



Authentication report – Domestic producer Case SE0041: Extension review of safeguard measures on certain steel products

Period of Investigation (POI):

1 April 2018 to 31 March 2023

Date of report:

09 February 2024

Case team contact details:

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Company verified:

British Steel Limited (British Steel)

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



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Executive Summary

The TRA is conducting an extension review to determine whether the expiry of a definitive safeguarding remedy would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods, following the measure imposed as a result of the reconsideration of the transition review TF0006 from 1 July 2022, the SM0016 tariff rate quota review from 1 July 2022, the SM0019 tariff rate quota review from 1 July 2022, and the TQ0030 tariff rate quota review from 30 June 2023.

As part of the review, we sought to assess the accuracy of the information British Steel provided in its questionnaire response, which covered its company structure, its like goods, the cost of production of these goods, its sales of those goods, and the potential injury and economic-interest effects of extending the measures or allowing the measures to expire.

To authenticate the information provided by British Steel, we have:

- compared questionnaire responses and other accompanying evidence and information from open sources;
- checked information for consistency with audited financial statements and consistency with the responses from other interested parties; and
- assessed relevant accounting systems to determine how much reliance we can place on data produced.

We conducted remote authentication meetings with British Steel (see [annex 1](#) for meeting details), as well as numerous desk-based authentication activities, including, but not limited to observation, confirmation, re-calculation, and analytical review.

Based on the authentication activity that we have undertaken we have concluded that we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by British Steel and we can use it for the purpose of this review without any adjustments. We have noted the claims made by British Steel about the potential impact of extending the existing safeguard measures or allowing the existing safeguard measures to expire. Despite the limited supporting



evidence, it is reasonable to assume that British Steel has answered these questions based on its knowledge and understanding of the market. These claims will be considered alongside responses from other domestic producers to understand the position of the producers.

Purpose of authentication

The purpose of the TRA's authentication activity is to provide reasonable assurance on the questionnaire information and data provided by British Steel for use in this extension review. We will draw various levels of assurance on the completeness, accuracy and relevance of information deemed verifiable. Such data may then be considered in our assessments and analysis to determine whether the expiry of a definitive safeguarding remedy would likely result in a continuation or recurrence of serious injury to UK producers of the relevant goods.

The activities undertaken did not seek to verify all information provided, but to undertake the work considered appropriate and possible within the time constraints of the investigation to obtain assurance on which to base a decision.

Purpose of this report

This authentication 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 British Steel. It details any adjustments made to the data during the authentication process with the interested party and forms the basis on which the interested parties can provide the case team with a non-confidential summary for general publication.

Confidential information

British Steel 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 authentication 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 authentication report will be placed on the public file.



Authentication

Please find below a summary of work that has been completed and the checks that have been carried out by us to authenticate information provided by British Steel in its questionnaire and annex response.

A. Company structure and associations

What information was authenticated

We confirmed information provided by British Steel on the following areas:

- history of the company;
- principal activities;
- locations and functions;
- ownership, associations and interrelations;
- reliability of the financial statements; and
- financial year convention.

We reviewed British Steel's accounting systems and procedures to consider:

- accounting practices and policies;
- systems and processes for recording data; and
- integration and automation of accounting and other systems used.

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 authenticated

We checked the information provided by British Steel relating to its company structure, function, locations, and history by examining third party and open-source information (for example, Companies House, news and industry publications etc.),



as well as information published independently by British Steel (for example, company websites, press releases etc.). We found the information from these sources to be consistent with the information provided in the questionnaire responses to this extension review.

We assessed the reliance we could place on the published financial statements by confirming that audited financial reports submitted by British Steel had been compiled by reputable accountants and that the information contained within them relating to company structure and accounting policies is consistent with submissions to this extension review and publicly available information. At the time of our authentication work, audited financial statements for the period ending 31 December 2022 had not been filed at Companies House due to delayed submission of the 2021 statements. The 2021 statements contained an adverse audit opinion in relation to a subset of inventory valuations (affecting approximately nine per-cent of all inventory held at the balance sheet date). The inventory factor was assessed and is immaterial in the context of this extension review. All other aspects of the statements were deemed to show a true and fair view.

In a remote authentication meeting, British Steel explained its accounting systems and cost and profit centre arrangements, as well as the integration of different systems. The company's representative provided a description of their internal management systems and walkthroughs of sample purchase and sales transactions.

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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that the company structure and associations information submitted by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for the purposes of this extension review.

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

B. Goods

What information was authenticated

- Product definitions and internal coding system; and
- goods description and comparability to the definition of the 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 authenticated

We analysed how British Steel assigned the products listed as like in the questionnaire annex. We carried out further checks against product descriptions provided with open-source material (for example, British Steel company website, other steel-related resources etc.) and other evidence submitted by British Steel during this review (for example, product brochures, production facilities etc.).



We reviewed whether that British Steel had reported sales and costs for all relevant product categories within the questionnaire response by comparing the reported product categories with open-source material (for example, British Steel company website, other trade-related resources including those authored by UK Steel etc.). Our checks extended to ensuring that any products that ought to be included as part of the like goods had not been omitted from its submission.

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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that information submitted in connection with goods by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for the purposes of this extension review.

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



C. Sales

What information was authenticated

We analysed the trends in the annex data that British Steel provided for sales by considering the:

- volume;
- value; and
- average price by customer type and market.

We also:

- assessed the reliability and completeness of sales figures for all goods the company reported in its questionnaire annex; and
- checked whether the proportion of the sales values were consistent with other information.

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 authenticated

We checked total sales reported in the questionnaire response annex to audited financial statements and management accounts provided by British Steel. We identified that British Steel used a different reporting year compared to the 12-month periods of the POI. We therefore adjusted the submitted data using monthly trial balances in order to reconcile its submitted sales data to audited financial statements. For 2022, no audited financial statements were available. As such, we compared annex data with management information to test completeness and consistency.

We confirmed how the total sales of the like goods as reported in British Steel's questionnaire response relate to the total sales revenue for the company. We



analysed sales data to identify trends and detect inconsistencies and, where necessary, requested management commentary and explanations to support and explain key trends and deviations.

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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that the sales information submitted by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension review.

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

D. Costs

What information was authenticated

We authenticated the following:

- cost structure and cost components;



- cost allocation and relevant changes in accountancy policies; and
- any impacts of shared services, company associations and agreements with suppliers.

We also assessed the reliability and completeness of cost data reported in the British Steel questionnaire annex.

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 authenticated

We checked the total costs reported in the questionnaire response annex to audited financial statements, management accounts and other information provided by British Steel. We identified that British Steel used a different reporting year compared to the POI of the review. We therefore adjusted the submitted data using monthly trial balances in order to reconcile its submitted cost data to audited financial statements. For the period covering 2022, we used monthly trial balance records and compared these to what was submitted in the questionnaire response the audited financial statements not being finalised.

We additionally tested the reliability of the cost data in the context of the adverse audit opinion related to a subset of inventory balances (referred to in [Company structure and associations](#)). We approached this by assessing the likely impact of adjusting for a complete or partial omission of these values. The overall impacts of any such adjustments are trivial in the context of the POI, as opening inventories are equal to a prior period's closing inventories, and the combination of these cost contributors net-off. For the specific accounting period of 2021, any change in cost values, caused by uncertainty concerning this subset of closing inventory values, was assessed as being immaterial both in terms of value and its potential impact on any case decisions.



We reviewed the relationship between total costs of the like goods as reported in the questionnaire response with the total costs of the company. We analysed costs data to determine how total costs and the costs per unit have developed throughout the POI and sought to highlight any anomalies which may require further investigation. Where necessary, we requested management commentary and explanations to support and explain key trends and deviations. We also discussed with management and reviewed statutory disclosures and supporting management information to determine the impact of shared services, agreements with associations and suppliers, and any changes in accounting policies. There were no material changes noted.

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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that the cost information submitted by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension 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 and adjustment plan

What information was authenticated

We considered the questionnaire injury annex data provided by British Steel, as well as data provided elsewhere in the company's submission, in the following areas:

- production;
- capacity utilisation;
- employment numbers and salaries;
- productivity;
- profit margins (UK sales and third country sales);
- return on investment; and
- cash flow.

We also considered the adjustment plans set out by British Steel in their questionnaire response.

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 authenticated

We analysed annex data relating to injury along with other data provided in the questionnaire response to British Steel audited financial accounts and compared these data (sales, profits, production output, capacity utilisation, inventories, and employment) to management accounts and other management information and documentation provided by British Steel. Where necessary, we requested specific extracts and other explanations from British Steel which we checked for consistency with the information submitted.



We checked that the injury factors as reported in questionnaire response are consistent with disclosures and extracts from statutory and management accounts records. Where judgement was required, we assessed whether declared amounts, such as those related to production output and capacity utilisation, were calculated on a reasonable basis. We documented the internal processes underpinning them and reviewed the reliability of the systems involved in data extraction. Information concerning disaggregated returns on investment was not submitted as part of British Steel’s questionnaire. The highly integrated nature of operations means that only company-wide investment returns are available.

We reviewed adjustment plans for reasonableness and obtained evidence that actions have been taken by British Steel to adjust to the expiry of the safeguard measures.

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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that the injury information submitted by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension 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 authenticated

We checked the locations in which British Steel operates against publicly available information.

We also sought to authenticate:

- supply chain information;
- turnover;
- employment figures;
- median wages;
- manufacturing locations;
- market share;
- exports; and
- the relevance of the specified goods to British Steel operations.

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 authenticated

We checked the economic interest test (EIT) factors reported in the questionnaire response annex to audited financial statements, management accounts and other extracts, evidence and explanations provided by British Steel, as well to our authentication work for corresponding sections as detailed above. This included authentication of submitted employment information, sales forecasts, and injury information related to the economic interest test.



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

No exceptions were identified, and no adjustments to the British Steel submission 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

Based on the work we have done, we have a reasonable level of assurance that the EIT information submitted by British Steel can be treated as complete, relevant, and accurate. The information can therefore be used by the TRA for this extension 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 found no inconsistencies, omissions or errors concerning British Steel's history, principal activities, locations and functions, and its ownership and associations.

Explanations provided by British Steel, as well as system walkthroughs delivered during remote authentication, confirm that its accounting systems are underpinned by sufficient review procedures and a satisfactory segregation of duties to maintain independence and accuracy. There were no recent material changes to these systems, or the procedures and accounting policies that underpin them.

The information relating to British Steel in relation to the like goods is consistent with our findings and knowledge of its product range. We found no examples of inconsistencies, errors, or omissions in terms of product scope, and noted no material concerns about internal coding systems and methodologies used.

The trends observed in the sales and costs data are consistent with the management and statutory records of British Steel, as well as general industry and geopolitical developments. We found no material anomalies or inconsistencies concerning trend of sales value and volume or costs. Our analytical review findings were consistent with evidence and explanations obtained.

We reconciled British Steel's reported sales and costs figures to the total figures in the audited financial statements, except for the sales figures in the period covering 2022. For this period, management information was used in lieu of audited financial statements, which had yet to be finalised at the time of authentication. We are reasonably satisfied that sales and costs data are complete.

The information relating to the injury factors is reasonable and consistent with our knowledge of British Steel's operations during the POI and evidence and explanations obtained. We are satisfied with the adjustment plans provided and that action is being taken to plan for the expiry of the safeguards measure.

The information relating to the EIT factors is reasonable. We found no errors, omissions or inconsistencies concerning British Steel's disclosures and responses and have concluded that British Steel's forecasts, in the event that the safeguard



measures are extended or allowed to expire, are reasonable and can be utilised within the case when forecasting future effects on domestic sales and production.

We have obtained sufficient and appropriate evidence in order to authenticate the information provided by British Steel under all of the sections above. We have a reasonable level of assurance that the information is complete, relevant, and accurate for the purposes of this extension review.



Annex 1: Meeting details

Date and duration	Type of authentication	Company representatives	TRA representatives
21 December 2023, 14:30-16:00	<input checked="" type="checkbox"/> Remote	[Redacted – personal information]	<p>[Redacted – personal information] – Lead Investigator</p> <p>[Redacted – personal information] – Senior Investigator</p> <p>[Redacted – personal information] – Senior Verification Advisor</p>
5 January 2024, 10:30-12:00	<input checked="" type="checkbox"/> Remote	[Redacted – personal information]	<p>[Redacted – personal information] – Lead Investigator</p> <p>[Redacted – personal information] – Investigator</p>
10 January 2024 15:00-15:15	<input checked="" type="checkbox"/> Remote	[Redacted – personal information]	<p>[Redacted – personal information] – Lead Investigator</p> <p>[Redacted – personal information]</p>



			information] – Senior Verification Advisor
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