



Verification report – UK Producer Case TD0037: Electric Bicycles

Period of Investigation (POI):	01/04/2022 – 31/03/2023
Injury Period:	01/04/2019 – 31/03/2023
Date of report:	09/01/2024
Case team contact details:	TD0037@traderemedies.gov.uk
Company verified:	Brompton Bicycle Ltd.

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



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Executive Summary

On 22 May 2023, the TRA initiated a transition review of electric bicycles ('the goods subject to review') originating from the People's Republic of China (PRC).

The UK Trade Remedies Authority (TRA) carries out a transition review of each trade remedy measure active under the European Union (EU) system that the UK chose to transition following the UK exit from the EU. Transition reviews are undertaken to determine whether each measure is appropriate for the UK. More information about the TD0037 transition review can be found on the [public file](#).

Brompton Bicycle Ltd. (Brompton) a domestic producer of electric bicycles ('the like goods'), returned confidential and non-confidential domestic producer questionnaires, associated annexes, and supporting documentation. The TRA has sought to verify the completeness, relevance and accuracy of the data submitted for the purposes of this transition review.

We compared the questionnaire and other accompanying evidence submitted by Brompton against information from open sources, such as Companies House, HMRC etc. We checked that the information supplied by Brompton was consistent with financial statements (where available) and responses from other interested parties. We conducted an on-site walkthrough of the accountancy systems used by Brompton on 6th November 2023 to assess the level of reliance that could be placed on data produced by the system. We subsequently performed an on-site verification visit between 21st-23rd November 2023 to assess the completeness, relevance and accuracy of the data provided in Brompton's questionnaire, associated annexes, and supporting documents.

The TRA have no concerns to report in respect of Brompton's questionnaire, associated annexes and supporting documents. We were able to verify the information provided by Brompton in their questionnaire, associated annexes and supporting documents throughout the verification process.

Based on the verification activity undertaken we have concluded we have a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by Brompton and we can use it for the purposes of this transition review.

Purpose of verification

The purpose of the TRA's verification activity is to provide the assurance considered necessary to make a decision as to whether the information (data) provided by Brompton is verifiable and can be used for the purposes of our review. Such 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 the dumped 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 through desk-based procedures, remote analysis and verification work on-site. The activity 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.

This verification report documents the work completed, the checks the case team carried out and the conclusions reached about the completeness, relevance and accuracy of information provided by Brompton.

Confidential information

Brompton must provide a non-confidential version of the verification report marked as "non-confidential" in the header of the report.

If any information contained in the confidential verification report is considered confidential, Brompton 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 and the checks carried out by the case team to determine whether the information provided by Brompton in their questionnaire is verifiable.

A. Company structure and associations

What information was considered

We considered the following from the questionnaire:

- Company details
- Organisational structure, management, and ownership
- Associations with other companies
- Accounting practices

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

Company Details

The TRA compared information supplied by Brompton to open-source data available on Brompton's website, Companies House, and industry websites. We found these details were consistent with information supplied in Brompton's questionnaire.

Organisational structure, management, and ownership

Brompton's audited financial statements for financial year ending 31 March 2023 were not available on Companies House as the independent audit is ongoing. Instead, we viewed the audited financial statements for year ending 31 March 2022, which confirmed Brompton as the parent company of several subsidiaries that together form the 'Brompton Group'. We verified Brompton's board members through official documents published on Companies House. The information we found was consistent with information supplied by Brompton in their questionnaire.

Associations with other companies

Brompton's questionnaire listed the subsidiaries within the Brompton Group as associated parties. This information was cross-checked with Brompton's audited financial statements for year ending 31 March 2022 along with the websites of Brompton's subsidiaries. During desk-based verification activities, we were unable to confirm all addresses of Brompton's subsidiaries. However, during on-site verification, Brompton were able to provide additional Brompton Group information which allowed us to confirm the addresses, share class held, ownership percentage and principal activities of each Brompton Group subsidiary. This



information was consistent with the information submitted in Brompton’s questionnaire.

We reviewed Brompton’s domestic sales transactions listing to identify transactions to these associated parties and they were correctly categorised as associated transactions. We subsequently identified a small number of other sales transactions following our on-site verification visit which we believe should be considered as associated sales, rather than independent. We have established a reasonable level of assurance regarding the completeness, relevance and accuracy of the information provided by Brompton on its associated parties.

Accounting Practices

The independent auditor’s report of Brompton’s audited financial Statements for year ended 31st March 2022 confirmed the financial reporting framework as FRS 102 “The financial reporting standard applicable in the UK and Republic of Ireland” (UK GAAP). The auditors report provides an unmodified opinion which demonstrates that the financial statements present a true and fair view of the company’s affairs.

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 issues were found during verification and there are no adjustments necessary.

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 Brompton is verifiable. Based on the work 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 in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the 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. Goods

What information was considered

We examined the following from the questionnaire, annex and supporting documents:

- Description of the goods subject to review and comparability to the like goods and other goods produced by Brompton.
- Product Control Number (PCN) allocations
- Brompton's Internal Coding System (ICS)
- UK market for the 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

Goods description and comparability to the goods subject to review and other goods produced by Brompton.

We gained an understanding of Brompton's like goods and other products produced by Brompton during an on-site facilitation visit where we were able to observe and inspect goods during and after the manufacturing process. We gained further understanding of the like goods produced by Brompton via Brompton's company website which includes detailed product information. We were able to confirm that Brompton's like goods meet the goods description for electric bicycles.

PCN Allocations

We cross checked the figures associated with each PCN within annexes submitted by Brompton to ensure consistency within and across annexes. We found information regarding PCNs submitted in annexes was consistent with PCN information within Brompton's questionnaire and supporting documentation.

We checked the PCNs that Brompton categorised their like goods under, and we believe we can treat the information as complete and accurate.

Brompton's Internal Coding System (ICS)

Brompton's questionnaire explained their 'line' Internal Coding System (ICS). This 'line' ICS enabled Brompton to identify corresponding PCNs for the like goods they produce. We cross checked the characteristics of each 'line' ICS with information on Brompton's website and with Brompton's sales brochures. We found no incorrectly categorised products. Brompton's other products, such as parts, accessories and clothing have been correctly identified as 'other goods'.

UK market for the goods



We cross checked the information relating to the UK market for the goods produced by Brompton as outlined in their questionnaire using Brompton’s website and bicycle distributor websites. We found no issues with the information supplied by Brompton.

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 issues were found and there are no adjustments necessary.

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 company’s goods provided by Brompton is verifiable. Based on the work completed, 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 in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the transition review.

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



C. Costs

What information was considered

We examined the following from Brompton’s questionnaire, annexes and supporting documents:

- Alignment of the POI and the financial accounts
- Total cost of all goods sold
- Cost of production for like goods
- Cost reconciliation to financial accounts

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

How the information was checked

Upwards verification

We carried out upwards verification work to check the completeness of the total costs for all goods and the like goods provided in Brompton’s questionnaire annex by comparing to financial accounts. We concluded that the information provided was complete. We confirmed that the POI (01/04/2022 – 31/03/2023), aligned with Brompton’s financial year meaning no adjustments were needed.

We reconciled the cost of all goods sold in the questionnaire annex to the financial accounts. Brompton also explained its methodology for calculating the cost of production for the like goods. We recalculated the figures and found it to be consistent. We considered the method used was reasonable and have a reasonable level of assurance on the completeness of the cost of production 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](#)):

Exceptions/Findings/Adjustments

The TRA has no exceptions, findings or adjustments to report with regards to the cost figures provided by Brompton.

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

Conclusions



The information relating to costs provided by Brompton is verifiable. Based on the work 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 in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the 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

Upwards Verification

- Total sales data during the POI
- Transaction-by-transaction domestic sales data for the like goods during the POI
- Management Accounts.

Downwards Verification

- Transaction-by-transaction domestic sales data for the like goods during the POI
- Management Accounts
- Sales documentation including sales orders, invoices, proof of payment and proof of delivery
- Brompton's primary Enterprise Resource Planning (ERP) system
- Brompton's Trade Platform (TP) system
- Intercompany sales between Brompton and its subsidiaries.

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

How the information was checked

Upwards Verification

Brompton's audited financial statements for the POI (year ending 31 March 2023) are not yet published. We reconciled the sales figures submitted by Brompton for all goods sold to Brompton's trial balances and management accounts and found it to be complete.

During verification, Brompton demonstrated how the relevant sales figures for the like goods both on the domestic and export markets were extracted from its ERP system and added into the questionnaire annexes. This gave us a reasonable level of assurance over the completeness of the sales of the like goods for the POI.

Downwards Verification

During the on-site accountancy walkthrough visit, Brompton provided a detailed explanation of their primary Enterprise Resource Planning (ERP) system and how it integrates with the other platforms Brompton and its group subsidiaries use to record and manage business operations related to the like goods and non like goods. The information obtained was consistent with information supplied by Brompton in their questionnaire annex. We also observed sales from dealers via Brompton's dedicated Trade Platform (TP) system to see how this platform integrated with Brompton's primary ERP system for onwards reporting.



We performed downwards sales verification during the on-site verification visit to ensure the sales data provided by Brompton can be considered relevant and accurate. We requested the source documentation relating to a sample of sales transactions involving the like goods during the POI. We observed the flow of these sales transactions through Brompton’s ERP system from the start of a sale to delivery of the goods, obtaining and reviewing source documents.

We matched the transaction data to the sales orders, invoices, proof of delivery and proof of payment provided by Brompton where possible. The transactions selected were based on a variety of factors designed to provide assurance across the POI. The transactions included a range of customers, customer types, independent and associated sales (intercompany sales between Brompton and subsidiaries) and sales with high and low average unit sales prices.

We checked for price reductions and rebates. Price reductions were identified for certain customers for Quick Settlement Discounts (QSD). We confirmed that the invoice values listed in the transactions-by-transaction data did not include the applicable QSD. Brompton provided a list of all companies with access to QSD. Customers with access to QSD have been identified within the transaction-by-transaction data submitted by Brompton. A revised figure for net revenue related to domestic sales of the like goods during the POI has been calculated adjusting for the discount. See exceptions/findings/adjustments section below.

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 used the customer information provided by Brompton to adjust domestic sales prices to reflect QSDs applied at time of payment (See Annex 2: Quick Settlement Discount). This revised figure may be used in specific analysis concerning domestic sales of the like goods during the POI.

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

Conclusions

The information relating to sales provided by Brompton is verifiable. Based on the work done, we have a reasonable level of assurance that the information (after the QSD adjustment noted above) can be treated as complete, relevant and accurate and can therefore be used by the TRA in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the transition review.



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

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E. Injury

What information was considered

We considered the following information submitted in Brompton's questionnaire, annexes and supporting documents:

- Total turnover figures
- Turnover figures related to the like goods only
- Domestic and export sales value and volume for the like goods.
- Profitability for all goods and like goods.
- Production output by volume and value for the like goods.
- Investments
- 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.

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

Total turnover figures

Brompton demonstrated how the total turnover was extracted from the consolidated trial balance for each respective year of the injury period. We identified no issues between the figures reported in Brompton's consolidated trial balance and the figures reported in the annex submitted by Brompton.

Turnover figures related to the like goods

The turnover figure for the like goods during the POI was calculated via a query and subsequently extracted from Brompton's ERP system. For the injury period, the sales revenue for the like goods was extracted using a reporting tool fed from Brompton's management accounts for each respective year. No issues were identified.

Domestic and export sales value and volume for the like goods

Brompton demonstrated how the sales value and volume for the like goods sold domestically and exported were extracted from a series of financial dashboards and from its ERP system and then reported for each year for the injury period and POI. We were content that the systems used were reliable and found no issues.

Profitability for all goods and like goods

During the on-site verification visit Brompton provided a live demonstration of the calculations and formulas used to complete the profitability section of the relevant annex. Workings in the form of extracts from source documents, where relevant,



were also provided. There are no outstanding issues, and we determine we have a reasonable level of assurance regarding Brompton's profitability.

Production output by volume and value for the like goods

For injury years FY21 to FY23, production output volumes were based on material transactions extracted from Brompton's primary ERP system which tracks Brompton's manufacturing processes. These figures were then filtered for the like goods only and the data was extracted from the ERP system and added to the applicable annex.

Brompton could not provide production data for the first year of the injury period, due to a system change but they were able to provide a reasonable estimation of production volumes for that year. We have no outstanding issues concerning figures related to production output.

Investments

The figures provided for investments during the Injury Period were sourced from the tangible and intangible fixed asset notes from the respective years audited financial statements, which we viewed to confirm.

We used Brompton's trial balances and management accounts to review the tangible and intangible fixed assets and broadly reconcile to the figures reported in the annex for investment during the POI.

Total production capacity and capacity utilisation for the like goods

Prior to on-site verification Brompton did not supply capacity and capacity utilisation figures for the like goods. During verification, Brompton provided an estimation of production capacity for the like goods based on a number of factors without supporting evidence. Therefore, the capacity figures provided by Brompton in their annex should be considered a reasonable, yet unverified assumption, rather than an assured capacity figure.

We therefore have a limited level of assurance on Brompton's production capacity figure as it has been based on a reasonable, unverified assumption. We verified the calculations from capacity to produce capacity utilisation rates and found these to be correct.

Cashflow for all goods

During on-site verification we observed and confirmed that the cash flow figures for all goods over the injury period are based on the consolidated cash flow for all goods from Brompton's audited financial statements. We checked these figures with the relevant financial statements, and we identified a discrepancy between the figure reported in the annex and the number reported in the financial accounts for FY20 so we have decided to use the figure in the financial accounts (see Annex 3: Cashflow Figures). In the absence of audited financial statements covering the POI, the cashflow figure provided was taken from Brompton's management



accounts. We have no further concerns relating to the cashflow figures submitted by Brompton.

Inventory of the like goods

Brompton demonstrated during the on-site verification visit how stock levels were extracted from the ERP system for injury years FY21 to FY23. Brompton produce all their like goods in the UK and therefore there were no purchased stock figures. We therefore have a good level of assurance of the data provided.

Brompton were unable to provide stock figures for FY20 within the injury period due to a system change. This issue is not considered material, as Brompton have provided stock figures for the other 3 years of the injury period. We have no concerns regarding the inventory figures provided by Brompton.

Employment, median wage, and productivity for the like goods

Brompton used information reported in their audited financial statements to complete the figures for the injury period related to full time employees. We checked these figures with the relevant financial statements, and we identified a minor discrepancy between the number of employees (FTE) reported in the annex and the number reported in the financial accounts for FY20 so we have decided to use the figure in the financial accounts (see Annex 4: Employment Figures).

For the POI the employment figures were extracted from Brompton’s company records. When reporting employment figures relating to like goods only, the figures reported for total number of employees have been apportioned in a reasonable way. Brompton also applied this apportionment methodology to calculate average output, in volume, per person for like goods.

Figures related to median wage were provided by Brompton during verification for FY22-23, but not for FY20. We did not see the source material used for the median wage calculations given their confidential nature. However, we were provided an overview of what documents were used and we believe it to be reasonable as the figures were derived from official company records. We have no concerns regarding figures relating to the median wage.

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 issues were found and there are no adjustments necessary.

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 Brompton is verifiable. Based on the work 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 in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the 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
<p>We considered the following information submitted in Brompton’s questionnaire, annexes and supporting documents and were able to verify:</p> <ul style="list-style-type: none"> • Location of production facilities • Employment figures
<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>Location of production facilities</p> <p>We were able to check the location of Brompton’s production facilities as submitted in Brompton’s questionnaire by visiting the Greenford site in-person during on-site visits and verifying the existence of the titanium production facility located in Sheffield by using official documents on Companies House and through open-source searching.</p> <p>Employment figures</p> <p>Brompton used information reported in their audited financial statements to complete the figures for the injury period related to full time employees. We checked these figures with the relevant financial statements, and we identified a minor discrepancy between the number of employees (FTE) reported in the annex and the number reported in the financial accounts for FY20 so we have decided to use the figure in the financial accounts (see Annex 4: Employment Figures).</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
<p>No issues were found and there are no adjustments necessary.</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>
Conclusions
<p>The information relating to economic interest provided by Brompton is verifiable. Based on the work 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 in subsequent dumping and injury assessments concerning electric bicycles and for any other purposes within the transition review.</p>



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

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Conclusions

We employed a number of verification approaches which included desk-based research and on-site visits in order to gain an understanding on the level of assurance that can be placed on the information submitted to transition review TD0037 by Brompton.

Through our verification activities we have been able to observe and test Brompton's primary ERP system and how it integrates with other platforms employed by Brompton and its subsidiaries. The main information sources used to verify the information submitted by Brompton were audited financial statements, trial balances, management accounts, its ERP system and underlying data, and company records, supplemented by open-source information.

We have identified one adjustment as a result of sales invoice data submitted by Brompton which did not account for QSD applicable to some customers. As a result, we have recommended a new figure to be considered in any reports and calculations involving Brompton's revenue for the like goods. There are instances where Brompton have not supplied information relating to some factors, supplied partial information for some years during the POI and injury period or have provided estimated figures. Ultimately, we consider these minor discrepancies of immaterial risk and do not affect the way the TRA intends to use Brompton's submitted data.

Therefore, we believe we have obtained sufficient and appropriate evidence in order to conclude that the information provided by Brompton under all of the sections above is verifiable. Therefore, we have a reasonable level of assurance that the information is complete, relevant and accurate for the purpose of this transition review.



Annexes

Annex 1: Meetings

Date and duration	Type of authentication	Company representatives	TRA representatives
6 th November 2023	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site		
21 st – 23 rd November 2023	<input type="checkbox"/> remote <input checked="" type="checkbox"/> on-site		

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

Redacted Brompton names to ensure they not in the public domain.



Annex 2: Quick Settlement Discount

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

Redacted Annex 2 as this information should be disclosed, to protect Brompton settlement discounts offered.



Annex 3: Cashflow Figures

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

Redacted Annex 3 as this information should be disclosed, as if external parties want this information, they can obtain it from Companies House.



Annex 4: Employment Figures

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

Redacted Annex 4 as this information should be disclosed, as if external parties want this information, they can obtain it from Companies House.