



Verification report – UK Producer Case CE0028: Certain Bicycle Parts from China

Period of Investigation (POI):	1 January 2021 to 31 December 2021
Date of report:	10 August 2023
Case team contact details:	CE0028@traderemedies.gov.uk
Company verified:	The Martlet Group Ltd

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



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Executive Summary

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

The review sets out to determine whether The Martlet Group (Martlet), a UK bicycle assembler, 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, the TRA sought to assess the completeness, relevance, and accuracy of the information that Martlet provided in its application. This application provided information about the:

- applicant's company profile, including the scope of their business;
- associations and ownership details;
- transaction level detail including purchases of bicycles, bicycle parts and related goods and services;
- cost allocation detail concerning the absorption of direct and indirect costs that are involved in assembly operations.

During the verification process, the TRA compared Martlet's application information to accompanying evidence from Companies House and other open source material. Additionally, a reconciliation was performed between the financial statements and the financial data provided in the application to determine the completeness of the information presented. Sampled transactions were also checked against documentary evidence to consider relevance and accuracy. Lastly, we obtained, where necessary, evidence to corroborate findings and/or confirm statements made by the applicant.

The TRA does not have any concerns to report in respect of Martlet's application. We were able to verify the information provided by Martlet in the application as we progressed through the verification process. Where necessary, supplementary information was requested to add clarity, and some minor corrections were made to the application (and re-submitted accordingly) due to a data integrity issues, but at no point did the TRA encounter evidence to suggest the application and its content is materially inaccurate.

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 Martlet, and 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 (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 undertook 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 the case team has carried out and 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 marked as "non-confidential" in the header of the non-confidential verification report.

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 also [public guidance](#)).

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



Verification activities

Please find below a summary of work that has been completed and the checks that have been carried out by the case team to determine whether the information provided by the interested party in their questionnaire response is verifiable.

A. Office Assessment

What information was considered
<ul style="list-style-type: none"> • Purchases information on Martlet's application form • Martlet's financial statements
<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>Upwards verification</p> <p>We reconciled the purchases information in the application to the audited financial statements in order to determine whether the information in the application is complete and can be relied upon to assess eligibility for the exemption and to perform the verification procedures that follow. We undertook this procedure by tracing the application data to the statutory financial statements and applicant's trial balance/general ledger.</p> <p>The assessment focused on Martlet's purchases (as submitted on a transaction-by-transaction section on their application). As the POI aligned with Martlet's statutory accounting period, we were able to compare both datasets on a like-by-like basis. We compared purchases between the submitted application to Martlet's financial statements, and the trial balance and general ledger that underpins it. There was a difference which equates to a variance of 1.03%, a difference deemed to be immaterial for the purposes of the review.</p> <p>Risk assessment and analytical review</p> <p>We reviewed the purchases data provided by Martlet in order to identify high risk areas and outliers, and ultimately to choose a representative sample of transactions for us to check the accuracy of the data. This assessment and analysis was required in order to ensure that suitable verification procedures are planned.</p>



Our risk assessment and analytical review approach included a range of data mining techniques to consider reasonableness, inconsistencies, materiality, and other forms of risk-based analysis. This work covered the numerous data tags present in Martlet’s application form.

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/request.

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 application 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 and relevant and can therefore be used by the TRA for verifying purchase data, selecting a suitable transaction sample, 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](#)):

B. Verification Activities

What information was considered

- A sample of transactions from the purchases information on Martlet’s application
- Ownership and capital structure statement from Martlet on their application

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



Walkthrough of accounting system

We traced a standalone transaction through Martlet's accounting system to gain an understanding of the relationship between data presented in the application and that of the accounting system. The walkthrough was carried out on Martlet's premises during an on-site verification visit. We were able to trace the sampled transaction from order placed, through to the order being received and ultimately paid for. This was evidenced via the order's progression through numerous modules on the [redacted – commercially sensitive information] accounting software used by the applicant. We were able to document the process flow and also verify a number of data entry points and tags including seller, purchase value, dates and purchase/part type.

Downwards purchases testing

We performed downwards verification by assessing a sample of 13 preselected transactions against source documentation for relevance and accuracy. We supplied 10 transactions to Martlet in advance of the on-site visit, and three unseen transactions were provided on the first day of verification. The assessment of each transaction included: the supplier's details, nature of purchase, accuracy of values, dates and other parameters.

Of the 13 transactions selected for downwards verification, we were unable to obtain complete documentary evidence for one of the sampled purchases. The explanations provided by Martlet were satisfactory and detailed the complexity of the order and subsequent issues with paperwork as a result of its timing coinciding with the Suez Canal blockage and on site staff shortages during Covid-19.

Downwards purchase testing also highlighted a data integrity issue affecting value added taxes: an error in formulae for the VAT amounts assigned to UK-based suppliers' transactions; this was immaterial to the overall dataset. However, we requested a re-submission of Martlet's application and reconsidered its impact on the verification work performed to-date.

Ownership and capital structure

We requested confirmation of ownership and capital structure. During the on-site verification it was communicated to us that the statutory books are managed on Martlet's behalf by an independent accountancy firm. Written confirmation was subsequently provided from the firm of accountants confirming: current shareholdings (which aligned to Martlet's original application and current shareholders on Companies House), as well as the fact that there are no planned changes to capital structure, and no ongoing or proposed share transfers.



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Exceptions/Findings/Adjustments

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

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 application 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 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 traced the application data to Martlet’s statutory financial statements and trial balance/general ledger. This provided 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.

We assessed the 13 selected purchases transactions against the associated source documentation. This provided a reasonable level of assurance that the information contained in the application can be treated as relevant and accurate to the case.

We assessed Martlet’s ownership and capital structure and found no concerns or inconsistencies with the statements made in the original application.

In summary, we have obtained sufficient and appropriate evidence in order to conclude that the information provided by Martlet, 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.