



Agenda for meeting on 6 June 2006 at Fujitsu

Between

Brian Pinder	Fujitsu
Anne Chambers	Fujitsu
Graham Ward	Post Office Limited
Stephen Dilley	Bond Pearce LLP
Adrian Bratt	Bond Pearce LLP
Mared Hughes	Hugh James

(1) Stephen Dilley – outline of the Castleton dispute

Lee Castleton was a Sub-Postmaster at 14 Marine Drive, Bridlington, YO15 3DB **(the Marine Drive branch)** between 18 July 2003 to 23 March 2004. His Contract for services states that he is strictly responsible for the safe custody of cash and stock, obliged to make good all losses caused through his own negligence, carelessness or error and losses of any kind caused by his assistants and that his responsibility does not cease when he relinquished his appointment and that he remains obliged to make good any losses incurred during his term of office which subsequently came to light.

Between 18 July 2003 and 25 March 2004, net losses of £27,115.83 occurred at the Marine Drive branch. Castleton's case is that any shortfall is entirely the fault of problems with the Horizon computer and accounting system at Marine Drive branch and that the P.O. wrongfully terminated his Contract in respect of which he has suffered loss not exceeding £250,000.

(2) Mared Hughes – outline of Bajaj and Bilkhu disputes

(3) Horizon (general issues)

- (a) We need to explain to a Judge who will know nothing about Horizon exactly how it works. What precisely happens when a customer goes into a Post Office to buy an item? How is this recorded? Is it manually recorded into the Horizon system at the same time or later in the day? Is the cash register linked to Horizon?
- (b) If there have been human errors in recording the transactions, could an explanation be that:
 - i. There was nothing wrong with Horizon, because it simply reflected the information entered on to it; but
 - ii. If staff entered the wrong numbers into Horizon there may have been no real loss (even though Horizon would show a loss), because there could be a human error in accurately recording transactions.

If so, would that be a likely explanation?

(4) Mr Castleton's specific allegations (see attached document for more detail)

Mr Castleton states that he encountered the following problems with the Horizon system:

- (a) the 2 computer terminals did not communicate with each other properly;
- (b) 1 or other of both terminals tended to freeze, i.e failed to lock up in respond to commands, requiring a re-boot;
- (c) display of 1 or other of both terminals would go blank before returning to the sale screen;
- (d) electronic swipe card of one or other of both terminals, used to read a customer's payment card, failed to read the card properly;
- (e) the Horizon system "rolled over" cash figures, giving an OHCH figure that was 4 to 5 times as big as the actual cash declaration for the day;
- (f) the Horizon system would "lose" i.e failed to record transactions.

Mr Castleton maintains that if the Horizon system missed a transactional piece of information, that would alter the balance recorded on it. For example, if Horizon failed to record a payment out, there will be less actual cash at the branch than the amount of cash recorded on the system.

Furthermore, if a cheque paid in is inputted into the Horizon system and the system sends that data off site, but loses the information locally, when Castleton prints a cheque report to be sent with a bundle of cheques to be sent away, he alleges that the report will not correspond to the number of cheques present.

We need to explain whether there is any evidence of the above problems and irrespective of this, what the effect would have been if they had existed.

(5) Action taken by Fujitsu re Marine Drive Branch

- (a) Review of call logs.
- (b) What steps Fujitsu took to examine the Horizon system at the Marine Drive Post Office in 2004 and what their conclusions were.
- (c) Whether there have been any similar or serious problems with the Horizon system at the Marine Drive Post Office since Mr Castleton's suspension and dismissal.

(6) AOB