



## **Verification report – UK Producer non confidential Case TD0029 - Certain Cast Iron Articles originating from the People’s Republic of China**

<b>Period of Investigation (POI):</b>	01 October 2021 – 30 September 2022
<b>Injury Period:</b>	01 October 2018 – 30 September 2021
<b>Date of report:</b>	31 August 2023
<b>Case team contact details:</b>	TD0029@traderemedies.gov.uk
<b>Company verified:</b>	Thomas Dudley Foundry Limited (TDF)

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 Certain Cast Iron Articles originating from the People's Republic of China ('the goods subject to review'), pursuant to Part 12 of The Trade Remedies (Dumping & Subsidies) (EU Exit) Regulations 2019 ('the D&S Regs.' or '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 producer Thomas Dudley Foundry Limited (TDF) provided in its questionnaire response. This covered its company structure and operations, imports, sales, injury, and the economic impact of varying or revoking the measures.

Due to capability limitations standard costing data was used to populate the TDF cost data provided in the questionnaire annex for the like goods. The reason for this is that actual costs are not allocated according to the type of product. As a result, TDF used the most accurate information available to extract the product-by-product cost data, which was standard cost.

During the verification process, the TRA compared TDF's questionnaire responses, including the accompanying evidence and data annexed to it, information from open sources, such as Companies House, HM Revenue & Customs (HMRC) and TDF's website as well as confidential HMRC data. 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.

Based on the verification activities that we have undertaken, we have concluded that we have a reasonable level of assurance on the completeness, relevance, and accuracy of the company structure and operations, imports, sales, cost, injury, and the economic impact. The TRA is content that the cost of production data provided (which is based on standard costing methodology) is sufficiently accurate for the purposes of our investigation.

## Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to decide whether the information (data) provided by the interested party is verifiable and can be used for the purposes of our investigation. If deemed complete, relevant, and accurate, data may 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 subject to review. This will form the basis for establishing appropriate measures where necessary, and to assess whether these are in the UK's economic interest.

We carried out verification activity using desk research and undertook on-site verification analysis. The activities undertaken did not seek to verify all information



provided but to undertake the work considered appropriate and practicable within the time constraints of the transition review to obtain assurance on which to base a decision.

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

## Confidential information

TDF 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 verification report is considered confidential, TDF 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 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 TDF in its questionnaire response is verifiable.

### A. Company structure and associations

#### What information was considered

We considered the following from the questionnaire:

- Company details e.g., founding date, company addresses etc.
- General company structure, ownership, and management.
- Associations with other companies.
- Accounting practices and policies

*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

##### **General set-up, ownership, locations, and management**

The TRA cross-checked the information provided by TDF on company details, ownership, and locations by examining submissions published by Companies House, including the company's most recent audited financial report for the year ending 31<sup>st</sup> December 2021, which covers three months of the period of investigation (POI) and its incorporation certificate. We found the information from these sources to be consistent with the information provided by TDF in its questionnaire response and on its own website.

##### **Associations**

We conducted our investigation using information found on Companies House, which also allowed us to determine whether any of the company's directors or shareholders had associations with other companies. The findings were compared to the questionnaire responses. We found the information we retrieved from those sources to be consistent with the information provided by the company in its questionnaire response.

##### **Accounting Practices and Policies**

We reviewed the audited financial statements from 2018 to 2021 and compared them to the accounting practices disclosed in the questionnaire response. The



financial statements for TDF are prepared in accordance with the United Kingdom Generally Accepted Accounting Practices (GAAP). No issues were found. The auditor’s report for the above periods confirmed that the accounts are unqualified and give a true and fair view of the company’s affairs.

**Accounting system walkthrough**

On the 3<sup>rd</sup> and 4<sup>th</sup> of May 2023, we conducted a walkthrough of the accounting system (Epicor) on how costs and sales were tracked into TDF’s accounting system. TDF provided us with an explanation of the integration between its various systems with its main accounting system Epicor. We were able to gain an understanding of the accounting process as well as determine whether we could rely on the information provided for sales and costs from them. During this process, the TRA identified data that was unreconcilable to the audited financial statements, trial balances and management accounts. These issues were due to a misunderstanding in terminology, specifically “Like Goods.” Once rectified, TDF updated its data and provided a fresh annex which did reconcile to audited financial statements, trial balances and management accounts.

During the system walkthrough, we determined which tasks are manual, where there are segregated duties, and what checks and approvals are needed before transactions are posted to the accounts. The TRA identified two transactions from the questionnaire annex (one for sales and one for raw materials) and TDF walked those transactions through the Epicor system. TDF provided screenshots and the relevant supporting evidence of the sales and purchase process.

We requested and received demonstrations of the audit trail generated when changes are made in the accounting system, the system controls, as well as the reports from the system that were used to extract the data entered by TDF into its questionnaire response.

Based on this walkthrough we were able to agree the two selected sample transactions back to source documentation.

*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, findings, and adjustments to report with regards to the company information and associations.

Issues with the data identified at this stage were rectified and an updated annex provided.



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**Conclusions**

The information relating to company structure and associations that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this transition review.

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**B. Goods**

**What information was considered**

We examined the following from the questionnaire and annex:

- TDF’s internal product coding system
- Goods description and comparability to the like goods and the other products produced. The like goods are defined in Notice of initiation on the public file.
- Product Control Number (PCN) allocations
- Verification that the sales transactions provided in the annex were assigned an appropriate PCN matching the goods description.

In addition, the TRA reviewed TDF’s facilities and production processes during a verification visit.

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**How the information was checked**

The TRA compared information supplied in the questionnaire, annex, and appendices to open-source data available on the TDF website, Companies House, and other industry information.

**PCN code allocations and internal coding system**

The ICS (Internal Coding System) for TDF consists of a long-form 12-digit alpha-numerical code, of which the first 6 letters reference the type of product, and the



final 6 numbers are allocated using its accounting system which picks the next available number. The 6-digit codes are unique and used to identify products on documentation interchangeably with the full 12-digit code.

TDF assigned PCN codes to products manually, using the product description held within its computer systems. The PCN TDF assigned to each product description was compared against product sales brochures, website data, and invoice details to check that TDF had followed the PCN structure correctly in its questionnaire response. Some PCNs covered multiple products; however, these were clearly differentiated by product descriptions provided in the annex documents and detailed with the 12-digit ICS code as well as the relevant PCN. No products were found to have been incorrectly allocated.

### **Goods description and comparability to the like goods and the other products produced**

Products TDF declared as not the like goods were compared against the product scope in the case initiation document. A selection of PCNs were compared to check the PCN structure had been followed correctly. Uncertainty around whether certain goods, known as “sealing plates” were correctly included arose during these checks. Discussions with TDF during the accountancy walk-through confirmed that these products were correctly included.

No goods were found to have been wrongly excluded or included.

### **Consistency between different sections of the annex**

The TRA cross-checked all worksheets in the questionnaire annex to ensure that there was consistency between internal product codes, PCNs, and product information sheets. We found no product codes or PCNs in the annex document that were not identified in the PCN listing provided by TDF. Figures allocated to each PCN in each annex could always be reconciled to the same allocation as reported in all other relevant areas of the questionnaire.

### **Site Visit**

The TRA completed a site visit on 19 December 2022 to establish the production methods used by TDF. We viewed the production process in a non-operational state from start to finish and inspected finished products as well as viewing raw material storage facilities.

*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, findings, and adjustments to report with regards to goods.

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Conclusions

The information relating to the company's goods provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this transition review.

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C. Costs

What information was considered

The TRA considered the following from the questionnaire, annexes, and appendixes:

- Direct and indirect cost components
- Sample of relevant cost components – major inputs, direct labour, manufacturing overheads, Administration, Selling & General costs etc.
- Shared services
- Depreciation and amortisation policies and methods
- Associated party transactions

TDF submitted its cost data for all goods and like goods in its questionnaire responses. All goods include the like goods and all other goods that TDF produces.

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How the information was checked



**Upwards verification** is the process of verifying information submitted by TDF to its audited financial statements using its trial balance, and management accounts, to test the completeness, relevance, and accuracy of the financial data provided.

The TRA performed upwards verification to confirm the completeness of the cost to make and sell. This was achieved by reconciling the total cost to make and sell data for all goods provided by TDF in its questionnaire response annex to:

- the latest audited financial accounts from Companies House for the year ending 31 December 2021 for the first three months,
- and unaudited financial statement for year ending 31 December 2022, for the remaining nine months of the POI.

TDF's financial year runs from 1 January to 31 December, which does not align with the POI for this transition review. As a result, the reported total cost to make and sell data for all goods had to be aligned using the trial balance and management accounts for both financial years, to the data contained in TDF's questionnaire response.

During the reconciliation process, the cost to make data provided by the IP was reconciled to summary figures provided within the questionnaire submission. Profit related pay was identified as having been omitted from the cost to make data during this reconciliation. In the revised questionnaire annex, TDF has made the appropriate adjustments.

We were unable to agree the actual cost for the like goods to the general ledger due to the limitations of the system whereby the actual costs are not allocated on a product-by-product basis. TDF have used the best information that was available to them which was to use standard costing.

From our reconciliation of the cost balances to the trial balance and financial statements there is a difference of [redacted]. This variance relates to the difference between the standard costs and actuals. The cost to make for like goods is [redacted] of total cost to make for all goods; as such, if this balance was apportioned to the like goods, the value would be [redacted]. Considering the like goods only, the variance is not significant for the purposes of this investigation and has not been adjusted for.

We are therefore satisfied with the data provided and we not allocating the variance for the purposes of this review. The TRA will treat the data as complete relevant and accurate.



**Downward verification** is the process of verifying the accuracy and relevance of the purchase transactions listed in the questionnaire annex, by agreeing transaction details to supporting evidence.

As a result of the analysis of the cost data provided in the questionnaire and annex documents, the TRA selected a sample of transactions to be tested. At the time of the verification visit, TDF provided source documentation associated with the sample of selected transactions and demonstrated its accounting system for these transactions. In Epicor, transactions were tracked from purchase orders to payment, along with bank payments and general ledger entries.

Samples of raw material purchase transactions included pig iron, scrap metal, alloys, paint, sand, and energy inputs. For these, we received the purchase order, supplier invoice, goods received confirmation, remittance advice and bank statements. A few minor issues were raised when tracing transactions to these source documents but all were resolved during verification.

During raw material testing, three products were identified to have been included erroneously, which have been adjusted for. A further transaction of [redacted] to [Redacted]Ltd was identified as being related to climate levy balances covering the period of the POI and years outside the POI. However, when apportioned over the period this fell below the level of materiality. It does not impact any of the data.

The TRA reviewed the methodology for allocating manufacturing overheads and AS&G costs to the like goods. This involved usage of standard costs for production and production volumes for the like goods, apportioning to departments on a percentage split. The TRA traced 2 samples for manufacturing overheads and 3 samples for AS&G costs to source documents, as well as testing the allocation methodology for these samples, concluding that it was reasonable and consistently applied.

The TRA also reviewed the methodology for allocation of direct labour costs to the like goods, using standard costs and production volumes. Two samples were tested using the allocation methods and agreed to two months of payroll breakdown. We have gained reasonable assurance over the relevance of these costs including the allocation methodology used.

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Exceptions/Findings/Adjustments

There was one adjustment to report with regards to cost; two erroneously included products from the raw materials purchases were removed from the listing.,

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Conclusions

The information relating to costs that we have been provided by the interested party is verifiable. Based on the work we have done, the TRA gained a reasonable level of assurance that the costs information provided can be treated as complete, relevant, and accurate for the purpose of a likelihood assessment and can therefore be used by the TRA for this transition review.

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D. Sales

What information was considered

**Upward Verification**

- Sales transactions for the like goods.
- Unaudited financial statements.
- Management accounts.
- Trial balance report.

**Downward verification**

- Sales transactions for the like goods.
- Source sales documentation.
- Rebates and price reductions.

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How the information was checked

**Upwards verification**



We performed upwards verification on the sales data, wherein we checked whether the sales reported in TDF's submission were consistent with figures in the published audited accounts.

The POI did not align with the financial year, as such the audited financial statements for year ending 31 December 2021 and unaudited financial statements for year ending 31 December 2022 were used to align the total sales for all goods and like goods to the POI.

The revenue figure provided by TDF in the questionnaire response was reconciled for all goods against the total turnover figure obtained from TDF audited accounts.

TDF explained and demonstrated the method used to identify the sales revenue for the like goods, as reported in the questionnaire response. This data had been retrieved using reports generated in TDF's accounting system. We requested a demonstration of the extraction of such reports and observed how the parameters used for the sales data to identify the like goods and to distinguish between domestic and export sales.

TDF demonstrated during the verification visit how internal product codes on Epicor had been manually reviewed and categorised, and products whose descriptions matched those of like goods were classified accordingly.

In order to ensure that the sales data is complete and to obtain a reasonable level of assurance as to the split between scope and non-scope sales, we observed the sales transaction listing being extracted from Epicor with the Company Accountant including the parameters used. We were provided with a breakdown of all sales including other goods that were not in scope. Based on the report, the like goods were agreed to the sales transaction by transaction listing provided in the questionnaire annex. The out-of-scope goods were agreed to the sales reconciliation provided in tab D1 of the questionnaire annex. Further to this, the total breakdown of all goods was agreed to the trial balance for the POI. There were no issues identified during verification.

We have a reasonable level of assurance that the information relating to the upwards sales verification that the interested party has provided us can be treated as complete.

### **Sales analysis**

The TRA examined the data for trends and outliers by performing an analysis of monthly sales volume, prices per kg for each PCN code sold domestically, and trade by customer and customer type over the POI through total sales value, total sales volume. We evaluated each consideration's risk and materiality before



selecting a transaction and based on outliers identified in these analyses, we selected a sample of sales transactions for verification.

During the process of selecting transactions, we ensured that we had adequately represented all customer types, PCN codes including the most common PCNs, and selected transactions for the highest value customers. We chose transactions that had been identified as anomalies based on volume and value analyses, as well as transactions from the beginning and end of the POI to determine revenue recognition criteria. Transactions for sales to associated parties were also selected to examine the arm's length pricing stated by TDF.

### **Downwards verification**

This part of the verification involved selecting a sample of 16 sales transactions, based on the trends and outliers identified in the sales analysis described above, and agreeing the volume, value and other key information fields provided within the questionnaire annex to source documents to verify the accuracy of the data. We reconciled the sales transactions selected to the source documentation listed below:

- sales invoice;
- purchase order received from the customer;
- order acknowledgment raised by TDF;
- proof of delivery;
- general ledger entries on Epicor;
- bank statement; and
- checked whether the revenue recognised is in line with the revenue recognition accounting policy.

The TRA reviewed the documents for the transactions selected and, confirmed that there were no material discrepancies reported in the transaction listing.

There were a total of [redacted] credit notes reported in the transaction-by-transaction listing provided in the questionnaire annex for UK sales of the like goods. TDF confirmed that the negative sales of total net invoice value of [redacted] are invoices raised incorrectly because of incorrect prices or relate to invoices already in its sales transaction-by-transaction listing. A sample of six credit balances was tested, and no issues were found.

### **Associated party transactions**

During the verification visit, TDF confirmed that it does not have a formal transfer pricing policy in place. As part of the sample testing, associated party transactions



were tested; these were found to be handled in the same way by the Epicor system as all other sales transactions and not subject to any preferential pricing.

We have reasonable assurance that the information regarding associated party transactions received from the interested party is accurate, verifiable and consider the sales related to be at arm's length.

The TRA checked a selection of invoices for price reductions, comparing payments made to bank and in all instances the prices matched with no reductions given.

We have a reasonable level of assurance that the information relating to price reductions that the interested party has provided us is verifiable and verified. It can therefore be treated as complete, relevant, and accurate, and can be used in this transition review.

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Exceptions/Findings/Adjustments

There were no exceptions, findings and adjustments to report with regards to sales.

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Conclusions

The information relating to sales that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this transition review.

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E. Injury

What information was considered

- Domestic and export sales value for the like goods.
- Domestic and export sales volumes for the like goods.
- Profitability for all goods and like goods.



- Production output by volume and value for the like goods.
- Market share for the like goods.
- Investments and return on investment (ROI) figures.
- Total production capacity and capacity utilisation for the like goods.
- Cashflow for all goods.
- Inventory of the like goods.
- Employment, median wage, and productivity for the like goods.
- Any other factors considered relevant

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How the information was checked



### **Domestic and Export values for the like goods**

The Injury period runs from 1 October 2018 to 30 September 2021 and the financial statements do not align with this as they run yearly, January to December. For the POI we used the 3 months of management accounts from 2021 (October, November and December) added to 9 months of management accounts from 2022, (January to September) to reconcile the figures. We have been able to gain reasonable assurance over sales for the like goods reported in the questionnaire annex by agreeing the balance provided for the POI to the signed financial accounts, with no variance identified. There is a variance between 'Total sales revenue/ quantity of all goods during the POI as stated in the management accounts' and 'Total sales/ quantity of all goods sold during the POI', but this was below the materiality threshold and satisfactorily explained as relating to manual sales transactions and credit notes.

The sales downwards verification activities are described in section D above, as a result of which we gained reasonable assurance that the data provided by TDF is complete, relevant, and accurate and can be used for the purposes of this transition review.

### **Profitability for all goods and the like goods**

The profitability figures for all goods has been reconciled between the Annex E4 and the audited financial statements These figures were extracted from TDF's accounting systems and this was demonstrated to us during verification.

During the Injury Period (IP), TDF considered that post-Brexit changes to imports, issues with shipping in 2021, and lack of availability of imports during Covid-19 were largely positive impacts on the business. UK consumers "turned to UK producers" for these goods, and production figures over the injury period show an increase in proportion of the like goods to all goods made during the IP.

In its questionnaire response, TDF state that injury would occur "only if trade remedy is removed".

We found the profitability figures in TDF's questionnaire annex reconciled to the audited financial statements over the injury period (accessible on Companies House). Based on this, we have reasonable assurance that the profitability data is complete, relevant, and accurate and can be used by the TRA for this review.

### **Production output by volume and value for the like goods**



The production output of the like goods has been verified through evidence provided in a walkthrough and explanation provided by TDF during verification of how the output figures were reached. The calculations and methodology were explained and found to be reasonable. Source documentation with data from TDF's system and the calculations has been provided as evidence, cross-checked to ensure data is for goods produced in the UK only, and the figures in the annex tab E4) Injury reconcile back to this document.

Accordingly, we have verified the data relating to production volumes and have reasonable assurance that the data can be treated as complete, relevant, and accurate and can be used by the TRA for this review.

#### **Market share for the like goods**

10-digit HRMC import data, and sales data from questionnaire returns for the other interested parties, was examined to test the validity of annex figures contained in Annex E4. TDF confirmed that its own analysis was an estimate, as there was little publicly held data on the goods concerned.

We calculate that TDF held [redacted] of the UK market when excluding sales of factored (imported) goods and [redacted] of the UK market share including the factored goods during the period of investigation.

TDF's estimations of its market share are in line with the research we conducted (when including all of its sales of the like goods) to build a picture of the UK market for cast iron articles, and accordingly, we have reasonable assurance over the market share data provided and can therefore be used by the TRA for this review.

#### **Investments and return on investments (ROI) for all goods**

Annex E15 was examined, and the allocation of investments queried. As the figures provided are related to both like goods and non-like goods produced in the foundry, the allocation basis was done as a percentage of the like goods from the total for each year of the IP. A walkthrough of this was sighted during verification.

We have verified the data relating to investments and ROI for all goods and the allocation to the like goods and accordingly we have reasonable assurance that the data is complete, relevant, and accurate and can be used by the TRA for this review

#### **Total production capacity and capacity utilisation for the like goods**



The TRA was able to confirm the total production capacity of the like goods, as reported in questionnaire annex E4. The TRA have received internal information supporting the maximum production capacity, including the calculation figures for total production capacity, which in addition to further research appears reasonable. We observed the production of the like goods during the system walkthrough and agreed the calculation methodology was reasonable.

The capacity utilisation figures have been verified by dividing the verified production output figures by the verified total production capacity to reach a production capacity utilisation figure. This figure matched the capacity utilisation TDF provided in the Annex 9 (Injury).

The TRA has verified the data relating to total production capacity and capacity utilisation and accordingly we are assured that the data is complete, relevant, and accurate, and can be used by the TRA for this review.

### **Cashflow for all goods**

The TRA discussed cashflow trends with management and obtained explanations for why these fluctuated over the injury period. The trendline for the cashflow for all goods during the injury period fluctuates, with a significant negative value in the POI due to investments in the project to combine two foundry sites.

The figures for cash flow were taken from the management accounts, adjusted for the Injury Period, and then allocated based on the percentage of like goods from total turnover. This was walked through during verification.

The initial cash flow for like goods figure was found to be inaccurate due to errors in the percentages having been used as part of the allocation method. This was noted during verification and resolved, with an updated annex being submitted. We have verified the data relating to cash flow and accordingly we are assured that the data is complete, relevant, and accurate and can be used by the TRA for this review.

### **Inventory of the like goods**

Annex E4 was examined in regard to stock levels. The figures for produced goods are all calculated “off system” (they are not held on the Epicor accounting system) and based on weighted average of Work in Progress (WIP) and finished goods stock and the average production cost across all goods. The stock levels fluctuate during the Injury Period but show an overall increase over the period.



TDF gave a walkthrough of how the figures were determined during verification, and provided supporting evidence to explain how these figures were reached, including reconciling from the profit and loss account to the trial balance. The walkthrough also showed the stock figures being taken from the management accounts and adjusted for the Injury Period. The TRA were satisfied that the figures are reasonable and accurate.

We have verified the data relating to inventory of the like goods and accordingly we are assured that the data is complete, relevant, and accurate and can be used by the TRA for this review.

### **Employment, median wage, and productivity for the like goods**

We have been able to verify the employment figures for the whole company, by reconciling the employment figures provided in the questionnaire annex to management accounts and the payroll.

TDF were not able to provide detailed breakdown of direct labour costs against the like goods, as a variety of like goods and other goods are produced in the same production line. TDF therefore chose an apportionment method, measuring labour as a percentage of like good sales divided against total sales. The TRA considered a range of alternative apportionment methods that could have been used, which produced figures both larger and smaller than those provided by TDF. The TRA found that TDF's method of apportionment was reasonable, as it does allocate against a factor of like goods.

The method of allocation for the average output in volume per employee for the like goods was to use the percentage of the like goods of the total output volumes. As it is not possible for the TDF systems to analyse this at a more granular level, this method was deemed reasonable.

It was not possible to determine median wage due to the confidentiality of wage data. Therefore, a mean average was used instead, and in order to verify the accuracy of the figures, TDF gave a walkthrough of the calculations and provided supporting evidence.

### **Any other factors**

TDF described the effects on the like goods caused during the Injury Period by Brexit, Covid, the war in Ukraine and the shipping crisis in 2021, explaining both positive and negative impacts of these factors.



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Exceptions/Findings/Adjustments

There were no exceptions, findings and adjustments to report with regards to injury.

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Conclusions

The information relating to injury factors that we have been provided by the interested party is verifiable. Based on the work we have done, we have a reasonable level of assurance that the information can be treated as complete, relevant, and accurate and can therefore be used by the TRA for this transition review.

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F. Economic Interest Test

What information was considered

During the verification visit we had sight of the confidential human resources data, pay roll data on employee numbers, and monthly head counts.

We used confidential data from all UK producers and HMRC 10-digit data to verify the market share of TDF. We extracted from the questionnaire and verified:

- Other UK producers of certain cast iron articles.
- Location of sites.
- Structure of the supply chain.
- Employment.
- Geographical concentration.
- Investment in the locality.
- Exports and exports share.
- Market Share.
- Market Share forecast.



- Environmental factors.

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#### How the information was checked

As previously stated, we were not able to verify data back to the audited published accounts. We focused on being able to verify back to the management accounts, using the companies Epicor system.

#### **UK producers of CIA**

The TRA was able to verify the other producers of the like good, matching the details provided with the parties that registered to the case.

#### **Location of sites**

The TRA was able to verify the details of locations provided by TDF through desk research including Companies House. The TRA visited both production sites in Dudley.

#### **Structure of supply chain**

TDF's supply chain was verified by checking a sample of receipts of its raw materials purchases and sales to downstream buyers, which contained the names of sellers and buyers. A sample of these was cross checked on Companies House and through other desk research and confirmed to be in the cast iron articles supply chain.

During onsite verification, TDF's supply chain was discussed further, including the role of intermediaries between TDF's and final consumers. During desk research, we examined Companies House and company websites to verify that intermediaries were often referred to as service centres or stockists.

#### **Employment**

TDF's employment figures were verified against the audited financial statements, please see section E above. Based on audited accounts, we were able to estimate mean wages based on average employee numbers and total employment. We were able to gain reasonable assurance over TDF's reported mean wages.

#### **Geographical concentration**

We found that the TDF business centred around the geographical location of Dudley, and that the supply chain and the employees are local to the site. 75% of the supply chain is located within 75 miles and 85-90% of employees live within 10 miles.



Wages into the local economy for employees producing the like good were in the region of £1 million

**Investment in the locality**

We found that TDF had invested in the manufacturing site to provide local education facilities, at both primary school and higher education levels.

**Exports and exports share**

In the downstream verification process, we verified exports and export shares by comparing the POI export figures to audited accounts outlined in Section C, we have reasonable assurance that they are accurate.

**Market Share**

The TRA analysed market shares by comparing the figures provided by TDF to estimates derived through desk research using sources including HMRC trade data and ISSB. Please see Section E for more information.

**Market Share forecast**

The TRA found the estimates provided by TDF for a reduction market share should the measure be removed were reasonable.

**Environmental**

TDF have committed to meet the UK Government’s ‘Net Zero’ target by 2050. We were not able to verify the costs of the project as it is at an early stage. Energy usage monitoring has been started and is having a positive impact in 15% reduction in energy usage. Investment plans into more efficient machinery and EV power supply on non-furnace related energy consumption is in progress.

*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, findings and adjustments to report with regards 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](#)):*

**Conclusions**

The information relating to economic interest that we have been provided by TDF 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 can be used by the TRA for the EIT and for any other purpose within the investigation.

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

## Conclusions

The verification of TDF's 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 TDF's 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 complete, relevant, and accurate during the POI.

We were able to reconcile the submitted questionnaire data back to TDF's management accounts, trial balances and reconcile these back to the audited financial statements. Two products were removed from the raw materials transactions as they were not related to the like goods. A climate levy undercharge was apportioned over the period but then fell under the level of materiality, so no further adjustment was necessary.

Although, the cost of production data was based on standard costing methodology, these balances were compared to actual costs and if apportioned to the like goods the variance would not be material for the purpose of a likelihood assessment.

In summary, we have obtained sufficient and appropriate evidence to conclude that the information provided by TDF in all of the sections above is verifiable. The TRA have a reasonable level of assurance that the information provided in the questionnaire responses is complete, relevant, and accurate.

The information provided by TDF can be used for the purpose of this transition review.

## Appendices



## Appendix 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
19 December 2022	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	Redacted for data protection reasons	Redacted for data protection reasons
3 and 4 May 2023	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	Redacted for data protection reasons	Redacted for data protection reasons
23 to 25 May 2023	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site	Redacted for data protection reasons	Redacted for data protection reasons