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IN THE NEWCASTLE UPON TYNE CROWN COURT

**REGINA
- v -
PETER HOLMES**

**EXPERT ACCOUNTANT'S REPORT
OF PETER M SMITH BSc (Hons) FCA MEWI
28 JULY 2009**



REGINA

- v -

PETER HOLMES *(Defendant)*

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OF PETER M SMITH BSc (Hons) FCA MEWI**

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**SCHEDULE OF EXHIBITS REFERRED TO IN THE EXPERT
ACCOUNTANT'S REPORT OF PETER M SMITH BSc (Hons) FCA MEWI**

1	Peter M Smith – Summary of Professional Qualifications & Experience
2	Indictment
3	Accounts of Mrs M Holmes, trading as [REDACTED] for the year ended 5 April 2008
4A to 4C	Calculation of Gross Takings of Mrs Holmes' business for the period 1 August 2007 to 19 September 2008
5A to 5D	Accounting schedules provided by Mr Ingram in respect of Mrs Holmes' business takings
6	Summary of deposits to Mrs Holmes' Alliance & Leicester business account between 1 August 2007 to 19 September 2008
7	Summary of deposits to Mr & Mrs Holmes' Barclays Bank account between 1 August 2007 to 19 September 2008



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**REPORT TO THE NEWCASTLE UPON TYNE CROWN COURT
IN THE MATTER OF:**

REGINA

- v -

PETER HOLMES (*Defendant*)

1. INTRODUCTION

Author

1.1 My name is Peter Maurice Smith. I am a Fellow of the Institute of Chartered Accountants in England and Wales and Managing Director of Quantis, Chartered Accountants. This report has been prepared by myself. The opinions given in this report are my own. I understand that my duty is to the Court and I have complied with that duty. I attach a summary of my professional qualifications and experience at Exhibit 1.

Background and my instructions

- 1.2 I am instructed on behalf of the Defendant, Mr Peter Holmes ('**Mr Holmes**'), to assist in examining the accounting evidence in respect of monies allegedly stolen by him from the Post Office amounting to £46,049.
- 1.3 Mr Holmes was the Post Office Manager at the Jesmond Sub-Post Office. He had held this position since 1 March 1995.
- 1.4 On 18 September 2008, following an audit of the Jesmond Sub-Post Office by auditors from the Post Office, a shortfall of £46,049 was identified.



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- 1.5 Given this shortfall, Mr Holmes was questioned about transactions amounting to £48,000 which had passed through the Barclays Bank account, held in joint names with his wife, over the period 21 July 2007 to 21 August 2008. Mr Holmes contended that these sums related to the takings from his wife's business and that he had till receipts for these.
- 1.6 I have sought to establish whether or not sums in the region of £48,000, which were paid into this Barclays Bank account, relate to the takings from his wife's business. I consider this within Section 2 of my report.

Summary of my findings

- 1.7 My review of the accounting records maintained by Mrs Holmes' business has led me to the view that the monies deposited into the Barclays Bank joint account of Mr & Mrs Holmes, amounting to £43,605 during the period 1 August 2007 to 19 September 2008, derive from the takings of Mrs Holmes' business, as opposed to being monies allegedly stolen by Mr Holmes from the Post Office.
- 1.8 This view is strengthened by the fact that regular deposits have continued to be made into this account after the date that Mr Holmes ceased working as the Manager of the Jesmond Sub-Post Office.

Scope and limitations

- 1.9 This report has been prepared solely for use in relation to the matter of Regina -v- Mr Peter Holmes, and I understand that it will be made available to the Defendant, Counsel, the Prosecution and the Court. In all other respects, this report is confidential. It should not be used, reproduced, or circulated for any other purpose, in whole or in part, without the prior written consent of Quantis. Neither I, nor Quantis, accept any responsibility to third parties for breaches of this obligation, or for any opinions expressed or information included within this report.

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- 1.10 The information presented in my report has not been the subject of any independent audit verification by Quantis or myself. My report should not be construed as expressing opinions on matters of law, which are outside my area of expertise and for the Court to determine, although it necessarily reflects my understanding thereof.
- 1.11 In preparing some of the Exhibits to this report I have used Microsoft Excel and minimal arithmetical differences may occur within the program as a result of roundings.

Independence

- 1.12 Prior to accepting instructions to act in this matter, I made reasonable enquiries to identify any actual or potential conflicts of interest in connection with the parties concerned. These enquiries did not identify any matters preventing me from acting in this matter.

Documents provided

- 1.13 In addition to the documentation attached as Exhibits to the report, I have been provided with access to the following documentation:
- Horizon transactions from 21 August 2007 to 17 September 2008;
 - Interview transcript with Mr Holmes dated 19 September 2008;
 - Audit notes of Post Office Investigators;
 - Alliance & Leicester Bank statements for Mrs M Holmes' business trading as [REDACTED] from 1 August 2007 to 19 September 2008;
 - Barclays Bank statements for Mr & Mrs Holmes from 1 August 2007 to 30 March 2009.
 - Accounting records of Mrs M Holmes' business trading as [GRO] [GRO] for the years ended 5 April 2008 and 5 April 2009.
- 1.14 Several of these documents were photocopies. I have not verified or carried out an audit of these documents.

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1.15 The opinions I have expressed within this report are necessarily based on the documents and explanations provided to me. Should further information become available, then I reserve the right to modify my opinions where necessary and acknowledge that I have a duty to do so.

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2. DEPOSITS MADE TO BARCLAYS BANK ACCOUNT NO. 4517490

- 2.1 Given the alleged theft by Mr Holmes, amounting to £46,049, auditors from the Post Office sought an explanation from Mr Holmes regarding approximately £48,000 of deposits made into his Barclays Bank account, which he held jointly with his wife.
- 2.2 It was claimed by Mr Holmes that these deposits related to the takings from his wife's business. I have sought to establish whether or not this is the case.

Mrs Holmes' business

- 2.3 Mrs Holmes operates a cake shop and also provides cake making tuition. The business trades as [REDACTED]. The business' accounts for the year ended 5 April 2008 are attached at Exhibit 3. They indicate that the business is both profitable and solvent. The business employs the services of Mr [REDACTED] of Tax Assist Direct, to prepare its annual accounts from the accounting records that are maintained by Mr Holmes, on behalf of his wife.
- 2.4 On 22 July 2009, I met Mr [REDACTED] at his offices and discussed the preparation of the business accounts with him. It was his view that takings from Mrs Holmes' shop were paid into the jointly held Barclays Bank account. However, when preparing the accounts of the business, he relied upon the accounting records prepared by Mr Holmes and did not check the personal bank statements of Mr & Mrs Holmes for the purposes of establishing the business' takings.
- 2.5 Therefore, I have carried out a separate exercise to establish whether the deposits paid into Mr & Mrs Holmes' Barclays Bank account relate to the takings of Mrs Holmes' business. I have considered the period from 1 August 2007 to 19 September 2008, being the period of the Indictment.

Gross takings from 1 August 2007 to 19 September 2008

- 2.6 From the accounting records of the business provided to me by Mr [REDACTED] at Exhibit 4A I have calculated that the gross takings of the business (inclusive of VAT) amounted to £137,423 during the period 1 August 2007 to 19 September 2008.



Bankings made to Alliance & Leicester business account

2.7 Mrs Holmes' business operates a bank account with Alliance & Leicester. From the bank statements provided for this account, at Exhibit 6, I have established that the deposits paid into this account during the period 1 August 2007 to 19 September 2008 amounted to £70,239.

Bankings made to Barclays joint personal account

2.8 At Exhibit 7, I have identified that during the period 1 August 2007 to 19 September 2008, Mr & Mrs Holmes' joint account received deposits amounting to £43,605, excluding Mr Holmes' wages from the Post Office of £16,591 and a loan for £8,100.

Cash expenditure of Mrs Holmes' business

2.9 In order to understand the extent of cash banked by Mrs Holmes' business from the gross takings it receives, I asked Mr Holmes whether any monies were deducted from the cash takings prior to them being banked. I was advised by Mr Holmes that the employees of the business were paid in cash at the end of each week. The wages for these individuals are recorded within the accounts of the business. During the year ended 5 April 2008, the wages paid to employees amounted to £18,075 (Exhibit 3).

2.10 Therefore, on a pro-rata basis, I estimate that the cash wages paid during the period 1 August 2007 to 19 September 2008, would be £20,551¹.

¹ £18,075 x ^{415 days} / _{365 days}

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- 2.11 Having considered the accounting records of Mrs Holmes' business, I set out below my summary of the funds that would be available for banking within the Barclays joint account, after the deduction of funds paid to the Alliance & Leicester account and the cash payments made to employees:

Period 1-Aug-07 to 19-Sep-08	Ref	£
Total gross takings of Mrs Holmes' business	2.6	137,423
Less:		
Banked at Alliance & Leicester	2.7	(70,239)
Cash wages paid	2.10	(20,551)
		46,633
Cash available for banking into Barclays Bank joint account		46,633
Actual cash banked into Barclays Bank joint account		43,605

- 2.12 My calculations set out above illustrate that there was sufficient cash available from Mrs Holmes' business to explain the deposits made into Mr & Mrs Holmes' joint bank account during the period 1 August 2007 to 19 September 2008.
- 2.13 In addition, I have noted that three deposit slips were found at Mr Holmes' house following a search by Post Office Investigators. These were for deposits made into the Barclays joint account of Mr & Mrs Holmes. Each of these deposits are included within the above totals and are capable of being derived from Mrs Holmes' business takings.

Deposits made after 19 September 2008

- 2.14 When carrying out my review of Mr & Mrs Holmes' Barclays Bank account, I identified that cash continued to be deposited on a regular basis into this account after Mr Holmes ceased his duties as the Manager of Jesmond Sub-Post Office. The pattern of regular cash deposits into this account continues from September 2008 up until 30 March 2009 (being the last statement provided to me).

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2.15 Therefore, in my opinion, the continuation of regular deposits into the Barclays account provides further evidence that such deposits derive from Mrs Holmes' business.

Conclusion

2.16 My review of the accounting records maintained by Mrs Holmes' business has led me to the view that the deposits into the Barclays joint account of Mr & Mrs Holmes, amounting to £43,605 during the period 1 August 2007 to 19 September 2008, derive from the takings of Mrs Holmes' business, as opposed to the monies allegedly stolen by Mr Holmes from the Post Office.

2.17 This view is strengthened by the fact that regular deposits have continued to be made into this account after the date that Mr Holmes ceased working as the Post Office Manager at Jesmond Sub-Post Office.



3. EXPERT'S DECLARATION

I, Peter Maurice Smith, declare that:

- i. I understand that my duty in providing written reports and giving evidence is to help the Court, and that this duty overrides any obligation to the party by whom I am engaged or the person who has paid or is liable to pay me. I confirm that I have complied, and will continue to comply, with my duty;
- ii. I have endeavoured to include in my report those matters which I have knowledge of or of which I have been made aware, that might adversely affect the validity of my opinion. I have clearly stated any qualifications to my opinion;
- iii. I have indicated the sources of all information I have used;
- iv. I have not, without forming an independent view, included or excluded anything which has been suggested to me by others (including my instructing lawyers);
- v. I will notify those instructing me immediately and confirm in writing if, for any reason, my existing report requires any correction or qualification;
- vi. I know of no conflict of interest of any kind, other than any which I have disclosed in my report;
- vii. I do not consider that any interest which I have disclosed affects my suitability as an expert witness on any issues on which I have given evidence;
- viii. I will advise the party by whom I was instructed if, between the date of my report and the trial, there is any change in circumstances which affect my answers to points vi and vii above;
- ix. I understand that:
 - a) my report will form the evidence to be given under oath or affirmation;

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- b) questions may be put to me in writing for the purposes of clarifying my report and that my answers shall be treated as part of my report and covered by my statement of truth;
- c) I may be required to attend Court to be cross-examined on my report by a cross-examiner assisted by an expert;
- d) I am likely to be the subject of public adverse criticism by the Judge if the Court concludes that I have not taken reasonable care in trying to meet the standards set out above;
- e) the Court may at any stage direct a discussion to take place between experts for the purposes of identifying and discussing the expert issues in the proceedings, where possible reaching an agreed opinion on those issues and identifying what action, if any, may be taken to resolve any of the outstanding issues between the parties;
- f) the Court may direct that following a discussion between the experts that a statement should be prepared showing those issues which are agreed and those issues which are not agreed, together with a summary of the reasons for disagreeing;
- x. I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.
- xi. I have read Part 33 of the Criminal Procedures Rules and I have complied with their requirement.
- xii. I have acted in accordance with the Code of Practice for Experts.

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STATEMENT OF TRUTH

I confirm that, insofar as the facts stated in my report are within my own knowledge, I have made it clear which they are and I believe them to be true, and that the opinions I have expressed represent my true and complete professional opinion.

GRO

Peter Maurice Smith BSc(Hons) FCA MEWI

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28 July 2009

NEWCASTLE-UOPN-TYNE
CROWN COURT

THE QUEEN

v

PETER ANTHONY HOLMES

ACCOUNTANT'S REPORT

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