



Verification report – UK Importer Case CE0042: Certain Bicycle Parts from China

Period of Investigation (POI):	1 September 2022 to 31 August 2023
Date of report:	11 December 2023
Case team contact details:	CE0042@traderemedies.gov.uk
Company verified:	Winlong Garments Limited

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



Contents

Executive summary	3
Purpose of verification	4
Confidential information	4
Verification activities	5
A. Office assessment.....	5
B. Verification activities.....	7
Overall conclusions	9



Executive summary

The Trade Remedies Authority (TRA) is conducting a 'UK trade remedies measure exemption review' (the review) concerning anti-dumping duties on certain bicycle parts imported into the United Kingdom from the People's Republic of China (PRC). These anti-dumping duties are set out in [Taxation Notice 2020/34](#) (the measure).

The applicant is Winlong Garments Limited (Winlong Garments), an assembler of bicycles in the UK. This review sets out to determine whether Winlong Garments is:

- importing the goods subject to the measure;
- related to an overseas exporter which is subject to the measure; and
- engaged in circumvention of the measure.

As part of the review, we sought to assess the completeness, relevance and accuracy of the information provided by Winlong Garments in its response to our request for additional information. This submission provided information about:

- the scope of Winlong Garments' business, its product range and its importing practices;
- the acquisition of the business, operations and assets of Planet X Limited;
- the current and future impact of the acquisition on operations and trading;
- Winlong Garments' ownership and associations; and
- the purchases of bicycle parts during the period of investigation (POI).

During the verification process, we compared the information in Winlong Garments' submission with information from Companies House and other open-source material. We assessed the completeness of the information submitted via a systems walkthrough, cut-off testing and other reasonableness checks. The systems walkthrough also considered the reliableness of the accounting software. Additionally, we tested a sample of transactions against source documentation to assess relevance and accuracy. Where necessary, we obtained additional evidence to corroborate our findings and/or confirm statements made by the applicant.

We do not have any concerns to report regarding the information provided by Winlong Garments. We were able to verify the information provided as we progressed through the verification process. Where necessary, we requested supplementary information to add clarity and respond to findings concerning the completeness of data. As agreed during on-site verification, Winlong Garments submitted a revised version of its purchases dataset to reflect the required additional information. We found no evidence to suggest the final version of Winlong Garments' information was incomplete, inaccurate or not relevant to the review.

Based on the verification activity undertaken, we have concluded that we have obtained a reasonable level of assurance on the completeness, relevance and accuracy of the information provided by Winlong Garments, and that we can use it for the purpose of this 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 and data provided by the interested party is verifiable and can be used for the purposes of the review. We drew a reasonable level of assurance on the completeness, relevance and accuracy of information deemed verifiable.

We carried out verification activities using desk research and also conducted on-site verification procedures. 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 review in order to obtain assurance on which to base a decision.

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

Confidential information

The verified party must provide a non-confidential version of the verification report. This should be marked as "non-confidential" in the header of the non-confidential version.

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

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



Verification activities

Please find below a summary of work we completed and the checks we carried out to determine whether the information provided by Winlong Garments was verifiable.

A. Office assessment

What information was considered

- Statements in Winlong Garments' response to our request for additional information.
- Winlong Garments' transaction listing for purchases in the POI.

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

Ownership and capital structure

We examined the statements submitted by Winlong Garments about its ownership, capital structure and associations. We scrutinised whether it had any associations with the PRC and obtained a list of the owner's other directorships and investments. We then compared this information to open-source information about Winlong Garments and its ownership, including:

- the filing history on Companies House for both Winlong Garments Limited and Planet X Limited;
- the appointments of the owner, as recorded on Companies House;
- the company website, and the websites of suppliers; and
- other open-source information about the acquisition.

Later, during on-site verification, we explored whether Winlong Garments' shareholdings and capital structure had changed around the time of the acquisition. The CEO provided a confirmation statement that there were no planned changes to the ownership structure.

We found no inconsistencies or evidence of any associations with exporters in the PRC subject to the measure.

Desk-based completeness checks

There were no audited financial statements for the POI, because Planet X Limited was in administration and Winlong Garments had only recently become an active



company. Therefore, we were unable to perform ‘upwards verification’ for Winlong Garments’ purchases, whereby we would have reconciled the information upwardly to audited financial statements.

Instead, we performed alternative checks to assess the completeness of Winlong Garments’ submissions. During the office assessment, the company provided us with a supplier statement from a supplier we selected, and we compared this statement with the transactional data in Winlong Garments’ submission. We inspected the management accounts to understand the scale of the company’s purchases. We also examined trends in turnover, cost of sales and stocks, using the audited financial statements for Planet X Limited from 2018 to 2022. These checks did not increase our assessment of the risk level regarding the completeness of the data.

Risk assessment and analytical review

We reviewed the purchases data provided by Winlong Garments to identify outliers and high-risk areas, and ultimately to choose a representative sample of transactions with which to check the relevance and accuracy of the data. This analysis ensured our subsequent verification procedures were appropriately planned.

Our risk assessment and the approach of our analytical review included a range of data-mining techniques to consider reasonableness, inconsistencies, materiality and other risk-based evaluations.

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 material exceptions, findings and/or adjustments to report.

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 provided by Winlong Garments’ on its ownership, capital structure and associations is verifiable. Our desk-based completeness checks and our analytical review did not increase our assessment of the risk level. Based on the work we have done, we have a reasonable level of assurance that the information



can be treated as complete and relevant, and can therefore be used by the TRA for verifying purchases data, selecting a suitable transaction sample, and for any other purpose within the review.

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

B. Verification activities

What information was considered

- Winlong Garments' product range, operations and imports of bicycle parts.
- The purchases information in Winlong Garments' submissions, including how it was extracted from the accounting system.
- A sample of transactions from the purchases 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 checked

Products and operations

We checked whether Winlong Garments is an importer of bicycle parts in the scope of this review. We inspected import documentation, and during a site tour, we confirmed the nature of Winlong Garments' operations, its product range and the origins of its bicycle parts.

Walkthrough of the accounting system

We traced a stand-alone transaction through Winlong Garments' accounting system to assess the reliability of the information extracted from it, and better understand of the relationship between the data stored in the system and the data in Winlong Garments' submissions to this review. The walkthrough was carried out on Winlong Garments' premises during an on-site verification visit.

Winlong Garments traced the sampled transaction from raising the purchase order, through invoicing and receipt, and then to payment. The company representatives explained the controls in place and the process for budgeting. We



were able to verify transactional attributes in the system, and we gained reasonable assurance that the processes were sufficiently reliable for the purposes of the review.

During the walkthrough, we learned that Winlong Garments had identified which transactions fell within the POI using the date it received the goods, rather than the date it attained ownership of the goods. Winlong Garments provided a reasonable explanation of why the data had been prepared in this way. However, we requested additional data to cover the purchases that the company had paid for but were still in transit at the end of the POI. Winlong Garments submitted a revised version of its purchases listing. We later examined this revised version by comparing it with the original dataset and performing additional downwards verification work.

Cut-off testing

In addition to our desk-based completeness checks, we performed “cut-off” testing on site. Cut off testing is concerned with the accruals concept of accounting, considering the correct matching of transactions to an accounting period. We selected a sample of payments straddling the end of the POI and the period immediately following the POI, and traced these payments through Winlong Garments’ accounting records, down to individual invoices. This allowed us to determine whether the expenditure related to the POI, and as a result, whether the relevant transactions had been correctly included or omitted for the purposes of this review. There were no inconsistencies to report.

Downwards verification of purchases

We performed downwards verification by assessing a sample of 28 transactions against source documentation for relevance and accuracy. In advance of the on-site verification visit, we supplied 19 transactions to Winlong Garments, and during the visit, we supplied another 3 unseen transactions. After Winlong Garments submitted a revised version of its purchases dataset, we sampled a further 6 transactions.

For each transaction, Winlong Garments supplied us with:

- a purchase order;
- a purchase invoice;
- a delivery note; and
- proof of payment.

Our assessment of each transaction covered:

- the supplier’s details and location;
- the goods;



- the accuracy of volumes, values and exchange rates;
- dates; and
- other parameters.

Our checks gave us sufficient assurance on the relevance and accuracy of Winlong Garments' transaction-level data.

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

Exceptions/Findings/Adjustments

There were no exceptions, findings and/or adjustments to report.

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 provided by Winlong Garments regarding its product range and purchases of bicycle parts 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 any 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](#)):

Overall conclusions

We obtained a reasonable level of assurance that the submitted data was complete and could be relied upon in order to perform additional verification activities concerning the relevance and accuracy of purchases. In the absence of audited financial statements for the POI, we assessed completeness via a systems walkthrough, cut-off testing and other reasonableness checks. We then conducted additional procedures to sufficiently reduce the risk associated with completeness errors, such as the omission of in-transit purchases.



By comparing 29 purchase transactions against the source documentation, we obtained a reasonable level of assurance that the information contained in the application can be treated as accurate and relevant to the review.

We also assessed Winlong Garments' ownership and capital structure, and found no concerns or inconsistencies with the statements made in its response to our request for additional information.

In summary, we have obtained sufficient and appropriate evidence to conclude that the information provided by Winlong Garments, under all of the sections above, is verifiable. Therefore, we have a reasonable level of assurance that the information can be treated as complete, relevant and accurate for the purpose of this exemption review.