and procedures

What information was considered

From the questionnaire, we verified Churchill China's:

- Enterprise Resource Planning (ERP) system;
- Accounting policies;
- Sales / customer order process and procedures;
- Cost model; and
- Production process.

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 conducted a walkthrough of Churchill China's accounting systems to understand how the data reported in the questionnaire and annexes were produced. We were able to confirm that Churchill China's ERP is [Integrated Financial Systems](#) (IFS) which is used for sales and purchases. We also saw Churchill China's cost model, which is managed separately from the ERP through stand-alone spreadsheets.

During the onsite visit, Churchill China showed us how it obtained the sales data submitted in the questionnaire annex from its ERP and we asked for reports to be extracted using the same process to test the system. We found no material risk factors when reviewing the ERP that may affect the data Churchill China submitted for the purpose of 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](#)):

Exceptions / Findings / Adjustments

There were no exceptions or adjustments to report with regards to the accounting system and procedures.

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 Churchill China's ERP and how it extracted the data submitted to the TRA in the questionnaire annex. 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](#)):



C. Goods

What information was considered

From the questionnaire, we examined the:

- Internal Coding System (ICS) and Internal Control Numbers (ICN) used by Churchill China;
- Goods description and comparability to the like goods made and sold in the UK; and
- Identification of non-like goods.

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

How the information was checked

ICNs

We discussed the formatting of Churchill China's Internal Control Numbers (ICNs) and gained a good understanding of how codes are assigned and what information they convey.

We compared these ICNs to the descriptions provided in the Product Comparison tab of the questionnaire annex. We found a strong correlation between unique ICNs and goods descriptions.

We are satisfied that the ICNs used by Churchill China are reliable and correspond to unique goods, however they do not contain enough information to be able to automatically separate like goods from non-like goods nor allow goods to be assigned to the Product Control Numbers (PCNs) as provided by the TRA.

Identification of the like goods

The TRA visited the Churchill China factory and reviewed the production process from the arrival of raw materials to the warehousing of finished goods. We are satisfied that Churchill China only produces goods within the scope of this transition review.

This said, we reviewed the sales data provided by Churchill China and confirmed that some sourced goods sold by the company do fall beyond the scope of this transition review.

We confirmed that these non-like goods could not be excluded by ICN in ERP turnover reports, and so exact turnover figures corresponding to a subset of goods could not easily be extracted.

However, Churchill China were able to extract sales figures for non-ceramic goods through a separate invoicing report (also through the ERP) for the injury period. This



allowed it to return an approximate turnover split between like goods and the non-like goods.

This figure for the POI was within an acceptable tolerance of the total sales value for the transaction by transaction (T-by-T) sales data, with the difference being adequately explained by the way rebates are processed.

We have reviewed the methodology for returning non-like good sales and the calculation of approximate turnover figures for the like goods and are satisfied that they are both reliable and 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

We found no issues with the data presented and checked. No adjustments or amendments were 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 goods provided by Churchill China 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 the dumping likelihood assessment, the injury likelihood assessment, the EIT and for any other purpose within 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](#)):



D. Sales

What information was considered

From the questionnaire, we examined Churchill China's:

- Sales transaction listing;
- Statutory accounts; and
- Sales transaction documents including invoices, payment evidence etc.

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 methodologies by which Churchill China extracted the sales data from the ERP for the POI and the injury period and how it separated sales data for like goods from non-like goods. This was to satisfy ourselves that the figures provided for the injury period could be used for the purposes of the injury likelihood analysis.

We first reconciled Churchill China's overall sales data for the Injury Period via internal turnover reports to the two most recent sets of published financial statements and found that they all aligned satisfactorily.

We confirmed that these turnover reports were not able to return sales data for the like goods only as they could not distinguish between sales of ceramic and non-ceramic goods. However, Churchill China was able to provide us with sales data for manufactured ceramic goods only through separate invoiced sales reports. We reconciled the invoiced sales report for the POI to the detailed sales data provided in the questionnaire to within an acceptable tolerance level. Churchill China provided sufficient explanation and evidence for the variance.

We assess that the methodology used to identify like goods sales was reasonable and we gained reasonable level of assurance that the sales data can be treated as complete.

Downward sales

The TRA selected and requested a sample of invoices and supporting documentation covering various products provided in Churchill China's T-by-T sales data. Each of these supporting documents fully agreed with the transaction data within the T-by-T. This gave us assurance on the accuracy of the sales transaction tested.

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

We found no issues with the data presented and checked. No adjustments or amendments were 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 sales provided by Churchill China is verifiable. Based on the work undertaken, we have a reasonable level of assurance that the sales information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for the dumping likelihood assessment, injury likelihood assessment, EIT and for any other purpose within 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](#)):



E. Injury

What information was considered

From the questionnaire, we examined the:

- Export and domestic sales of both like goods and non-like goods;
- Profitability for all goods and like goods;
- Production output by unit (volume) for the like goods;
- Cashflow for all goods;
- Inventory of the like goods; and,
- Employment.

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

Export and domestic sales of both like goods and non-like goods

We checked the methodology by which domestic and export sales were extracted as well as the method for separating like good sales from non-like goods sales and found both methodologies to be reasonable and reliable.

We reconciled the domestic and export sales of all goods back to the published financial statements and found they aligned.

Because of limitations in the data stored in ICNs discussed above, like goods sales were calculated by reference to separate reports of invoiced sales for the IP. These figures did not exactly align with reported turnover figures because of the way the two datasets treat rebates, but we found these figures aligned satisfactorily with the T-by-T data provided for the POI; and were in keeping with our understanding of the business gained during our in-person facilitation and verification visits.

Profitability

Churchill China provided internal management reports which provided overall profitability figures on a month by month basis. Calendar year figures from these reports aligned completely with figures for profitability in the published financial statements.

Equivalent figures for the injury period were extracted and apportioned to like goods using the ratios calculated for like goods / non like goods sales. We assessed this methodology to be reasonable and reliable.

Output

We were not provided with output figures in the questionnaire response, but during the verification visit Churchill China provided ERP reports showing output by unit for each month of the injury period. We assessed these figures to be reasonable, although the



nature of the figures meant that they could not be reconciled to other datasets and so could not be tested.

Cash flow for all goods

We have been able to reconcile Churchill China's cash flow figures to published financial statements via ERP reports that return cash position on a month-by-month basis for the injury period.

Inventory

Churchill China provided the monthly figures for closing stock levels for all goods that reconciled to its financial statements and a breakdown by the material of the goods. Using this data, we checked the accuracy of the monthly reconciliation of the stock to the financial statements and recalculated the stock of the like goods for the POI. We identified a small discrepancy between Churchill China's reported stock figures and our calculation of stock figures for the period 2020-2021. We assessed the discrepancy as immaterial to the injury assessment as it does not change the trend in the data over the injury period.

Employment figures

We compared the employment figures for number of employees provided in the questionnaire annex for the IP with employment figures published in the published financial statements. Churchill China confirmed that there was no change in employment figures between the end of the financial year and the end of the POI. We've found the figures provided to be reasonable and reliable for the purposes of this transition review.

Investments and return on investments

Churchill China provided us with figures for investments and return on investments for all goods and in calendar years only. Churchill China confirmed that it could not easily provide this data for the like goods only or aligned to the injury period. As such, we could not gain assurance over this data.

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



Exceptions / Findings / Adjustments

The TRA were provided with information for output, but this could not be reconciled with other data sources. The TRA were also provided with information on investment and return on investment, but in a format that could not be verified or used for our analyses. We have not been able to gain any assurance over these figures and may not be able to use these for the purposes of this transition review.

The TRA was not provided with adequate information on market share, production capacity, wages, or employee productivity, so these could not be assessed and cannot be used for the purposes of 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](#)):

Conclusions

The information relating to injury factors provided by Churchill China is verifiable.

Based on the work undertaken, we have a reasonable level of assurance that the information provided relating to sales, profitability, cash flow, inventory and employment figures can be treated as complete, relevant, and accurate and can be used for the purposes of this transition review.

We did not receive sufficient information for some of the injury factors we requested. This included output, investments, return on investment, market share, production capacity, wages or employment productivity. We were not able to assess these and may not be able to use them for the purposes of 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](#)):



F. Economic Interest Test

What information was considered

From the questionnaire, we examined:

- Suppliers information;
- Employment figures, and;
- Price changes.

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

Supplier information

The TRA selected and requested sample invoices and supporting documentation covering a range of suppliers. Each of these supporting documents fully agreed with the transaction data that fed back to the T-by-T data provided.

Employment figures

We compared the employment figures provided in the questionnaire annex for the IP with employment figures in the published financial statements. We found the figures provided to be reasonable and reliable for the purposes of this transition review.

Price changes

We reviewed statements made by Churchill China regarding its forecasts of changes in price and production volumes were the measure to be revoked. We compared these to current duty rates and assessed that, whilst forecasts, the predicted changes in price and production appear 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

We found no issues with the data presented and checked. No adjustments or amendments were 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 the economic interest test provided by Churchill China 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 the dumping likelihood assessment, the injury likelihood assessment, the EIT and for any other purpose within 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](#)):



Conclusions

We have fully reviewed the information provided to us by Churchill China in its questionnaire submission.

We undertook a systems walkthrough to understand Churchill China's accounting systems and the process through which the data provided was extracted. We cross checked the information provided by Churchill China against published financial statements, internal reports and demonstrations during our verification visit. We reviewed and were satisfied with the methodology by which like goods data was separated from non-like goods data. We reviewed and were satisfied with Churchill China's sales figures and factors relating to suppliers and price changes. We cross-checked and, where possible, replicated the calculation of figures pertaining to injury factors over the injury period, including sales, profit, inventory, cashflow and employment and found them to be reasonable and reliable. Based on the work undertaken, we have a reasonable level of assurance that the information provided in its questionnaire response for these factors is complete, relevant, and accurate and can be used for the purposes of this transition review.

Although Churchill China provided us with information for output, investments and return on investments, these were provided in a format which could not be tested or compared to other datasets. As such, we may not be able to use this data for the purposes of this transition review.

Churchill China was not able to provide us with data for factors including market share, production capacity, wages or employee productivity so these cannot be used for the purposes of this transition review.



Annexes

Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
14 October 2024 09:00 – 16:00	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[redacted]	[redacted]
15 October 2024 09:00 – 16:00	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[redacted]	[redacted]
16 October 2024 09:00 – 16:00	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	[redacted]	[redacted]