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Witness Name: Stephen John Dilley

Statement No.:WITN04660100

Dated: 8 June 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF STEPHEN JOHN DILLEY

I, STEPHEN JOHN DILLEY, will say as follows.

(1) INTRODUCTION

1. I am a solicitor and partner in the firm of Womble Bond Dickinson (UK) LLP (**WBD**) (formerly Bond Pearce). I qualified as a solicitor in September 2001 and joined Bond Pearce in 2004. I specialise in commercial disputes.

2. This witness statement is made to assist the Post Office Horizon IT Inquiry (**the Inquiry**) with the matters set out in the Rule 9 Request dated 18 April 2023 (**the Request**). I have had assistance in the preparation of this statement from Jon Cooper and Richard Collins of WBD. That assistance has been as to the formalities of the statement. The factual content and any views expressed are my own entirely. Neither Mr Cooper nor Mr Collins have had any involvement in litigation for POL relating to civil claims against subpostmasters or Horizon.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

3. My involvement in the civil dispute involving Mr Castleton started well over 17 years ago. I recall aspects from personal memory, but given the very considerable amount of time that has elapsed, I do not now recall all of the details.

4. Post Office Limited (**POL**) has waived legal privilege on certain documents as a result of which the Inquiry has produced to me certain documents from my firm's litigation file in the context of its Rule 9 Request. In order to provide as full a response to the Inquiry as possible, I have also refreshed my memory by reading parts of my firm's file.

5. I make this statement from my own knowledge, but the majority of that knowledge (and therefore this statement) now comes from re-reading documents rather than from my original memory. References to documents with a coding number (commencing POL, LCA, FUJ or WBO) in this statement are to either to documents:

   (a) supplied to me by the Inquiry with its Rule 9 Request; or

   (b) which I have supplied to the Inquiry from my firm's file in order to provide as full and helpful a response as possible and to which the Inquiry has subsequently allocated a code.

   There are a considerable number of such documents. I have no reason to doubt the accuracy of the coding references, but have not been able to independently check them in the time I have been asked to finalise this statement once all the codes were supplied.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

6. Where I refer to matters outside of my knowledge, I will confirm whether they are matters of information or belief and state the source for any matters of information or belief. This is important because as solicitors for POL, our knowledge of the facts of the case and of the Horizon IT system is entirely derived from information which other people such as POL and Fujitsu employees tell us.

7. For the vast majority of the litigation, Mr Castleton was represented by Mr Mark Turner of Rowe Cohen solicitors. Mr Castleton was also represented by Counsel, Alexander Goold (1994 call). I understood that for a time at least, Mr Castleton's legal expenses were paid by the terms of a before the event insurance policy. From 20 November 2006, Mr Castleton acted in person.

8. I have been asked to set out my recollection of this case. Given the passage of 17 years, a lot of my knowledge comes from re-reading the case file. I thought it would assist if at the outset, I set out the following:

   (a) Summary of events leading up to the litigation;

   (b) The claim and counterclaim;

   (c) The judgment;

   (d) A procedural chronology; and

   (e) Dramatis Personae and "Terms of Art" abbreviations.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(2) SUMMARY OF EVENTS LEADING UP TO THE LITIGATION

9. I note from POL's Amended Particulars of Claim at [LCAS0000295] that Mr Castleton was appointed as a Sub-Postmaster at the Marine Drive branch in Bridlington from 18 July 2003 to 23 March 2004 under POL's standard Post Office contract (**the Contract**). Under the terms of that Contract, Mr Castleton was POL's agent and was responsible for the safekeeping of its property and was obliged to account for such. He was also obliged to produce accounts and operate the branch in accordance with standard requirements.

10. The Contract provided that he was obliged to make good all losses caused through his own negligence, carelessness or error and losses of any kind caused by his assistants.

11. I note from POL's Counsel's Skeleton Argument for the trial at [POL00069911] that the Marine Drive Branch was located within a retail shop and operated a computerised stock accounting system called Horizon that was connected to Post Office's central computer system. All transactions on the Marine Drive branch computer were logged onto Post Office's central computer and Mr Castleton was obliged to check his own entries on the computer both daily and weekly. At the end of each business week (a Wednesday) he was obliged to prepare and sign a document entitled "Cash Account (Final)" and send it to POL.

12. Mr Castleton traded for several months without significant incident. However between January and March 2004, POL recorded substantial losses in the Cash

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Accounts (Final) signed by him and submitted those to POL. In the last Cash Account (Final) prepared and signed by him, being for week 51, the week ending Wednesday 17th March 2004, Mr Castleton vouched an accumulated loss of nearly £23,000 in the amounts due to POL.

13. On 23rd March 2004, POL auditors attended at the Marine Drive Branch and an audit was carried out. That audit revealed that by that date there was a shortage of nearly £26,000 cash. POL's Auditor Helen Rose explained in her second witness statement and exhibit [POL00107075 and POL00074104] that:

14. Paragraph 5 *"The process of carrying out the audit involves physically counting the cash and stock at the Marine Drive branch, checking the paperwork such as Giro deposits and withdrawal receipts, Pensions and Allowances Reports and where appropriate, declared cash receipts."*

15. Paragraph 9 "*The inspection revealed that the safe was left open, the safe keys were left in the safe door and it was not secured, that cash and stock were not secured at lunchtime if the Sub-Postmaster was not on the premises, that Travellers Cheques were not kept in the safe and Foreign Currency was not held securely, that standard procedures for adjusting losses and gains were not adhered to (because losses were unauthorised) and personal cheques on hand had been incorrectly treated. However I should add that I believe the reason Mr Castleton was subsequently suspended was because the Marine Drive branch was short of significant amount of cash rather than because of the control gaps that the security inspection identified.*"

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

16. In the circumstances of these large unexplained shortages, Mr Castleton was suspended and subsequently dismissed.

17. The two replacement sub-postmasters who followed Mr Castleton and who used the same IT equipment as he did (Ruth Simpson and Greg Booth) each gave evidence in statements that they experienced no material issues.

(3) THE CLAIM AND COUNTERCLAIM

18. In June 2005, POL issued a claim in the Scarborough County Court seeking monies received by Mr Castleton as its agent but for which he failed to account. The legal premise of POL's claim was not centred around the Horizon computer system. At its heart, it was an accountancy claim, based on a double entry book-keeping system. It was ultimately proven on the basis of physical accounting records.

19. I am reminded from paragraph 9 of the second witness statement of Catherine Oglebsy [WBON0000095] that the sub-postmaster had to balance the physical cash and stock against the cash and stock shown on the computers on a weekly basis and produce a Cash Account. They had to sign this and should not have done so unless it was accurate.

20. Paragraphs 8 and 9 of the Amended Particulars of Claim [LCAS0000295] provided as follows:

> *"8. The said Cash Account (Final) for week 51 signed by the Defendant and submitted to the Claimant is an account stated behind which the*

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Defendant is not entitled to go and accordingly the Defendant owes the sum of £22,963.24 to the Claimant.

9. *From 18 March 2004 until his suspension on 23 March 2004 the Defendant continued to enter transactions on the Claimant's computer system. On 23 March 2004 following completion of an audit by the Claimant a final Balance List was produced and this showed that the there was a total deficiency of £25,758.75 in the funds that the Defendant should have been holding on behalf of the Claimant. Accordingly the Defendant owed the Claimant the sum of £25,758.75 on the running account with the Claimant maintained by the Defendant."*

21. Mr Castleton's case was that any shortfall was the fault of problems with the Horizon computer and accounting system at Marine Drive branch. He counterclaimed for wrongful dismissal. For the majority of the litigation, he claimed damages of £250,000 for alleged loss of income as a sub-postmaster, diminution in the capital value of his shop at Marine Drive and loss of profits and turnover as a result of the removal for the post office franchise. Following disclosure, it appeared that the Marine Drive shop was owned and operated by a company. Not long before the trial, Mr Castleton reduced his counterclaim to £11,250 being loss of income.

(4) THE JUDGMENT

22. In his judgment following the trial of the civil action, His Honour Judge Havery QC gave judgment in favour of POL and dismissed the counterclaim. In the opening paragraphs of his judgment, HHJ Havery QC stated:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) *"This is a claim by Post Office Limited on an account stated by one of its former sub-postmasters the defendant Mr. Castleton. Mr Castleton admits that he was an accounting party. The statement of the account, although not its validity, is admitted. Accordingly, the burden of proof lies on Mr Castleton to show that the account is wrong. On that point the law is clear. In Shaw v. Picton (1825) 4 B. & C. 715, 729, Bayley J. said:*

(b) *It is quite clear, that if an agent (employed to receive money and bound by his duty to His principal from time to communicate to him whether the money is received or not,) renders an account from time to time which contains a statement that the money is received, he is bound by that account unless he can shew that that statement was made unintentionally and by mistake. If he cannot shew that, he is not at liberty afterwards to say that the money had not been received, and never will be received, and to claim reimbursement in respect of those sums for which he had previously given credit."*

(5) PROCEDURAL CHRONOLOGY

Date	Event
10 June 2005	Claim issued in the Scarborough County Court.
15 August 2005	Defence and Counterclaim served.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

Date	Event
14 September 2005	Scarborough County Court transfers the claim of its own motion.
4 October 2005	Order of Master Fontaine. Case transferred to High Court in London. It was stayed for 1 month to allow the parties to try to settle.
9 November 2005	Order of Master Fontaine giving default judgment on the Counterclaim.
15 November 2005	Reply to Defence and Defence to Counterclaim served.
17 November 2005	Application to set aside default judgment on Counterclaim.
25 January 2006	We served the witness statements of Helen Rose, John Jones and Catherine Oglesby in relation to the set aside application.
9 February 2006	Default Judgment set aside by consent.
9 March 2006	Timetable approved by Court for bringing claim to trial. ADR to take place in April or early May 2006 to try to settle. If no settlement, 5 day trial to commence between 20 October and 8 December 2006.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

Date	Event
10 April 2006	Mr Castleton's CPR Part 18 Reply - Further Information.
18 and 19 May 2006	POL and Mr Castleton's disclosure lists respectively.
22 June 2006	Trial date fixed.
25 August 2006	Order by consent of Master Fontaine.
23 October 2006	CMC before Master Turner.
27 November 2006	Order of HHJ Seymour QC at the Pre Trial Review. Mr Castleton appeared in person.
29 November 2006	Mr Castleton's witness statements and summaries provided.
6, 8, 11, 12, 14 December 2006 and 11 January 2007	Trial.
22 January 2007	Judgment entered for POL.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(6) DRAMATIS PERSONAE AND TERMS OF ART ABBREVIATIONS

23. In this statement, I will refer to various people involved in the case and some of the language used. I thought it would assist the Inquiry if I put that all in one place for ease of reference. The core of this document is the actual dramatis personae we used in the trial, but I have added to it for completeness:

Alan Brown	Sub postmaster of Grangemouth sub post office, Falkirk, Scotland.
Alexander Goold	Counsel for Mr Castleton
Andrew Dunks	Fujitsu Services IT Security Analyst. Witness.
Andrew Wise	POL employee responsible for training new sub-postmasters. Witness.
Anne Chambers	Fujitsu Services system specialist. Witness.
Brian Pinder	An employee of Fujitsu with the job title of Security Manager, PO Account. He became the main person with whom we liaised when we had queries which we needed Fujitsu to answer. He would ask who he thought the appropriate person was at Fujitsu to answer them and let us know. He performed a relationship/co-ordinator type role.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

APS	Automated Payment System.
BCV	Batch Control Voucher – a document completed at the end of each day summarising the underlying physical documents contained within the batch sent to central processing in the packet in which the BCV is contained.
Catherine Oglesby	Mr Castleton's Retail Line Manager. Witness.
Cheryl Woodward	Employee of POL in Chesterfield Agents Debt Team who instructed my colleague to issue the claim. Within POL, conduct of the matter was transferred to Mandy Talbot in the inhouse legal team in October 2005.
Christine Train	Mr Castleton's assistant at the Marine Drive Branch. Witness.
Davlyn Cumberland	POL employee on Network Reinvention Programme. Witness.
DCD	Daily Cash Declaration – a document completed at the end of each day by or on behalf of the sub-postmaster for which he is required to enter his actual cash in hand against the correct coin or note denominations.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

Dorothy Day	At the time of the trial, she was the temporary sub-post master at Marine Drive. Witness.
Elizabeth Morgan	POL employee on suspense account team. Witness.
FAD Code	Financial Accounting Department code.
Gareth Jenkins	Employee of Fujitsu with the title Distinguished Engineer. Present at the meeting at Fujitsu on 6 June 2006.
Gillian Hoyland	POL employee in the Cheques to Processing team. Witness.
Greg Booth	Temporary sub-postmaster who operated Marine Drive branch from 21st April 2004 to 28th May 2004. Witness.
Helen Rose	Security Analyst for Post Office. Witness.
Horizon	The computer system used by POL to automate double entry bookkeeping.
HDR	Horizon Daily Record of Deposits.
John Howard Jones	Appeals Manager assigned to Mr Castleton's appeal. Witness.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

Joan Train	Mother in law of Christine Train.
Julie Langham	Present at appeal hearing.
Kenneth Crawley	POL employee in the Current Agent Debt Team. Witness.
Lee Castleton	The Defendant and Counterclaimant.
Mandy Talbot	The person within POL's in house legal team from whom I took instructions.
Mark Turner	Solicitor at Rowe Cohen who acted for Mr Castleton.
Michael Johnson	POL employee in Lottery Exceptions Team – Witness.
NBSC	Network Business Support Centre.
ONCH	On Hand Cash Handling.
Paul Williamson	Alliance & Leicester employee – Witness.
Paula Carmichael	Note taker present at Mr Castleton's appeal hearing .
Peter Sewell	Described by Brian Pinder as his deputy at Fujitsu.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

POU	Paid Order Unit.
Richard Morgan	Counsel for POL.
REM ("to REM in")	The facility whereby stock, cash and cheques from an external source are entered into the computer to update its stock figures.
REMMING IN	The process by which stock is "rem"d or entered into the Horizon system.
RLM	Abbreviation for "Retail Line Manager", in Mr Castleton's case the RLM was Cath Oglesby.
Ruth Simpson	Temporary sub-postmaster at Marine Drive. Witness.
Tom Beezer	Partner who supervised me on this case.
V.K.Bajaj	Sub-postmaster of Torquay Road post office in Chelmsford.

(7) MY ROLE

24. The Inquiry has referred me to an email dated 11 November 2005 at [POL00070561], the emails dated 18, 21 and 22 November 2005 at

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

[POL00070496], the email chain from 24 November 2005 at [POL00070477], email to Mandy Talbot and others dated 24 November 2005 at [POL00070464], email chain from December 2005 at [POL00070778]. I have been asked whether this was the first case I was involved in on behalf of POL, how I got involved, how my firm was instructed, what was my role, to whom I reported at Bond Pearce and who I took instruction from at POL.

25. On 29 September 2005, I inherited this case from a colleague, Denise Gammack, when she left to relocate to a firm closer to where she lived. I was then 4 years qualified and my conduct of the litigation was subject to the supervision of a Partner, Tom Beezer. This was the first case in which I acted for POL.

(8) FILE HANDOVER AND INITIAL IMPRESSION

26. At the time I was passed the case, a civil claim was already afoot. It had been issued in Scarborough County Court on 10 June 2005 on the instructions of Cheryl Woodward of POL's Agents Debt Team. Although I had not been involved in the beginning, I believe the reason the claim would have been issued was because POL sought to recover a shortfall in accounts which as they saw it was a debt. On 14 September 2005, the Scarborough County Court transferred the claim to the High Court of its own volition.

27. Apart from a brief spell at the beginning of my involvement where I emailed Cheryl Woodward, I took instructions from Ms Mandy Talbot. Ms Talbot worked inhouse in the legal team which served both POL and Royal Mail Group. Within

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

POL, the case was transferred from Ms Woodward to Ms Talbot in October 2005.

28. I have been asked what handover I received from the file handler who had conduct of the case before me.

29. As part of the handover to me, I recall that I had a discussion with Ms Gammack before she left. I do not now recall many of the details of the conversation. I do recall that Ms Gammack said that the case had been stayed for a month to allow the parties to try to settle. (As it transpired, the change in solicitor at my firm and employee at POL dealing with the matter which coincided with the stay meant that the one month period of the stay was insufficient to significantly progress any negotiations). I had forgotten this before re-reading parts of the file, but I can see from paragraph 2.7 of a Brief I subsequently sent to Counsel that I made a point of asking Ms Gammack whether there was a nything urgent to do on the file and she said there was not. Ms Gammack followed our conversation up with a handover memorandum (**Memo**) dated 29 September 2005 at [POL00072389] which contained more details about the case. However, she did not tell me that:

(a) She had not filed a Reply and Defence to Counterclaim; or that

(b) Mr Castleton's solicitors had told her in a conversation on 15 September 2005 that they had filed a Request for Default Judgment in respect of his Counterclaim. (I later came to understand that they filed their Request for Default Judgment on 7 September 2005).

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

30. I have been referred to document [POL00070496] and asked why I advised POL to seek a settlement when I first took over conduct of the case.

31. The Memo recorded that Ms Woodward had given my colleague the impression that POL might well want to pull out of the proceedings. (The context was that Mr Castleton had asked for documents he said were taken away after an audit in 2004 at his branch. At that point in time, POL had not been able to locate all of those documents). I note from the file that the original case handler, Laura Branton, who had conduct of the matter prior to issuing of the claim had advised POL that they were reluctant to issue without that information. My initial impression was that a Court would draw adverse inferences against POL if it could not produce certain documents that could help or hinder its case and at the time. I can see from my emails to Cheryl Woodward of 18 [POL00070586] and 31 October 2005 [POL00070580] and an attendance note of a call with Mandy Talbot of 17 November 2005 that I advised POL to seek a settlement [POL00072403]. Later, I learned more about the accounting system and the meaning of those documents and as a result I came to a different view about their significance. See my letter to Mr Castleton's solicitors of 18 January 2006 at [LCAS0000428]. I do not now recall whether other more general litigation factors had featured in my thinking when deciding to give that initial advice, such as the possible cost versus benefit. It is entirely possible that it did; POL's claim was for nearly £26,000. I may also have been recognising that prior to my involvement, the parties had agreed a stay to try to settle, but it had not been attempted during the stay and that I therefore thought that an early attempt

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

should be made. Ms Talbot agreed and instructed me to seek a mediation. On 7 November 2005 [POL00083586], I wrote to Rowe Cohen forward POL's offer of a mediation. On 8 November 2005 [POL00070188] Mr Castleton's solicitors replied and refused: They stated that they wanted disclosure of certain documents first.

(9) DEFAULT JUDGMENT

32. I have been asked to explain the approach I was instructed to adopt in relation to the default judgment which had been entered and why.

33. On 10 November 2005, I received a judgment in default against Mr Castleton (not POL). Upon receiving the Judgment, I can see from my witness statement of 18 November 2005 [LCAS0000683] that I initially believed that it had been entered in error against Mr Castleton which could have occurred if for example, the Defence and Counterclaim had not been transferred along with the other papers from the Scarborough County Court to the High Court in London. However, on 15 November 2005, I received a copy of a letter from the Claimant's solicitors to the Court dated 14 November [POL00070557] stating that they assumed that the Default Judgment had been generated as a result of their letter to the Court dated 4 November (asking the Court to enter default judgment for Mr Castleton and against POL). (This letter is contained within the exhibit to my witness statement at [POL00083036].) The Defendant's solicitors also stated that they originally requested Judgment in Default on the Counterclaim on 7 September 2005.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

34. I can see from my email to Tom Beezer of 22 November 2005 [POL00070496] that Ms Talbot knew on 15 November that Mr Castleton's solicitors had applied for judgment in default and the Court had mistakenly awarded judgment in default against Mr Castleton. (I cannot now recall if that was as a result of a conversation I or a colleague had had with Ms Talbot. I note that my colleagues Helen Rumford and Julian Summerhayes had two separate conversations with Mandy Talbot on 15 November 2005 [POL00070555] [POL00072402]). The Inquiry has referred me to POL00072403 telephone attendance note 17 November 2005 of a call between myself and Mandy Talbot. On 17 November 2005 [POL00072403], I spoke to Mandy Talbot and told her that we were applying to retrospectively time to serve a Reply and in case judgment in default had been entered against POL, to set that aside. She agreed we should do that work.

35. Subsequently, I drafted 3 further witness statements to further support of the application to set aside the default judgment (being statements for Helen Rose, Catherine Oglseby and John Jones) and I made sure Mandy Talbot was kept abreast. (For example I emailed Mandy Talbot twice on 25 November 2005 [POL00083327] at and she replied [POL00070459]. On 7 December 2005, I emailed Mandy Talbot the draft witness statement of Cath Oglesby [POL00070730]. On 21 December 2005, my colleague Julian Summerhayes sent to Mandy Talbot Helen Rose's draft statement for comments. [POL00107075 and POL00074104]. These statements would of course also have been developed with the relevant witnesses. (By way of some examples,

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

see the email I sent to John Jones of 25 November 2005 and his response of 30 November 2005 at [POL00069926], the emails I sent to Cath Oglesby [POL00070990] and Helen Rose of 3 January 2006 [POL00070999]).

36. I can see from the email of 6 December 2005 at [POL00070764] to John Jones with a later version of the draft statement for him that Counsel also inputted into the draft.

37. I can see from an email of 22 December 2005 [POL00071002] from Julian Summerhayes to Mandy Talbot that Counsel must also commented on the draft of Cath Oglesby's and Helen Rose's statement.

38. I have been asked what I understood about the not yet issued class action relating to the Horizon IT system referred to by Tom Beezer in his email of 21 November 2005 [POL00070496].

39. The email of Tom Beezer to me of 21 November 2005 mentions that Ms Talbot had mentioned to him that Hugh James (a firm of solicitors who also acted for POL) were currently trying to contain an embryonic and not yet issued class action relating to the Horizon system. I do not recall discussing with Tom Beezer at that point in time the details. I subsequently came to understand that Hugh James were working on two civil cases involving two different sub-postmasters called Mr Bajaj and Mr Bilkhu. I cannot recall if they were working on any other cases. If they were not, then looking back, I think Ms Talbot's use of the words "class action" to Tom Beezer was an overstatement, unless she was aware of lots of other cases. I do not now recall discussing this with Mr Beezer. However,

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

I note from an email of 28 November 2005 from Tom Beezer to me [POL00070450] he said "lets speak" with reference to an email chain which ultimately emanated between Graham Ward (Casework Manager of POL) and Brian Pinder of Fujitsu which had been forwarded to Tom Beezer and which included reference to Marine Drive branch and the Torquay Road (the latter being the branch where Mr Bajaj worked). In the email chain, Mr Ward followed up with Mr Pinder a letter 18 November 2005 we had prepared and asked POL to send to Fujitsu for some analysis and which I will refer to later in this statement in the section where I refer to Mr Nick Samuel.

40. I have been asked what was my understanding of why, in 2005, POL considered it necessary to have consistency between firms over how Horizon problems were dealt with.

41. Ms Talbot emailed me on 5 December 2005 [POL00070778] to say that POL needed to have "*consistency between firms over how Horizon problems will be dealt with*." Ms Talbot's email was responding to my email to her of 2 December 2005 (also in [POL00070778]) in which I had said that Mr Herbert of Hugh James solicitors had asked to see a copy of a letter I had sent to Mr Nick Samuel of POL to forward to Fujitsu of 18 November 2005 in which I had asked Fujitsu to prepare a report about how the Horizon system works, what steps Fujitsu took to examine at Marine Drive, what their conclusions were and if there had been and if there had been any similar or serious problems at that branch since Mr Castleton's suspension or dismissal. (I will refer to this letter later in this statement). The email chain shows that I thought Mr Herbert wanted to ensure

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

we are all consistent in what we want Fujitsu to do (Fujitsu supplied the computer system to POL).

42. I believe that this question is asking me about my perception of the rationale for POL's desire to have consistency. Given the passage of over seventeen years, I cannot recall POL's rationale and so cannot be certain. I can only reconstruct my perception of POL's instruction from re-reading the file. I believe however that Ms Talbot was mirroring Mr Herbert's suggestion for a joined up approach. I will turn to that again later in this statement in relation to a joint visit to Fujitsu in June 2006.

43. I have been asked whether I considered the letter from Rowe Cohen dated 10 November 2005 at [POL00070563] at the time, and if so considered, how did the information contained within this letter influence my assessment of the Castleton case.

44. In that letter, Mr Castleton's solicitors referred to a letter from a sub-postmaster in Chelmsford, Mr Bajaj who complained of problems with the operation of the Horizon system. They said Mr Castleton's case was not isolated. Although I do not today recall what I did then, I believe that I would have both read and considered Mr Castleton's solicitors letter dated 10 November 2005. Due to the passage of time, I cannot now be sure exactly how it influenced me. I think I would have thought that what mattered most was not whether there were IT problems in other branches, but whether there was any IT problem that was capable of causing losses at the Marine Drive branch. The letter sought disclosure of claims pursued against other sub-postmasters on the basis of

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

shortfalls and their outcome. I think I would have thought that sort of information would not have fallen within the ambit of the disclosure rules; what was relevant here was the claim against Mr Castleton and what happened in his branch; not others. Even had that not been the case, I think that I would also have been conscious that under the Civil Procedure Rules, the factors which are relevant to the reasonableness of a search include the following:

(a) Number of documents involved;

(b) Nature and complexity of the proceedings;

(c) Ease and expense of retrieval of any particular document; and

(d) Significance of any document which is likely to be located during the search

45. I suspect I would have thought tracking down information and disclosing all claims against all other sub-postmasters (which may or may not have involved Horizon IT issues) would have been well beyond a reasonable search. Having said that, Fujitsu did much later provide us with information about certain other branches to which I will turn later in this statement.

46. I have been asked to consider the emails from November 2005 at [POL00070561], [POL00070535] and [POL00070455]. I have been asked what response I received to my question of whether the Post Office had experienced widespread problems with Horizon?

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47. On 16 November 2005, I wrote to Ms Talbot [POL00070535]. I can see from my email I asked her to let me know whether POL had experienced widespread problems with Horizon. The context to my email is that at that point in time, Mr Castleton's solicitors sought disclosure of other problems before they would agree to mediate. I sought a sense of whether it would be difficult or expensive to retrieve the information Mr Castleton's solicitors had sought, because if that was the case, it might not be appropriate to disclose it as a precursor to mediation [POL00070535]. I can see from both the attendance note of a call I had with Mandy Talbot on 17 November 2005 [POL00072403] and my internal email of 24 November 2005 to Tom Beezer [POL00070455] that in response, Ms Talbot had suggested I spoke to Mr David Hulbert of POL to ascertain how easy it would be to obtain this sort of information. He had confirmed to me that there were 2 Horizon helplines:

    (a) "*Horizon Service Helpline (i.e Fujitsu services) which received 12,000 to 15,000 call per month. This is for technical problems with Horizon.*

    (b) *Network Business Support Centre (part of the P.O) which received 20,000 calls per week. This is for matters such as accounts discrepancies*."

48. My email records that Mr Hulbert told me that calls are not logged by category and someone would manually have to go through the records of every single call logged to tell whether it concerned a Horizon based problem. Mr Hulbert "*estimated a junior manager would have to do this and it would take them 3 to 4 weeks to go through 3 to 4 months of call logs and this would cost the P.O*

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approximately £2,000 to £3,000. Obviously the time and costs are increased if more than 3 to 4 months of information is needed."

49. I do not recall there being any other response at that particular point in time. However, that was not the only time we discussed Horizon with POL and I will deal with that further in this statement as it is an issue touched upon in other questions. The strong sense I got when I discussed Horizon with POL employees such as Ms Talbot is that she believed that the Horizon system was robust. At no time did I ever get the impression that for one minute did Ms Talbot believe that the Horizon IT system caused losses at the Marine Drive branch.

(10) CONDUCT OF THE CASE AFTER

50. The Inquiry has referred me to letter from Bond Pearce to the Clerk to Richard Morgan dated 29 November 2005 [POL00070446], the emails from early December 2005 at [POL00070792], [POL00070767] and [POL00070764], the emails dated 18 January 2006 between Steve Dilley and Richard Morgan at [POL00070969] and [POL00070978], the email from myself to Richard Morgan dated 25 January 2006 at [POL00070954], the emails dated 7 February 2006 at [POL00070928], the email from myself to Richard Morgan dated 6 March 2006 at [POL00070896], the email from Tom Beezer to Mandy Talbot, copied to myself, dated 21 August 2006 at [POL00071081], the email dated 24 August 2006 at [POL00071040]. I have been asked to consider at what stage was Counsel instructed in this case and what involvement did they have in advising on the merits, evidence, strategy and conduct of proceedings.

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51. Counsel was Richard Morgan (who has since become Richard Morgan KC). Like me, he was not involved at the very beginning. I can see from the Brief to Counsel that Mr Morgan was first instructed on 29 November 2005. The Brief at that stage stated that it was to represent POL at the hearing to set aside default judgment on the counterclaim and to advise generally. During the course of the proceedings, Mr Morgan became increasingly involved. I do not recall seeking a written advice on the merits at any point. However, our firm did discuss the merits with Mr Morgan – including how we were going to present the case. For instance, Tom Beezer's email to Mandy Talbot of 21 August 2006 records having had a discussion with Richard Morgan who "*believed the case to be one with a good chance of success but he did warn that was dependent upon the accountancy evidence stacking up in our favour...*" (See [POL00071081]). I am reminded from re-reading the file that we attended two conferences with Counsel on 16 August and 11 September 2006. I also attended Counsel's Chambers following the CMC on 23 October 2006 (our note of that meeting is dated 24 October and I think it should have said 23 October) and 6 December 2006 (before trial got underway and after the first day of trial). We also spoke to him by telephone and liaised by email. Counsel inputted into the drafting of witness statements of fact. Our file shows that we discussed strategy and tactics at various times.

52. I have been asked to consider the attendance note dated 24 February 2006 at [POL00072669] and the email of the same date at [POL00070910]. I have been asked were the difficulties and/or challenges the Post Office faced in defending

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the case? What were the Post Office's concerns regarding the impact of the Castleton case? Why did Mandy Talbot consider a firm line should be taken?

53. The attendance note dated 24 February 2006 [POL00072669] of a telephone conversation I had with Mandy Talbot concerned the email I had sent to her on 20 February [POL00070910] which suggested a catch up about strategy. The attendance note records that Mandy Talbot said:

(a) "*Internally the Post Office feels conflicted about which direction to go in with the Castleton case. The Post Office believes the Horizon system is robust, but the downside is the cost (in Post Office's time and money) in proving a negative (ie. that there are no faults) and that is expensive*."

(b) Mandy Talbot's comment that POL "*feel conflicted about which direction to go in with the Castleton case*" shows that there was no single prevailing view within POL at that particular point in time. The note goes on to say that Ms Talbot said that "*The Post Office believes that the Horizon system is robust.*" (This is the view we got about the operation of the system at the Marine Drive branch throughout).

54. In terms of the difficulties, the note refers to 2 issues. The main one was Ms Talbot's perception that POL needed to prove a negative (that there were no faults in the Horizon IT system). I can see why Mandy Talbot had this perception. For a lot of the case, I spent time and cost investigating what we felt proved to be dead ends about whether there was an IT issue that caused illusory losses at the Marine Drive branch, examples of which are given in this

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statement. We wanted to be thorough. One of those examples is recorded in the note. Mr Castleton's Defence and Counterclaim was really a bare denial/assertion in relation to the IT system. This made it difficult to (a) understand that he was saying and (b) investigate it with specificity. The note records:

"*Mandy wants us to draft a Part 18 request on the Defence and Counterclaim and send it in to her for approval because she thinks that we need to better understand his case and give him further pause for thought.*"

55. (In fact POL's claim was an accounting claim based on physical accounting records. As such, we ultimately came to the view that POL was not required to prove a negative to succeed, but POL nevertheless adduced evidence from 2 witnesses of fact at Fujitsu, Anne Chambers and Andrew Dunks). The second issue was that (according to Ms Talbot), Fujitsu had a problem writing in plain English.

56. In terms of wider impact, the note reveals that Ms Talbot's view was that if POL were to seek to compromise with Mr Castleton it would encourage other sub-postmasters to issue speculative claims. The note records that point twice, on the second occasion referring them as "*hopeless claims.*" This accurately captures one of the views I understood from Ms Talbot that POL had at the time. In other words, at that time the person instructing us at POL considered:

(a) The operation of the Horizon system at the Marine Drive branch was robust;

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(b) POL (at that time) felt conflicted about which way to go;

(c) Other claims were speculative or hopeless. (My email at [POL00070910] refers to the case of Mr Bajaj as one of those);

(d) POL should not encourage speculative or hopeless claims; and

(e) POL needed to be seen to be taking a firm line in this instance because if it did not, it risked inadvertently encouraging what it believed to be speculative or hopeless claims.

57. I cannot think of any client whoever wants to encourage civil claims to be brought against them, hopeless or otherwise. POL was and remains ultimately owned by the Government. I anticipate the reason POL did not wish to encourage what it saw as hopeless claims was not least because of the time and cost of defending them. POL would have seen that as a cost to the public purse.

58. I have been asked to explain the point raised by Richard Morgan relating to "the integrity of the Fujitsu product generally" (the bottom of page 1 of the email dated 21 August 2006 at [POL00071081]. I have been asked if Mandy Talbot raised any matters in response to this email to alter Tom Beezer's understanding "that Royal Mail/Post Office know of no issues with the Fujitsu system and are confident that it operates correctly"?

59. Tom Beezer's email appears to refer to a discussion Richard Morgan had with him. I understand Tom Beezer to be making the point is that Richard Morgan

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must have asked whether there were wider issues concerning the integrity of the Fujitsu IT system (i.e. that did not necessarily concern Marine Drive).

60. I can see that on 23 August 2006, I had a telephone conversation with Mandy Talbot [POL00072711] in relation to Tom Beezer's email of 21 August to her and that my note of the call records the following:

"*Mandy doesn't know of any points raised on the question of the Fujitzu* [sic] *product, but she is going to bottom that out with Keith Baines and Graham Ward. Of course from time to time they do have issues that are raised with IT but they are localised and after investigation usually turn out to be the sub postmaster doing something daft. Mandy will come back to me on this*."

61. I do not remember that Ms Talbot came back to us on this point to change the view she expressed during that call that POL had localised IT issues from time to time that tended to be caused (in her words) by the sub-postmaster "doing something daft."

62. I have been asked to consider my email dated 8 September 2006 at [POL00069601]. I have been asked what were my concerns about using Ken Crawley's witness statement in the proceedings? I have been asked what did Counsel advise and how was the question resolved.

63. I had 3 concerns:

(a) One concern was with the draft of Mr Crawley's statement at that point in time. The draft in progress at that point in time might have given the

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impression that the Paid Order Unit in Lisahally manually checked every single paid foil received against the weekly Horizon summary. One draft version stated:

"The POU is responsible for conducting manual checks of the paid foils received. If these checks reveal any discrepancies (i.e. the amounts in the daily summary and counterfoils do not match), the POU will notify the Transaction Processing team by entering the details into their computer using software called Pensions and Allowances Checking System (PACSYS). "

Before the draft was finalised, approved and signed by Mr Crawley on 5 October 2006, this was changed to:

"The POU is then able to manually check the paid foils received, to confirm whether or not branches are dealing with pensions and allowance payments properly. If these checks reveal any discrepancies (i.e. the amounts in the weekly summary and counterfoils do not match), the POU will notify the Transaction Processing team by entering the details into their computer using software called Pensions and Allowances Checking System (PACSYS)."

I see from a note of a call I had with Counsel on 3 October 2006 [POL00069513] that I spoke to Counsel about the latest version of every statement and that he did not have any further comments about Ken Crawley's statement. It is clear that was changed before it was signed so that we (and Mr Crawley) were satisfied that it was clear and correct.

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(b) A note of my interview dated 29 August 2006 records that Mr Crawley had applied for a redundancy offer which he said may occur in September at [POL00071029]. (If he had accepted it, I suspect that I would have thought there was a risk that he might have lost interest in the matter, notwithstanding any assurances he may have given to the contrary). However, I can see from an attendance note of 4 October 2006 of a call I had with Counsel at [POL00069504] that I knew by then at least that Mr Crawley would remain at POL until December. Counsel advised me then to ask Mr Crawley to sign his statement and we would then subpoena him if necessary.

(c) I can see from our case file in an email to Mandy Talbot of 17 November 2006 [POL00069756] that Ken Crawley previously expressed a reluctance to give evidence at trial. I do not remember that being unusual; giving evidence in court is not something which people tend to relish.

64. In the event, although Mr Crawley's statement appears in the trial bundle, Mr Crawley was not called by Mr Castleton to attend Court to be cross examined and so he was stood down before trial. He was not a main witness. His statement was to help to explain the Court how the procedure worked. He was not involved at the material time directly with the Marine drive branch.

65. I have been asked to consider the attendance note dated 11 September 2006 at [POL00069622]. I have been asked the following 3 questions:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) what my understanding of was why it was difficult in this case to prove the loss.

(b) what was my understanding of how Horizon could be “changed after the event”?

(c) why was this case seen as a "test case"?

66. My attendance note was of a conference on 11 September 2006 at Counsel's Chambers with Counsel Richard Morgan, Tom Beezer and various witnesses.

67. At that point in time, we were considering and developing case strategy. I can see from the note that we believed we had a difficulty proving the loss. From memory, this was not because those instructing us had any doubt that there was a loss; it was rather a question of how it could be demonstrated. From my note and distant recollection, I believe it was in part because Ms Oglesby had told us that a sub-postmaster could change data inputted into Horizon after the event. One idea Counsel had was that we should take the starting position (by way of an opening audit) and the ending position (a closing audit) and seeing what the difference was. An alternative was to rely on the admission in the cash accounts that Mr Castleton had signed.

68. For this part of the conference, we were joined by Catherine Oglesby. We were discussing her draft statement. My note records this comment related to paragraph 14 of Catherine Oglesby's draft statement. My note records that Ms Oglesby was going to have a look at paragraph 14 of her draft and amend it.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

She told us that if the balance snapshot did not reflect documentation that is to hand, it should prompt a sub-postmaster to do further investigations.

69. In case it assists the Inquiry to understand the context of Ms Oglesby's comment, paragraph 14 of her second witness statement dated 19 October 2006 provided as follows:

"*We also discussed at length ways for him to double check all of the paperwork leaving the Marine Drive branch (for example, the giro paying in slips, pension and allowance dockets and certain types of cheques) and to perform a balance snapshot each evening to check the cash. (Effectively, a balance snapshot is just a facility to allow the sub-postmaster to quickly check transactions through the week. It is a report that contains what the computer records should be the total cash in stock figure, not what cash the branch actually does have. It looks at the previous week's declared cash in stock and adjusts items as they are sold thereby showing the amount the branch would need to achieve a perfect balance. However, if for example someone forgets to enter an item that a customer has purchased, then the balance snapshot figure will be inaccurate, by showing less cash than is actually in the till. If on the other hand, the customer is given too much change or is overpaid (for example, a pension), the balance snapshot will show more money than is actually present in the till). If the figures in the paperwork leaving the branch did not come close to the balance snapshot, this ought to alert the sub-postmaster that something was wrong*."

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

70. My attendance note states "*Horizon is a calculator and you are reliant upon the inputter to get it accurate. The balancing up is a quick guide to see how close you are. If you are not clear, it should start ringing alarm bells. She confirmed that a sub-postmaster could change data after it was entered into the system….*"

71. Well over 16 years have passed since Ms Oglesby said that. I cannot now recall which particular data she was saying could be changed, in what circumstances it could be changed or what impact that would have. It is clear she was talking about data which a sub-postmaster could change and that was the point we took away from her comment.

72. We believed however that this was an important piece of information from Ms Oglseby. Later we were joined in conference by Mandy Talbot and my attendance note records that Tom Beezer told her that data could be changed after the event. I believe that it was partly in the light of this information that Counsel advised (as the attendance note records) that POL could "*rely on the admission in the cash accounts, that they were signed by the sub-postmaster.*"

73. The attendance note of the conference with Counsel records that Mandy Talbot stated that this was becoming "*a test case in spite of itself*."

74. I believe that I am being asked about my understanding and perception of Mandy Talbot's choice of words.

75. I believe that her comment "*in spite of itself*" shows it had not been POL's intention at the outset for this to become a test case. They did not want it to be. It had been issued a debt claim. POL wanted to settle it.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

76. I am not entirely sure why Mandy Talbot used the words "test case". It was not a test case in the strict narrow legal definition of the phrase, where you have say a number of actions joined together (or not) and it is agreed or ordered that one of them is to be tried as a lead case to establish a common legal principle.

77. My belief today from re-reading the file is that the words "test case" by Ms Talbot were meant in a broader and looser sense. My attendance note records that POL's other solicitors cases were "*waiting and watching this*." I believe that is high likely to be a reference to Hugh James solicitors dealing with the cases involving Mr Bajaj and Mr Bilkhu. In other words, Hugh James were waiting to see what the outcome would be from this case and whether it would affect the cases they were dealing with. At one stage, the dispute had the potential to become a test case, but ultimately it became the opposite of that, not least because:

(a) There was no real specificity around Mr Castleton's IT allegations; how he said IT issues he said he had experienced could cause illusory losses. This made it difficult (and expensive) to investigate. We had sought to draw Mr Castleton out by a CPR Part 18 Request, [POL00082886] but even then the response did not raise anything of real substance that Fujitsu indicated gave cause for concern when we met them on 6 June 2006.

(b) Whilst Mr Castleton was legally represented, he ultimately failed to pursue his allegations about the IT system with expert evidence. I will talk about this in the section below dealing with his expert evidence.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(c) Even when it came to accountancy issues, we still did not really understand Mr Castleton's case; hence the Order of 23 October 2006 requiring a sequential exchange of accountancy expert's reports.

(d) Ultimately expert evidence was debarred. This meant that there were little or no specifics about any of his allegations.

(e) Whilst Mr Castleton sought shortly before the trial to adduce evidence about other branches, the trial judge made a ruling on this and stated:

"*22. During the hearing, Mr. Castleton sought to adduce evidence of other complaints from sub-postmasters of other post offices about the Horizon system. I admitted in evidence the fact that there were a few such complaints, but I refused to admit evidence of the facts underlying such complaints, since that would have involved a trial within a trial.*"

What that meant is the trial did not establish anything about the operation of the wider Horizon system at other branches. In any event, Anne Chambers' investigation, set out in her witness statement, concerned what she had found at the Marine Drive branch.

(f) The only legal principle the judgment dealt with concerned accountancy and agency. That was about being entitled to rely on an agent's accounts which was the renewal of the authority in the old case of *Shaw v Picton*.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(11) EXPERT EVIDENCE

78. I have been asked what I understood from our discussion with Anne Chambers to be the history of complaints by sub-postmasters about the Horizon IT system? I have also been asked what was my understanding of whether any errors with the system were the cause of the problems those sub-postmasters were experiencing? I have been asked how did the information provided by Anne Chambers on this occasion influence my assessment of the Castleton case?

79. I believe these questions specifically concern the attendance note dated 11 September 2006 at [POL00069622]. (I will address a meeting I had previously with Fujitsu at which Anne Chambers was present separately). The attendance note of 11 September 2006 records that the main purpose of the conference was to meet four of the key witnesses to go over their draft Statements with them. Myself, Counsel and Tom Beezer were present. It shows that with all the witnesses we met that Counsel explained "*that their Witness Statement was theirs and they must be entirely happy with it and they should feel free to change anything, even if something came to mind after they had signed it (although we would obviously try to get the signed versions as accurate as possible).*"

80. The note shows that we went through Anne Chambers' draft witness statement with her. The note records that Mrs Chambers said:

"*Three to four years sub-postmasters had been complaining that there is a problem or complained if there is a problem.*" This is an attendance note I

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dictated following the meeting, most likely on to a small cassette tape as that is what we used to use at the time. Re-reading the note, it looks like my dictation wasn't as clear as it should have been. I suspect that it should probably have said "Three to four sub-postmasters a year had been complaining that there is a problem." If that is what it meant, then pausing there:

(a) In absolute numbers, this would have sounded like a very small number of complaints at that time; and

(b) As a proportion of the entire POL branch network that existed in 2006, it would have sounded negligible. I knew then that there were many thousands of POL branches. In order to prepare this statement for the Inquiry, I have briefly looked to see what data exists about the number of POL branches at the time. I can see from a graph contained in a document in the House of Commons Library called Post Office numbers at page [WBON0000092] that in 2006, that there would have been over approximately 14,000 branches. Irrespective of the precise number, this information at least gives a high level sense of the point I am making: 3 to 4 branches in a network of 14,000 amounts at best to 0.02% to 0.03%.

81. The attendance note goes on to record that Mrs Chambers stated that:

"*Sometimes there was a major*" (I anticipate the missing word in the note might be "issue") "*for example all the cash and stock appears to have vanished out of the office. But those sorts of errors are singular and not continual*." To me, that would have suggested that the errors were not repetitive.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

82. We must have probed with Mrs Chambers a point about software upgrades (presumably wondering if that could lead to computers to record illusory losses). I think this was a point Mr Castleton's solicitors had put to us and so we would have wanted to test it. The note records that Mrs Chambers said that she did not recall that there were any software upgrades at that time.

83. Taking all this together, I do not recall getting the impression that there had been lots of complaints about the system. It was the opposite. The impression I would have got about an issue concerning vanishing stock and cash was singular, just as I was told. I certainly do not recall anything Anne Chambers said either then or at any other point in time that caused me to believe that there was an IT issue that she had discovered as a result of her investigation that caused losses to occur at the Marine Drive branch.

84. Following the meeting we had with Anne Chambers, we met Mandy Talbot. The attendance note reports that Tom Beezer (I presume) said "*Anne Chambers will be persuasive but she is investigating an occurrence where the sub-postmaster said that the electronic banking authorisation and said that the system could not rescind it.*"

85. To give further context to this, Mrs Chambers' witness statement dated 14 September 2006 (a draft of which we were working on at that time) explains in the opening paragraphs that she had worked at Fujitsu since 1978. She had a working knowledge of the Horizon computer system. For the past 6 years she had been responsible for investigating problems which are or are suspected to be caused by software or hardware errors in the Horizon system. It states that

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

she had authority from Fujitsu to view extractions of audit data on the Horizon system and to obtain system transaction from the live Horizon system. Her statement sets out the involvement she had in investigating the Marine Drive branch and what she found. I believed that:

(a) Mrs Chambers was very experienced because she had been at Fujitsu a very long time (about 28 years by then); and

(b) She was the relevant person to speak to for 3 reasons:

(i) for 6 years, her role had involved investigating any problems or suspected problems;

(ii) she had the relevant system access; and

(iii) specifically because she had investigated the Marine Drive branch.

86. Mrs Chambers' witness statement at paragraph 17 concluded that from her investigation that she had been unable to identify any basis upon which the Horizon system could have caused the losses at the Marine Drive branch.

87. I do not recall Mrs Chambers giving me reason to doubt the conclusion she had drawn based upon the investigation that she had completed.

88. I have been asked to consider my e-mail dated 27 September 2006 at [POL00069558] and the attendance note dated 2 October 2006 at [POL00069520]. I have been asked to explain the query I was raising in my

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email and the response to this provided by POL. I have been asked if I was concerned about the operation of transfers into the suspense account on the figures in the cash account and if so why? I have been asked if the response to my query from POL addressed any concerns you had? I have been asked if I got to the bottom of it.

89. The short answer is yes, I did get to the bottom of it.

90. I have re-read the Second Witness Statement of Catherine Oglesby dated 19 October 2006 to remind myself what a suspense account was. At paragraph 16 of her second statement, Ms Oglesby stated:

"…Sub-postmasters are contractually obliged to make good all losses without delay and Mr Castleton should not have been rolling them over each week. The purpose of having a Suspense Account was simply so that a shortfall that a sub-postmaster does not immediately made good could be temporarily moved to the Suspense Account rather than being left in the Cash Account."

91. I see from my email to Mr Kane of 27 September 2006 [POL00069558] that I put to him an allegation Mr Castleton had made that he thought that *"…whilst he was sub-postmaster, the suspense account had been "doubling up" his losses."* *"Mr Castleton had said that although he had transferred the shortfall from his Cash Account into the Suspense Account, the system was showing increasing deficits."*

92. I asked Mr Kane (for example) why there was still a discrepancy surplus showing in the Cash Account for week 6 of £103.11 and a £100 authorised cash

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

shortage showing. I asked him why there was a surplus in the Cash Account still showing despite the transfer of £100 into the suspense account.

93. The attendance note of my call with Mr Kane shows that he did not have a solid answer; he did not know how the transfers into suspense accounts worked. It also shows I told him that I would talk to the retail line manager (i.e. Ms Oglesby) to try to bottom out my understanding. In the event, the point was addressed in Liz Morgan's statement at paragraph 7 which stated:

"*If a sub-postmaster transferred a shortfall into the Suspense Account, the shortfall would still show in any balance snapshot printed after the transfer until after they balanced the following week. This sometimes caused sub-postmasters to at first mistakenly believe that they had not transferred the shortfall from the Cash Account to the Suspense Account even though they had.*"

94. Mr Greg Booth was one of two temporary sub-postmasters at Marine Drive branch following Mr Castleton's suspension. In Ms Oglesby's second statement, she explained that she reported to Mr Booth what Mr Castleton said about the Suspense Account. The relevant paragraphs of her statement stated as follows:

(a) "*35. To test whether the Suspense Account was having any effect on the balance, I contacted the temporary Sub-Postmaster, Greg Booth on or around 5 May 2004. I asked him how he was balancing that week on his snapshots. He told me that he had a few pounds over. I told Mr Booth*

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

what Mr Castleton had said about the Suspense Account. I asked Mr Booth to put £100 into the shortages line on the Suspense Account. First he ran an office snapshot (pages 387-388), then he placed the £100 into the account, then he ran a second snapshot (pages 389-390) and a Suspense Account report (pages 391-392). During this time, the same Horizon kit was still being used by the assistant. The £100 was in the correct place and the cash figure on the snapshot had changed by £100. This demonstrated that the system worked correctly. I asked Mr Booth to balance with those amounts still in the account. He should balance £100 over. I would then call into the Marine Drive branch on 7 May 2004 and we would take the amount out, to see if the opposite occurred. Mr Booth left me a message on my telephone later that evening to state that he had balanced over, just as we had expected.

(b) *36. For the week ending 5 May 2004 (Cash Account week 06), the Marine Drive branch declared a small gain of £103.11 (pages 381-386).*

(c) *40. On 7 May 2004, I visited Greg Booth at the Marine drive branch, as arranged. First he ran an office snapshot (pages 393-394), then he removed the £100 from the Suspense Account and ran a second snapshot (pages 395-396) and a Suspense Account report (397-398). Again, the cash figure in the snapshot and the Suspense Account had changed by £100 which demonstrated that the system worked correctly."*

95. Mr Booth also addressed this point in his first witness statement.

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96. I have been asked to consider the emails dated 29 September 2006 at [POL00069527] and explain why was there a difficulty in getting someone to give evidence as to the quantum of loss? I have been asked to recall why Helen Rose considered it inappropriate for her to give the suggested figure.

97. Due to this being about 16 years ago, I cannot now be certain, but I believe from re-reading the case file that this turned out to be a linguistic issue and it was resolved through discussions with Mrs Rose in the drafting of her witness statement. I think from an earlier draft of Ms Rose's statement that I had been using the phrase "unauthorised losses" in discussions with Mrs Rose about quantum. Mrs Rose was not content using that phrase in isolation and I think at first I must have interpreted that to mean she was reluctant to give evidence on quantum. I was mistaken. Rather than simply say the branch had unauthorised losses, Mrs Rose considered it was more accurate to state that having performed a full audit of the cash and stock, she found that as at 23 March 2004, the branch was short of £25,758.75 cash.

98. I have been asked to consider the emails dated 16 October 2006 at [POL00069450] and the attendance notes dated 10 October 2006, 16 October 2006 and 18 October 2006 at [POL00069490], [POL00069470] and [POL00069453]. I have been asked to explain the discussion I had with Mandy Talbot about “brinkmanship” and her instructions on this.

99. My attendance note of 10 October 2006 of a call with Richard Morgan at POL00069490 records as follows:

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"*Richard thinks we should play some brinkmanship and press for a December trial. If they disclose an experts report that harms us then as they are doing so late, we can always ask the court to vacate the trial. However at the moment, they have not disclosed an experts report and he thinks we can go to trial without one. However, he wants us to get client approval for this strategy*."

100. There was some risk for POL in pressing on for trial in circumstances where Mr Castleton's solicitors had not produced an expert report, if they were later to produce one and if that affected our preparation or that we needed time to consider necessitating a vacation of the trial. So I think Counsel's use of the work "brinkmanship" in this instance simply meant that there could be some risk for POL in pressing on.

101. The broader context here leading up to my call with Mandy Talbot about Counsel's idea to press on is that:

(a) Mr Castleton's solicitors had by that stage declined a Part 36 settlement offer;

(b) Mr Castleton's solicitors had not taken up POL's offer to mediate several times. We felt we had done most of the running on this. I will talk about that in more detail later in this statement;

(c) On 9 March 2006, the trial set the trial window as 20 October to 8 December 2006. The trial date had been fixed on 22 June 2006 and so the parties knew about the trial window 9 months in advance and the actual trial date it well over 5 months in advance;

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(d) More recently, Mr Castleton's solicitors had been avoiding my calls, as I noted in my attendance note of 18 October 2006 at [POL00069453]; and

(e) I can see from the Attendance Note dated 16 October 2006 [POL00069470] that by that stage, our Counsel was much happier with the case. This is because by then we had obtained a number of witness statements of fact. He considered they were thorough and that POL did not really need expert evidence at the moment, because the statements of fact proved the case. His advice on tactics was therefore to continue to work towards the existing December trial date.

102. My attendance note of 18 October 2006 [POL00069453] records that Mandy Talbot had spoken with others at POL about Counsel's advice on tactics. (I suspect "Claire" in this note referred to Clare Wardle, who at one point in time was POL's General Counsel). It records they were content to follow Counsel's advice and continue to prepare for the trial that had been listed in December (although she acknowledged that a December trial was unlikely and this was because it was thought we might need to seek to adjourn in the event that Mr Castleton produced expert evidence that either affected our perception or at least that we would need to take time to review).

103. I have been asked to consider my email dated 31 October 2006 at [POL00069404]. I have been asked to set out my recollection of the issues raised in this email, why I considered the principle underlying them to be “concerning”, the reaction of those from whom I took instructions at POL and the steps which were taken in relation to these issues.

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104. My email of 31 October 2006 is to Brian Pinder at Fujitsu. When we had questions about the IT system during the Castleton case, Mr Pinder became the person to whom we went in the first instance at Fujitsu. He performed a liaison/relationship manager and co-ordinator sort of role for this purpose. (I can see Mr Pinder's name appears in our case file on 2 November 2005 in an email exchange he had with Graham Ward which POL forwarded to me. I anticipate that we would have been given his name by POL) [POL00070576]. My email records that Mr Booth had contacted me the previous week and reported that his computer froze on 25 or 26 October part way through a transaction which had not been settled. When he logged on again, the computer had lost the transaction of £1.27 and it did not prompt Mr Booth to recover it. Prior to then, Mr Booth's evidence (as set out in his first statement) was he had never known the system to lose a transaction. For that reason, my email records that we needed to prepare a supplemental statement from Mr Booth addressing this issue: Even if this turned out to be a point that counted against POL, it was important that we were open with Mr Castleton and the Court. Mr Castleton had raised screen freezing as an issue in paragraph 1.1 (ii) of his Part 18 Reply [POL00069298].

105. The email records that at the point in time of Mr Booth first bringing this to my attention, I found it concerning. The context of that initial concern was that Mr Castleton's solicitors had at some stage put the point to us that Mr Castleton thought that transactions had been entered on to the system and lost. I must have asked Mr Booth whether he had any experience of that happening, to test

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the point with the witness. Mr Booth had said in his first witness statement that he had not. My email records that the experience Mr Booth reported having on 25 or 26 October 2006 suggested on the face of it that Horizon could (albeit rarely) lose transactions. I can see from my email that I had notified Counsel about this development and that Counsel asked me to ask Fujitsu to review the Newbury Post Office branch's Horizon data (being the branch Mr Booth worked at) to see if the system froze and lost the transaction and what the explanation was.

106. In the event, having tested it, I was satisfied with how it was addressed. It did not prove to be a point that counted against POL. In the second statement of Mr Gregory Booth dated 8 November 2006 at [POL00081446], Mr Booth firstly described what had happened when his computer froze. Mr Booth then referred at paragraph 8 to the Horizon System User Guide. He cited extracts from it that gives guidance on what to do in the event of a system failure. Mr Booth concluded at paragraph 8 of his statement:

"It is clear from the Guide that where the system fails part way through the type of transaction I was performing, the system would not record it and that accordingly, I should have simply re-entered the details of the transaction in accordance with the instructions in the Guide."

107. In other words, as I understood it, this was a user error.

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108. I have been asked to consider what expert evidence was obtained and disclosed to POL by Mr Castleton in the course of proceedings. I have also been asked was any expert evidence relied on by Mr Castleton at trial.

109. In answering the question, the Inquiry has directed me to certain documents. These are the letter from Rowe Cohen to Bond Pearce dated 30 September 2005 enclosing reports obtained on behalf of Mr Castleton from Chris Hine of Bentley Jennison and Andrew W Richardson of White & Hoggard (all at [LCAS0000945]); my letter to Mr Samuel dated 18 November 2005 at [POL00072328] and the enclosed letter to Fujitsu at [POL00072317]; the letter from Rowe Cohen to Bond Pearce dated 25 July 2006 at [LCAS0000974]; the letter from myself to Geoff Porter of BDO Stoy Hayward LLP ("BDO") dated 22 August 2006 at [POL00071065] and the letter from Michael J Mason, Director at BDO, to myself dated 5 September 2006 at [POL00069592]; the attendance note dated 7 September 2006 at [POL00069612]; my email to Counsel dated 7 September 2006 at [POL00069613]; the attendance note dated 8 September 2006 at [POL00069603]; the attendance note dated 3 October 2006 at [POL00069513]; my email dated 3 November 2006 at [POL00069842]; the emails dated 10, 17 and 20 November 2006 at [POL00069745]; the attendance note dated 17 November 2006 at [POL00069752]; my email dated 17 November 2006 at [POL00069700] (see, in particular, point 5); my email dated 20 November 2006 at [POL00069745]; the emails dated 27 and 28 November 2006 at [POL00069972]; the email from Mr Mason dated 29 November 2006 at [POL00069954], the draft BDO report dated 29 November 2006 at

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[POL00069955] and the appendices to the draft report at [POL00069951]; the attendance note dated 29 November 2006 at [POL00071734]; the attendance note dated 1 December 2006 at [POL00069871].

110. The short answer is Mr Castleton did not disclose expert evidence in the sense of the sort of a formal report with a declaration that one might expect pursuant to Part 35 of the Civil Procedure Rules (**CPR**). It was late on in the proceedings when we came to realise that Mr Castleton would not be relying on an expert's report.

111. I will explain in the remainder of this part of my statement how that unfolded. The position of both parties on experts evolved during the case. At a high level, it is perhaps easiest to understand through the relevant parts of various case management orders, which I have summarised below:

Order	**What it said about experts**
Order of Master Fontaine dated 9 March 2006.	Each party to have permission to rely on the evidence of one expert in the field of accountancy and one in the field of information technology whose reports shall be served simultaneously by 4.00 p.m on 11 August 2006.
Order of Deputy Master Nussey on behalf of Master	Each party to have permission to rely on the evidence of one expert in the field of accountancy and one in the field of information technology

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Order	What it said about experts
Fontaine dated 25 August 2006.	whose reports shall be served simultaneously by 4.00 p.m. on 13 October 2006.
Order of Master Turner dated 23 October 2006.	There be sequential exchange of experts' reports, with the Defendant serving any expert evidence in the field of accountancy by 4pm on Friday 10 November 2006, the Claimant serving any reports in answer by 4 pm on Friday 24 November 2000 with discussion of experts of like disciplines to take place by no later than Wednesday 29 November 2006 and a signed agreed statement of areas of agreement and disagreement to be filed by no later than 4pm on Friday 1 December 2006.
Order of His Honour Judge Seymour QC dated 27 November 2006.	There be no expert evidence at the trial of the action.

112. On 30 September 2005, Mr Castleton's solicitors Rowe Cohen wrote to us [LCAS0000945]. They told us that they had instructed an expert witness in accountancy being Mr Hine of Bentley Jennison to review the documentation POL had at that stage supplied and to consider them in the light of Mr Castleton's pleaded defence. Mr Hine's report dated 23 September 2005

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referred to a report prepared by Mr Richardson of White & Hoggard Accountants dated 18 August 2005, which they also disclosed.

113. We investigated this and I can see that having done so I wrote to Rowe Cohen on 18 January 2006 [LCAS0000428]. My letter stated as follows:

"*The conclusion of both reports is that the Horizon system "double counted" losses because it allegedly failed to recognise the transfer of the money over from the daily snapshot into the suspense account. White & Hoggard even suggest that "if this has happened for the one week where we have documentary evidence then the balance of probabilities would suggest that it is quite likely that this is also happened in earlier periods…" The "evidence" that they rely upon is that on day 2 of week 49 (27 February 2004), an entry for £3,509.68 is shown as "loss to A" (document 3 attached to Bentley Jennison's report). An Office Copy of the suspense account dated 3 March 2004 states "cash shortages 27/02/04 loss A to table A £3,509.68" (document 4). Bentley Jennison then state that the net discrepancy of £3,509.68 is still showing in the balance snapshot dated 27 February 2004 (document 5) after it was purportedly transferred into the suspense account.*

We have discussed the reports with our client and have the following comments:

1. *Both experts have made a fundamental error in reviewing the documents you supplied to them and consequently, their conclusions are completely incorrect.*

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2. *The reason they have made a crucial error is that Bentley Jennison and White & Hoggard have both wrongly assumed that the balance snapshot is the same thing as the Final cash account, but they are not the same and have two separate functionalities. They rely upon the balance snapshot (document 5) dated 27 February 2004 to support their assertion that the discrepancy of £3,509.68 was still showing in the cash account after it was purportedly transferred into the suspense account. The balance snapshot would not show (or be expected to show) the transfer into the suspense account.*

To summarise, the balance snapshots will not be determinative of the claim (or useful) and you have not given the vast majority of the more useful information we have supplied to your experts. The conclusions in White & Hoggard and Bentley Jennison's reports are completely incorrect, yet you have stated that they will form the core of any formal report that Mr Castleton intends to rely upon at Court."

114. By October 2006, Mr Castleton's solicitors had had two opportunities to adduce expert evidence. Pursuant to the orders of Master Fontaine and Deputy Master Nussey, expert evidence had first been due on 11 August 2006 then 13 October 2006.

115. We were trying to understand the specifics of how Mr Castleton said IT issues he experienced could have caused illusory losses. On 19 October 2006 [POL00069440], Mr Castleton's solicitors wrote to me to address case management directions. They apologised for not having sent to us some of Mr

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Castleton's disclosure that had been due since 25 May 2006. The letter shows Mr Castleton's accountancy expert had been looking at a report for week 42 and hoped to finalise it by 3 November (the previous order having required it to be served by 13 October). On the subject of expert IT evidence, they said "*We would propose the instruction of experts in this discipline be deferred for the time being, pending service of the accounting evidence referred to above…Mr Castleton is…unable to say specifically at this point how the system is flawed and what underlying problem gives rise to the problem.*"

116. On 19 October 2006, I wrote to Mr Castleton's solicitors:

It is unclear how Mr Castleton says in fact the losses did not occur and you now admit that Mr Castleton "is unable to say at this point how the system is flawed."

117. I then went on to state:

"You state that Mr Castleton's forensic accounting expert witness "hopes" to be in a position to finalise his report for just week 42 by Friday 3 November. You agree that sequential exchange of expert's reports is desirable so that our experts can then deal with specific allegations, but suggest that the Post Office's experts consider the week 42 evidence, report back on it and then the whole exercise is if necessary repeated for week 43 etc.

Your experts have by now had ample opportunity (several months) to prepare their reports. Indeed, they were due for exchange by 13 October 2006. This litigation cannot continue indefinitely. Our view is either that the Court should

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not now allow you to adduce any late expert evidence and the December trial should go ahead, but if late evidence is permitted, then:

(a) *You should serve all expert evidence that you intend to rely upon at the same time. There appears to be no reason to focus just on Cash Account week 42 to the exclusion of other weeks, particularly given that in the signed Cash Account Mr Castleton declared shortage of just 60 pence that week. A focus on one week might give a misleading picture. You experts reports can then be reviewed in one go, which would be more cost effective than going back and forward with individual weeks. Of course, if you only want to produce and rely on expert evidence for just 1 week, or disclose a report for week 42 on a without prejudice basis, that is up to you.*

(b) *Once we see your experts' reports, we will be able to determine whether we wish to put in any expert evidence in response and if we do, our experts will be in a better position to confirm how long this is likely to take. Accordingly, the Post Office should have permission to adduce expert evidence in response, if advised, and there should be a further CMC after service of your experts reports to set a deadline for this and if necessary, to vacate the December trial window. As things currently stand, the existing trial window should remain in place."*

118. The idea of a sequential exchange of all experts' reports was important. By that time, POL had incurred time and cost trying to prove a negative. We still did not understand how Mr Castleton was alleging that the IT system could cause

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illusory losses at his branch. If Mr Castleton still wished to adduce expert evidence, then a sequential exchange would allow us to consider this in a more targeted and proportionate manner.

119. Our Counsel's skeleton argument for the hearing on 23 October 2006 [POL00069618] summarised POL's position as follows:

"Pursuant to the Order of Master Fontaine (bundle 1, tab 5, p.37) the parties have permission to rely on the evidence of experts in the fields of accounting and information technology. This expert evidence is meant to go to D's assertion that in some way the losses recorded by him were not real losses. C has sought clarification of the way D intends to make his case but still does not understand how D says losses did not in fact occur (see D's Further Information at bundle 1, tab 4, p.17 to p.29). The cost of expert evidence is high (even more so in a case worth only some £25,000) and D's statements of case do not enable C's experts to be instructed to focus on any particular aspects of thousands of transactions conducted within the relevant period. D accepts that sequential exchange is desirable. In the circumstances C invites the Court to direct that there be sequential exchange of experts' reports within a timetable that allows C some time to respond, alternatively that there be no expert evidence at the trial, given that it is now so late and D does not seem to have any expert evidence ready to advance."

120. Insofar as IT experts were concerned however, this was taken out of both parties' hands by the Court. At the hearing on 23 October 2006, Master Turner ordered that there be a sequential exchange of accounting experts reports with

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Mr Castleton serving any expert evidence in the field of accountancy by 10 November and POL serving any report in answer by 24 November with expert discussions to take place by no later than 29 November and a signed statement of areas of agreement and disagreement filed by no later than 1 December 2006 [LCAS0000199]. An extract of my attendance note of the hearing I produced is at [POL00072523]. It shows that Richard Morgan submitted that:

"The Defendant says there are problems, but has not been able to particularise them. We want the Defendant to have an opportunity to establish that, but that has to be the end of the case, even with the Post Office's means. We need to keep the case on track for a December trial."

121. The note records that Mr Castleton's Counsel made the following submissions about an IT expert:

"Submissions for Mr Castleton

AG said that Mr Castleton's submission is that the trial cannot be effective as listed. It is necessary to rehearse the history. This is not a high value claim. The value of the counter-claim is a matter that AG would address within the next 14 days. It is open to question whether this is properly a matter of the High Court or not. It is not a particularly high value claim, and the question of costs is particularly significant. The Master had heard about the costs of the accountancy by two experts. They are significant sums in excess of the value of the claim. Mr Castleton has only been spending costs where it has been necessary to keep these in proportion for the sums in dispute. Disclosure was

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made in May. It was reasonably extensive. Rather than ask for everything at one go, Mr Castleton reviewed the list to identify the documents he really needed. That took place in mid-June. They were provided swiftly. The next stage was for Mr Castleton to consider the disclosure having inspected documents himself to see if he maintained that he had any problems with the functioning of the computer system. He remains convinced of that, but so far as the legal team is concerned, they advise Mr Castleton that this needs to be made good by independent expert evidence. For the Court to be satisfied we therefore wanted an expert."

122. In short, following POL's disclosure, Mr Castleton did not know for a time if he was still maintaining he had problems with the functioning of the IT system.

123. Later on in my attendance note, I record Master Turner as saying:

"He is therefore not minded to extend the time to allow more expert evidence to be taken. The Defendant has nailed his colours to the mast. He does not have power in any case to vacate the trial. He wants it held on 4 December and for the parties to get on with it. The clerks are ready to take it. If the parties need to vacate it, they need to apply to Mr Justice Edie."

124. Master Turner also ordered Mr Castleton to deliver up the missing documents from his disclosure list (which included financial records such as daily cash declarations) by 30 October or to produce a witness statement explaining his position in respect of those documents.

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125. I see from an email I sent to Mr Castleton's solicitors on 17 November 2006 [POL00069700] at paragraph 5 that they had not still not sent to us that his expert accountancy report was due to be served on us by no later than 10 November 2006. I asked them whether they proposed to serve any expert accountancy evidence. I see from an attendance note of a call I had with Richard Morgan and Tom Beezer on 17 November 2006 at [POL00069752] that I had told them that Mr Castleton's solicitors were not going to serve any experts reports, so they must have told me that.

126. At a PTR on 27 November 2006, His Honour Judge Seymour Ordered that there be no expert evidence at the trial of the action [POL00069965].

127. I have been asked what steps were taken by POL to obtain expert evidence in this case and why.

128. Our collective view of what expert evidence POL would need evolved during the course of the case. At first, we must have thought that POL would need expert IT evidence. I can see from the case file that I even prepared a letter to Fujitsu on 18 November 2005 [POL00072317] and on the same day sent it to Nick Samuel at POL [POL00072328]. (I do not now remember who Mr Samuel was. He did not feature very much with me in the litigation with Mr Castleton). I enclosed Mr Castleton's expert accountancy reports with the letter. I asked Mr Samuel to:

"address the letter to the right person who needs to deal with it at Fujitsu and explain that their report is required urgently"

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129. I can see from an email of 28 November 2005 that Graham Ward followed up on this with Brian Pinder of Fujitsu and asks that this be expedited [POL00070450]. However, I do not recall getting a substantive response to this letter from Fujitsu and do not believe that we did. I can see in an email of 31 March 2006 to Tom Beezer that I said Nick had left POL and Dave Hulbert had since been following up with Fujitsu but without success [POL00070864]. It may well have been this was overtaken by events: the attendance note dated 24 February 2006 [POL00072669] of a call with Mandy Talbot records her view at that stage that POL did not want an expert (by which I think looking back at the note it should probably have read she does not want an IT expert). Instead, she wanted us to use a well-known Accountant with a speciality in IT. (I cannot now recall any further details of our discussion). Despite that, I can see for a time we kept POL's options on instructing an IT expert open; I refer to the instruction of an IT expert at the end of my email to Mandy Talbot of 24 April 2006 [POL00070824] and the order of Deputy Master Nussey dated 25 August 2006 still permitted POL to adduce evidence from both an IT expert and an expert accountant. This shows that POL's view at that point in time had not solidified. I suspect our thinking was that we should at least preserve the ability to call an IT expert; it did not mean POL had to do so. This tactic would have stemmed from it not being clear how Mr Castleton had said the IT system caused illusory losses at his branch.

130. In terms of the appointment of an IT expert, after some internal discussions within my firm, my firm recommended BDO Stoy Hayward LLP (**BDO**) and I

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instructed them under cover of a letter dated 22 August 2006 at [POL00071065]. The letter set out the background, POL's civil claim, Mr Castleton's Defence and Counterclaim, some information about the Horizon IT system, Mr Castleton's specific allegations, POL's view of those allegations and enclosed various documents. The scope of the instruction was to:

"investigate and prepare a formal IT Report dealing with whether in your expert opinion, what (and if so how likely) is the prospect that the losses are merely accounting errors arising from the operation of the Horizon computer system i.e they are not real losses."

131. I can see from my attendance note dated 24 October 2006 [POL00069431] of a call with Geoff Porter of BDO that we then asked him to focus on weeks 41-44 with a particular focus on week 42.

132. I have also been asked whether following my letter of 18 November 2005 [POL00072328] and the enclosure at [POL0007231], was an expert report (as opposed to a witness statement of fact) ever obtained from Fujitsu? If not, why not.

133. I understand the question to be referring to a CPR 35 compliant IT expert report from Fujitsu. The answer to the question is no.

134. We had a meeting with Fujitsu at their offices on 6 June 2006. I will talk about this in more detail later in this statement. The meeting helped us to start to identify potential witnesses from Fujitsu and what issues they could give evidence about. We subsequently started to prepare witness statements of fact.

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This included starting work in August 2006 on a witness statement of fact from Anne Chambers of Fujitsu, who have I have noted above, had not through her investigation been able to find evidence of a computer system problem at the Marine Drive branch. This meeting also ultimately led to a witness statement from an IT security Analyst at Fujitsu, Andrew Dunks. Mr Dunks' evidence served the function of describing what the call logs were about that related to the Marine Drive branch and which had been made to the Horizon System Helpdesk run by Fujitsu during the relevant period.

135. In addition, we obtained evidence from Andrew Wise, an employee of POL. His statement of fact said that at the relevant time he was a postal officer at the Network Business Support Centre (**NBSC**) working as a Tier 2 Advisor. However due to his experience and knowledge, Mr Wise stated that he was often asked to stand in as a team leader. His responsibilities included those of a service support advisor involved in answering calls which were generally more complex than the first tier of calls that sub-postmasters make to the NBSC. Mr Wise was able to give evidence about what Horizon is and the daily and weekly reporting procedures that sub-postmasters were required to adhere to at the time. In addition, he also provided an overview of call logs from the Marine Drive from December 2003 to April 2004.

136. During the conference we had with Counsel on 11 September 2006 [POL00069622], I have noted above that Ms Oglesby told us that it was possible for sub-postmasters to change data that they had inputted into the Horizon IT system. During this conference, Counsel advised us that:

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(a) POL could "*rely on the admission of the cash accounts i.e. that they were signed by the sub-postmaster*"

(b) We would "*move the territory away from Horizon to what cash came in and what cash went out*. "

(c) "*Their defence is that the Horizon system was to blame, but they haven't really made their defence very clear*."

137. This is part of the reason that ultimately POL did not seek to adduce expert I.T evidence. The other reason was that, as my 19 October 2006 letter to Rowe Cohen [POL00069439] records, Mr Castleton admitted at that stage that he was "*unable to say at this point how the system is flawed*." Since we did not understand how Mr Castleton was putting his case, we wanted a sequential exchange of experts' reports. We wanted to see what Mr Castleton was saying so that we could assess whether to put in expert evidence in response and so that it could be proportionate, focussed and relevant to any specific concerns. In the event, my note of the hearing of 23 October [POL00072523] shows that Master Turner was concerned about costs and proportionality and said that Mr Castleton had nailed his colours to the mast. He wanted the parties to get on with it. He confined expert evidence to a sequential exchange of accountancy experts reports. POL never received an expert IT report from Mr Castleton to which it could respond.

138. We obtained the statements of fact I have mentioned above from Mrs Chambers and Mr Dunks of Fujitsu and from Mr Wise of POL which covered IT points in

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different ways. However, POL's case centred around physical accounts. We obtained a number of other statements that dealt with accounting issues. I can see from the Attendance Note of a call I had with Mandy Talbot on 16 October 2006 [POL00069470] that by that stage our Counsel was much happier with the case. This is because by then we had obtained a number of witness statements of fact. He considered they were thorough and that POL did not really need expert evidence at the moment, because the statements of fact proved the case.

139. Finally, reflecting back, had we wanted or needed to obtain expert IT evidence, I believe that we would ultimately have instructed a third party IT expert rather than Fujitsu. (I am reminded from the attendance note of a call on 7 April 2006 [POL00070850] that Tom Beezer had advised POL that the information we would obtain from Fujitsu would not be an independent expert report and that we would need a separate independent expert).

140. I have been asked why was the draft report from BDO obtained by the Post Office not disclosed / relied upon at trial?

141. The answer is as follows:

(a) Pursuant to the Order of Master Turner of 23 October 2006, it was envisaged that there would be a sequential exchange of accountancy expert reports. This was so that POL's accountancy expert could consider any specific allegation Mr Castleton was making and respond to it. We never received an accountancy expert report from Mr Castleton;

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(b) The draft report from BDO was supplied to me after a time the Court had ruled that the parties could not adduce expert evidence;

(c) Before receiving BDO's draft report, Counsel was content that POL's case was made out on the basis of the witness statements of fact. We had not decided that we would definitely use it in any event;

(d) The report was only supplied by BDO in draft. We would have wanted BDO to have corrected it for any errors (noting it was their report and that they would have had to have been content with its accuracy) to have finalised it;

(e) I am not sure whether it would have been possible for BDO to have corrected any errors and finalise their draft report in the 7 days prior to trial;

(f) Counsel advised not to disclose it and did not consider POL needed it to prove its case; and

(g) Mandy Talbot of POL instructed me not to disclose it.

142. For completeness, I set out further information below as to how that position was reached.

143. At a hearing on 23 October 2006, Master Turner ordered that POL serve any expert report in answer to Mr Castleton's by 24 November [LCAS0000199]. I can see from my attendance note dated 29 November 2006 at POL00071734

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that I had told Mr Porter of BDO of this deadline after the hearing on 23 October 2006.

144. On 10 November 2006, we received a subject to contract settlement offer from Mr Castleton's solicitors on his behalf. I will talk about this in more detail later in this statement. POL accepted Mr Castleton's offer and it led to the negotiation of a Tomlin Order [WBON0000017] which we signed and sent back to Mr Castleton's solicitors on 15 November 2006. In view of these discussions, we believed that the trial would not proceed. We paused our firm's trial preparation. I also asked Mr Porter of BDO to pause work. In what I thought at the time was a remarkable turn of events (given Mr Castleton's solicitors made the settlement offer), Mr Castleton then refused to sign the Tomlin Order. This put us under real pressure in terms of finalising preparations for trial. I asked Mr Porter to resume work on his report.

145. Counsel had already considered in our call of 16 October that we did not really need expert evidence. I can see from my attendance note of a call with Counsel and Tom Beezer of 17 November 2006 [POL00069752] that given BDO had got so far with reading into the case we might as well ask them to top off their work with a summary report and "*we can then decide whether or not to use it.*" So before asking BDO to conclude their work, Counsel had said we did not really need expert evidence (as he was content with the statements of fact) and we only asked BDO to prepare a summary report because they had got so far reading into it. We had not decided for sure whether we would in fact use it.

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146. On 27 November 2006, there was a pre-trial review hearing. The Court did not adjourn the trial at that hearing. His Honour Judge Seymour ordered that there be no expert evidence at the trial of the action. I can see from my email of 28 November to Mr Porter and Mr Mason [POL00069972] that I told them that "*Given that we didn't have the final (or even a draft) report ready for yesterday's pre-trial review, the Court refused permission to both parties to adduce any expert evidence. Geoff won't therefore be required to attend trial to give evidence*."

147. I received BDO's draft report by email on 29 November 2006 [POL00069954 and POL00069955]. I do not believe that I ever received a final version. Expert evidence had by then been debarred. In order to use it, we would have needed to have finalised it and also to have made a successful application to Court to obtain permission.

148. BDO's draft report concluded in essence that there was no computer problem. (At paragraph 2.1.2, it stated that "*the only indications of possible computer problems that are apparent from the accounting records are three very small differences in the cash account (trial balance) but each are less than £5*").

149. The draft report amplified this at paragraph 6.6.4 which stated that:

"If Mr Castleton had suffered from a problem with the Horizon computer system I would have expected to see that he was reporting a daily cash balance that suddenly fell below the cumulative cash balance…but that looking at the daily balances up to the next Wednesday there would be the same difference (or at

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least a very close one) until the weekly reconciliation was performed. There is no indication that this was happening in January and February 2004 at Marine Drive."

150. At paragraph 9.3.1, it concluded *"I would have expected that if there were computer problems affecting the accounting system that they would have continued in the weeks after Mr Castleton was suspended. There is no indication this has happened*."

151. I discussed BDO's draft report with Mandy Talbot on 1 December 2006. She instructed me not to instruct BDO to finalise its draft report or to disclose it. (An attendance note of our call is at [POL00069871]).

152. I remember discussing BDO's draft report with Counsel by telephone. Overall, we thought the report was favourable to POL. Our discussion would absolutely have included the point about whether the suspense account might have been a duplication. I cannot now recall all the details of our call. I do not recall whether it was before or after my call with Mandy Talbot. However, I do remember that Counsel advised that although POL had permission to use expert evidence, it was not obliged to do so. He was satisfied that POL could establish its case on the basis of the witness statements of fact. He did not consider that POL needed to obtain a final report from BDO. He advised that we should not rely on the draft report or disclose it. Counsel was heavily into trial preparation. I felt that he had an excellent grasp of the accounting points.

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153. I have been asked what was the "£3,500 point" referred to in the attendance note dated 1 December 2006 [POL00069871].

154. The draft BDO report recorded that concerns Mr Castleton was inadvertently overstating his differences by not understanding how the suspense account was supposed to operate. It said "*It appears that he has treated £3,509 as a loss which is still in suspense*." Later at paragraph 5.5.4 it said "*My view is that this may be a duplication…*"

155. I am reminded from Liz Morgan's statement at paragraph 7 she stated:

"If a sub-postmaster transferred a shortfall into the Suspense Account, the shortfall would still show in any balance snapshot printed after the transfer until after they balanced the following week. This sometimes caused sub-postmasters to at first mistakenly believe that they had not transferred the shortfall from the Cash Account to the Suspense Account even though they had."

156. BDO's view on this "may" was not definitive. I believe that our conclusion was that BDO had simply got the same misunderstanding about this that Ms Morgan reported that sub-postmasters sometimes had.

157. I can see from our file that I emailed Richard Morgan about this twice on 9 November 2006 referring him to Liz Morgan's statement [WBON0000005]. I see from one of my emails that we had also addressed it in correspondence with Rowe Cohen on 18 January 2006 [LCAS0000428]. I can also see that I explained to Richard Morgan in one of my emails of 9 November that "*The*

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simple explanation is that Mr Castleton has misinterpreted the figures for that week which is why he mistakenly thought there was no loss." [WBON0000005].

158. I have been asked if POL continued to rely on the evidence of John Jones (and in particular paragraph 12 of his second witness statement) notwithstanding paragraphs 2.2.1l and 7.1.5 of the draft BDO report?

159. The short answer is not on the point of Mr Jones' transactional analysis (i.e. his figures).

160. I believe that the Inquiry's reference to paragraph 2.2.1(e) of the draft BDO report may in fact be to paragraph 2.1.2(e). This paragraph made 2 different points as follows:

(a) *"There is a suggestion by a Mr John Jones of the Post Office that Mr Castleton had omitted receipts from a car auction customer which paid in large amounts in cash to its Girobank account. My conclusions are that the three large amounts that Mr Jones refers to were correctly dealt with in the cash account. This is discussed in section 7." (I am not sure whether the Inquiry's reference is to paragraph 7.1.5 is a typo and means to paragraph 7.1.6 in which he states that" If Mr Jones is correct then I would have expected to see that Mr Castleton's daily cash declaration for the Wednesday to be much lower than the cumulative balance calculated from the recorded cash transactions….")*

(b) *"There is a separate point, which is not part of my investigation, as to whether Mr Castleton has been overordering cash from the Post Office*

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because of the uncertainties as to how much money the auction would pay in each week. Throughout most of January and February 2004 Mr Castleton seems to have far too much money for his normal requirements to pay pensions etc."

161. Paragraph 12 of Mr Jones second witness statement stated:

"I also conducted a daily transactional analysis from both daily and weekly balance snapshots in the cash accounts of weeks 46, 57 and 50 in which there were losses of £8,243.10, zero and £10,653.ii respectively... My analysis showed that there were anomalies between the cash contained in the balance snapshot for the Tuesday of those weeks and the final cash declaration set out in final balance in the weekly Cash Account produced on the Wednesday. For example, I evaluated individual transactions between Tuesday 10 February 2004 and Wednesday 12 February 2004 for cash account week 46. My evaluation indicated that the actual transactional receipts exceeded those payments that were declared by the Marine Drive Branch by approximately £15,300. It can be demonstrated, by reference to a giro receipt, that a cash deposit of £16,500 by the car auction (customer number 685 9461) was received on Wednesday it February 2004, but this is not reflected in the Cash Account signed by Mr Castleton at the close of business on the Wednesday. A cash declaration of approximately £49,000 should have been made as opposed to the incorrect cash declaration that was actually made of £33,100. In other words, my assumption at the time was that the Marine Drive branch physically received approximately £15,300 more cash than the amount it actually declared

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

for that week in the Cash Account. I have no conclusive explanation for this other than that the paper records were seriously inaccurate."

162. The main point Mr Jones was really making in this paragraph was that Mr Castleton ordered too much cash for the transactions he was performing. BDO agreed with this. The second point is that Mr Jones gave an illustration of what he was saying; he referred to a giro receipt that a cash deposit of £16,500 from the car auction was not reflected in the Cash Account. BDO's draft report concluded that they had been correctly dealt with; in other words they disagreed with Mr Jones' calculation.

163. I am reminded from reading page 13 of our note of the trial that Mr Castleton challenged Mr Jones on his evidence in cross examination [LCAS0000444].

164. Mr Castleton said that "*JJ has made 3 separate interpretations of the figures in his own cash account spreadsheet. That would be physically impossible.*"

"RM: I think this may be an historical point. JJ was brought in to deal with the appeal from CO. He conducted his own investigation and is obliged to tell whole truth. Telling court whole process he went through to make a judgment on LC. Not sure he's totalled up the amount being looked for here. I'm not basing my claim on JJ's statement."

165. Counsel's Skeleton Argument [POL00069911] explained that in order to establish the quantum of its claim, POL relied upon the following:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) The losses Mr Castleton recorded in the Cash Accounts (Final) signed by him and submitted to POL. At paragraph 5 of Counsel's Skeleton Argument, he stated:

"In the last Cash Account (Final) prepared and signed by him, being for week 51, the week ending Wednesday 17th March 2004, D vouched an accumulated loss of £22,963.24 in the amounts due to C."

(b) The audit carried out by Helen Rose upon which she gave evidence at paragraph 7 that the audit revealed that by 23 March 2004 there was a shortage of £25,758.75 cash (paragraph 6 of Counsel's Skeleton Argument).

(c) £176 relating to National Lottery sales that happened whilst the audit was completed whilst prizes of £75.80 were paid out, giving a net balance received by Mr Castleton or his agents of £100.20 for which he failed to account. (Paragraph 7 of Counsel's Skeleton Argument which referred to paragraphs 12 and 13 of the Witness Statement of Michael Johnson).

(d) Paragraph 16 of Counsel's Skeleton Argument recorded that Mr Castleton admitted at paragraph 2 of his Amended Defence and Counterclaim both that there was an apparent shortfall in the account of the Marine Drive Post Office as at 23 March 2004 (£25,758.75) and that the audit conducted by POL's staff confirmed that there was a balance of £25,758.75 owing to POL. On these facts, Counsel submitted that POL was entitled to judgment.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(e) Counsel further argued at paragraph 17 that Mr Castleton does not "*challenge specifically any of the figures in the audit, not does he say how any calculation of the amount owing to POL is said to be wrong or in what respect.*"

(f) Counsel argued at paragraph 20 that if Mr Castleton was able to show that the accounts should be re-opened, then POL claimed an entitlement to a formal account.

(12) FUJITSU'S INVOLVEMENT

166. I have been asked to set out Fujitsu's involvement in this matter and detail the approach of Fujitsu to complaints regarding the Horizon system. The Inquiry has referred me to attendance note dated 7 April 2006 at [POL00070850], the emails dated 27 July 2006 at [POL00073598], my email dated 8 September 2006 at [POL00069599], my email dated 27 September 2006 at [FUJ00122333] (plus attachments at [FUJ00122334] and [FUJ00122335]).

167. My firm did not act for or advise Fujitsu. Our dealings with them in this civil case were to issues raised about the operation of the Horizon system relevant to the dispute with Mr Castleton in which we were acting for POL. I had no dealings with Fujitsu before this civil case.

168. I am reminded from re-reading my attendance note of 7 April 2006 at [POL00070850] that I had a telephone conference with Mandy Talbot and Tony Utting of POL, Ian Herbert of Hugh James solicitors (the solicitors working on the Bajaj and Bilkhu cases) and Tom Beezer that we discussed how we could

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

obtain more meaningful information at Fujitsu. The note records that we agreed with POL that we should identify key individuals at Fujitsu who could provide relevant information and then I would go and visit them with Ian Herbert to take a proof of evidence.

169. On 21 April 2006, I emailed Julie Welsh of Fujitsu (copying in Brian Pinder) [WBON0000052]. The email set out the nature of the dispute and the specific allegations that Mr Castleton had made. It explained that I wanted to meet Julie Welsh to obtain a witness statement from her. (I think I must have initially have thought Julie Welsh sent the communication saying there was no system problem but later I realised that in fact Julie Welsh had received that communication from Anne Chambers). Brian Pinder replied and told me that Julie had left Fujitsu a couple of weeks ago to live overseas [POL00070830]. On 26 April 2006, I replied to Brian Pinder and asked if Anne Chambers could attend the meeting because it appeared that she had done the investigatory work [POL00070821].

170. On 6 June 2006, a meeting took place at Fujitsu in Bracknell [POL00071165]. I prepared an agenda [POL00071418] which outlined the dispute with Mr Castleton. It stated:

"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

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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."

171. I cannot find on file a copy of an email to Fujitsu sending them the agenda in advance. If I did not send it to Fujitsu in advance, I believe it to be highly likely we would have printed out hard copies and shared it on the day of the meeting (although I have no specific memory of doing so).

172. Fujitsu would have known that civil litigation was afoot. (Brian Pinder had been contacted by Graham Ward in November 2005 about this matter. Graham had forwarded Brian Pinder our request for a report from Fujitsu). In addition, Mr Pinder had my email of 21 April 2006 to Julie Welsh [WBON0000052]. I believe that Fujitsu also knew that Mr Castleton's case was that any shortfall at his branch was entirely the fault of problems with the Horizon computer system. (The agenda records this).

173. It is clear from the agenda that on behalf of POL, I wanted to discuss with Fujitsu:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) general Horizon issues i.e. how it worked and also whether if there were human errors in recording transactions, Horizon would show a loss (even if there was no real loss).

(b) Mr Castleton's specific allegations about problems he stated that he encountered. (The agenda listed each of those allegations so that it was absolutely clear what we were talking about). It stated:

"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."

(c) Action taken by Fujitsu at the Marine Drive Branch. The agenda stated:

(i) *"What steps Fujitsu took to examine the Horizon system at the Marine Drive Post Office in 2004 and what their conclusions were.*

(ii) *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."*

174. My colleague Adrian Bratt took the attendance note of the meeting at [POL00071165]. The note records that the following other people were present:

(a) Mared Hughes of Hugh James. (She attended instead of Ian Herbert);

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(b) 6 representatives from Fujitsu being Brian Pinder, Peter Sewell, Andy Dunks (whose name is mis-spelt in the note), Anne Chambers, Naomie Ellis, Gareth Jenkins of Fujitsu; and

(c) Graham Ward of POL.

175. The attendance note of the meeting is over 6 pages long. It is detailed. It shows that we worked through our agenda thoroughly with Fujitsu – it follows the format of the agenda. It shows Fujitsu's representatives providing the information we had requested.

176. The note records that I introduced the agenda and outlined the Castleton case.

177. The note records Brian Pinder and Graham Ward talking to the section called "how Horizon works." It shows us talking through the following issues Mr Castleton had raised in his Part 18 Reply and Gareth Jenkins addressing us on them:

(a) An allegation that were non-communication between the PCs;

(b) Screen freezing;

(c) Blank Screen;

(d) Card swipe;

(e) Overnight cash holding;

(f) Lost transactions; and

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(g) Balance snapshots.

178. The note also shows us discussing the other points set out at paragraph 1.2 of Mr Castleton's Part 18 Reply.

179. Mr Jenkins had an answer for each of the above allegations. To take just the final example (balance snapshots), the attendance note records:

"Mr Castleton had alleged that the £4,000 from the cash account is transferred across to the suspense account and the cash account should return to zero. Castleton is saying that via the balance snapshot he can prove that is not happening. JG [sic] stating that is not true and he can show it is not true. Referring to the letter on 18 January. At the top of the balance sheet you get a summary of the shortage/surplus – this does not get recalculated. The balance document on Wednesday which shows on a balance snapshot. Not balance it will remain and the balance reporting will cancel out any discrepancy. The balance snapshot will not show the transfer until after the sub-postmaster does a trial balance."

180. The note records Anne Chambers talking about one of Mr Castleton's calls that had come through to her. Mrs Chambers explained that she checked for discrepancies between the branch weekly cash account, the branch daily account which is accumulated at the week end and the data centre weekly cash account. It states that Mrs Chambers checked for discrepancies between these and found none. It records that:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

181. "*Cheques were handled correctly (as far as the system is concerned). She checked the REM was correct, which it was except for one day when he forgot to cut off the cheques but she only checked back one week. She also noted that once in a while the declaration number was used incorrectly. For example if you used 01 for £10,000 and then 11 for another £10,000 the system will think that the branch had £20,000 but it only has £10,000. The daily cash handling were using a double declaration number* ***but this does not affect the weekly balance****. AC went through the transactions day by day and compared with overnight declarations. You would expect*

(a) *a starting cash position*

(b) *transactions*

(c) *a system cash figure which should be close to the actual cash holding.*

AC was taken aback to consider that (c)" (i.e. the system cash figure) *"was way out every day, above and below. There should be somewhere the other part of that transaction and what is on the system does not match what is in the drawer.*

There is no systems reason to explain the discrepancy. There is nothing to indicate a computer system failure or the PM had an operational problem."

182. The note went on to say:

"It was AC's feeling that it was sloppy inaccuracies rather than fraud. Additionally as the PM is actually declaring the discrepancies this gives the

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

impression of incompetence. It is AC's conclusion that there was no systems problem."

183. The note finishes by recording that I asked if there was anything else Fujitsu would have done. "*The response was no and it was also noted that the new PM was using the same kit as Lee Castleton with no losses.*"

184. From re-reading the note now, the impression I believe that I would been left with is that as far as Fujitsu had been able to tell from their investigation, there had not been a problem with the computer system at the Marine Drive branch that would have caused illusory losses. They did not give any credence to the idea that the issues Mr Castleton had identified in his Part 18 Reply and which we raised with them had caused illusory losses at his branch.

185. I can see from the attendance note of a call I had with Tom Beezer on 7 September 2006 at [POL00069612] that I recorded "*I have met with Fujitsu and they are utterly convinced of the integrity of their system and really it is just an electronic calculator so it is only as good as the person who inputs information into it.*" Again, this shows the very strong impression I had from Fujitsu with the integrity of the Horizon IT system at the Marine Drive branch.

186. On 8 September 2006 at [POL00069599], I emailed Mandy Talbot about a call I had had with Mr Castleton's solicitors. Insofar as the Horizon system was concerned the email to Mandy Talbot reporting our call records as follows:

"I explained to him that had for the past few months been meeting various witnesses and the common theme that came out was not just that they were

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confident with the Horizon System but that they were very confident with it. In particular I explained to him that I had vigorously queried Fujitsu on every single I.T issue raised in the Part 20 [sic] *Reply and that Fujitsu had said that irrespective of whether Mr Castleton was experiencing any computer problems, it wouldn't cause the losses."*

187. This email exactly sums up the impression we got from Fujitsu. We put Mr Castleton's allegations to Fujitsu. We put them vigorously. Fujitsu were not just confident, they were very confident.

188. I have recorded elsewhere in this statement that we ultimately obtained two witness statements of fact from Fujitsu employees. One was from Anne Chambers and the other was from Andrew Dunks.

189. I was also assisted by Mr Brian Pinder of Fujitsu much later. Shortly before the trial, Mr Castleton served his witness statements and these contained allegations about IT issues at other Post Office branches. Mr Pinder assisted in providing information relating to those. I will deal with this in more detail in the sections of this statement dealing with Mr Bajaj and Callender Square and disclosure.

190. I have been asked to what extent I was aware of the involvement of the certain individuals in this matter. I have been asked to include what I considered their role to have been and any views that I have on their roles, abilities and knowledge of bugs, errors or defects in Horizon more broadly:

i) Gareth Jenkins.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

191. The Inquiry has referred me to documents also referenced by R9: the emails dated 2 August 2006 at [FUJ00122279] and the attachments at [FUJ00122280], [FUJ00122281] and [FUJ00122282].

192. I met Gareth Jenkins at the meeting on 6 June 2006. His job title was a Distinguished Engineer. The attendance note of that meeting 2006 at [POL00071165] records that we put to him each of Mr Castleton's allegations and that he answered each of them.

193. It is difficult to remember nearly 17 years later much about what view I had on his abilities. I believe that I formed the impression that he was very bright, knowledgeable and technically able. He clearly had firm views about Mr Castleton's allegations in his Part 18 Reply. I think he may have reminded me of the stereotype of what a professor may be like. I may be doing Mr Jenkins a disservice and I may be not be remembering this correctly, or articulating it well, but I think I also formed the impression he was not always succinct.

194. At one stage, we considered obtaining a witness statement from Mr Jenkins. I went so far as to prepare a draft witness statement for him. In the end though, we did not finalise it. My recollection from re-reading an attendance note of a call I had with Counsel on 11 August 2006 at [POL00071438] is that Counsel considered that we would end up with sufficient evidence of fact from others at Fujitsu. Counsel also thought that the statement I had drafted for Gareth Jenkins was really opinion evidence.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

195. I will set out in the section of this statement referring to Ms Thomas some other assistance Mr Jenkins provided.

196. I am also reminded from an attendance note dated 7 November 2006 at [WBON0000100] of a telephone conversation with Mr Jenkins that he did have a further involvement. It appears that I was asking Mr Jenkins for answers to questions in an email I had sent to Brian Pinder on 6 November about the operation of the system which is at [POL00073743] and to which Mr Jenkins had provided some information.

ii) Anne Chambers.

197. The Inquiry has referred me to documents referenced in the R9 email dated 13 September 2006 at [FUJ00122321] and the attachments at [FUJ00122322] and [FUJ00122323] and Mandy Talbot's email dated 6 December 2006 [POL00070135].

198. I have noted above what Anne Chambers said in our meeting on 6 June 2006 and elsewhere in the conference with Counsel on 11 September 2006 [POL00069622] when we discussed her draft statement.

199. Most of Mrs Chambers' witness statement is devoted to setting out the investigation she did. She explained at paragraph 5 that her initial involvement with the investigation was on 26 February 2004 when a call was assigned to the System Support Centre in which she worked. She explained in paragraphs 6 to 15 what she did to investigate.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

200. The drafting of witness statements is an iterative process. I can see from an early draft of Mrs Chambers' statement [POL00073838] on our system created on 28 July 2006 that the original conclusion of Anne's Chambers draft statement (which I must presumably have written based on my understanding of what she had told me) read as follows:

"40. There are no reasonable grounds for believing that the information stored on the Horizon system would be inaccurate because of improper use of the computer terminal. To the best of my knowledge and belief, during the material time, the Horizon system was operating properly at the Marine Drive branch or if not, any respect in which it was not operating properly was not such as to affect the production of audit record or accuracy of their contents."

201. At that point in time, Anne Chambers' draft statement performed the function of describing all the HSH call logs (as well as explaining the investigation she was involved in). I can see from an email of 16 August 2006 [FUJ00122285] that Anne Chambers emailed me (copying in Brian Pinder) and said that she did not want to be questioned on the handling of calls by HSH, since she did not have any responsibility for that. I also see that she said "*I have many changes and comments to make to the witness statement*". I replied to both of them to set up a call. I explained that I would need someone from Fujitsu who was comfortable summarising all the call logs to HSH and asked Brian to identify someone comfortable giving that evidence.

202. I can see from an Attendance note of 17 August 2006 at [POL00071092] of a conversation I had with Anne Chambers as follows:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) "*Basically, she felt uncomfortable commenting on any of the calls other than those she was involved in. Agreeing with her that she can only give evidence about what matters she was involved in and that if she was uncomfortable with the other matters, then Brian would get the contact details of the HSH Supervisor who could give evidence of that. We will therefore cut paragraphs 7-25 inclusive and 31-39 inclusive from her Witness Statement. Paragraphs 4-6 we will probably cut but she will need to see whether she feels comfortable with that.*

(b) *7(a) we will probably leave as it isn't really relevant and paragraph 40 in the Conclusion she will have to review to see if she really feels properly able to say that. Ann [sic] will go over the Statement and also put it more into her own words and explain the limits of her involvement. She will come back to me tomorrow*."

203. This led to us obtaining a narrative style witness statement from Andrew Dunks to describe what the other call logs meant.

204. The effect of removing the paragraphs dealing with call logs is that the original paragraph 40 in the draft above became a new paragraph 16. On 22 August 2006 at [WBON0000010], I emailed Anne Chambers and sent to her a slightly revised copy of her statement with questions. I asked her to approve it so I could send it to Counsel. Anne Chambers replied with some comments and said "*Otherwise I am happy with the content*."

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

205. I can also see from the attendance note of the meeting with Mrs Chambers on 11 September 2006 [POL00069622] that she indicated paragraph 16 of her draft statement should be removed. This was not entirely inconsistent with the point she made to me in the call on 17 August (that it needed reviewing).

206. I deleted the original paragraph 16. Instead, it was replaced by two new paragraphs 16 and 17 setting out the conclusions that she drew from her investigations and reflecting words she felt accurately represented her evidence and that she was happy with.

207. In paragraph 16 of Anne Chambers' statement, she explained that in terms of action points following her investigation that she "*updated the call with a summary of my investigation and returned in to HSH, requesting they contact the sub-postmaster and explain that we had investigated the discrepancies were caused by the difference between the transaction they had recorded on the system and the cash they declared, and were not being caused by software or hardware*."

208. The conclusion at paragraph 16 followed the language in the exhibit to Anne Chambers' statement which recorded her contemporaneous communication to Julie Welsh in Fujitsu Customer services following her investigation.

209. At paragraph 17 of Mrs Chambers' statement, she stated:

"I had investigated and examined whether Horizon could have caused the discrepancies, either for the specific reasons raised by the Marine Drive branch,

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

or for various other reasons, I was unable to identify any basis upon which the Horizon system could have caused the losses."

210. Anne Chambers signed her statement on 14 September 2006.

211. I made a handwritten note of Anne Chambers' evidence at trial [WBON0000071]. Our trainee, Thomas Bourne, also produced his own typed note. Our record of Anne Chambers' evidence is in those two notes (save for the part she was recalled on 11 January 2007 to discuss Tivoli logs). My distant memory today is that Mrs Chambers came across as experienced and competent, that her evidence was given relatively calmly and she was measured. I will discuss the issue of Callender Square later in this statement.

iii) Penny Thomas.

212. I cannot now remember anything about Penny Thomas. From my review of the file, I can see that we did not obtain a witness statement from her.

213. I can see though that I wrote to her on 23 August 2006 at [POL00072531]. I asked her to analyse figures recorded on transaction logs supplied by Fujitsu against the figures on the completed cash account for CAP 42. Week 42 was not mentioned in Mr Castleton's statement of case. Nevertheless, this work was commissioned directly as a result of an issue raised by Mr Castleton's solicitors in a letter to me of 25 July 2006 at [POL00071119], as I explained in the letter to Ms Thomas:

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(a) "*Mr Castleton's solicitors state that according to the final cash account generated at Marine Drive Post Office for week 42, total receipts of £176,291.15 were paid in during the course of that week and that the end figure carried over from week 41 was £54,170.49. They state that as a consequence, £122,120.66 was received during week 42. However, they state that a manual reconciliation of the figures contained in the Horizon transaction log this week gives a figure for monies received of £125,013.90, an apparent difference of £2,893.24.*

(b) *They also state that an analysis of the figures relating to payments (i.e. monies leaving the Marine Drive Post Office during week 42) shows a discrepancy. The figure for stock carried over for week 41 was, according to them, £92,374.74. They state that if this is deducted from the receipts of £176,291.15, this leaves a balance of £83,916.41 in respect of payments made (I am not sure whether they are right about that figure because if you add the payments on the CAP at page 5, they seem to come to £82,673.51). In any event, they state that a manual reconciliation of all the transactions showing in the transaction logs gives a figure of £83,707.07 and state that the difference was not allocated in the week 42 cash accounts.*

(c) *They then go on to assert that there is £1,706.64 in unallocated cash as being paid out of the Marine Drive branch. They think the computer system during the end of week balancing offsets this unallocated cash*

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against the figure of £2,893.24 and produce an apparent cash shortfall of £1,103.13, which Mr Castleton was required to make good."

214. The analysis I requested for Cash Account week 42 was in fact done by Anne Chambers and Gareth Jenkins [WBON0000027].

215. My recollection however is that this workstream became academic; I explained to Rowe Cohen on 8 September 2006 (attendance note at [POL00069604]) that the calculations Mr Castleton had carried out (as set out in their letter of 25 July) were inaccurate and why. I can see from an attendance note of a call I had with Counsel on 9 November 2006 [POL00069794] and 2 emails of the same day [WBON0000005] that Rowe Cohen must have said that it was in fact week 49 and not week 42 that they were querying, despite what their letter had said.

(13) BAJAJ AND BROWN/CALLENDAR SQUARE

216. The Inquiry has referred me to the attendance note dated 24 October 2006 at [POL00069431]; the attendance note dated 30 November 2006 at [POL00069925]; the emails dated 1 December 2006 at [POL00069878]; the emails from October to December 2006 at [POL00069892]; the emails dated 4 and 5 December 2006 at [POL00070166]; Mandy Talbot's email dated 4 December 2006 at [POL00070172]; the emails from 29 November 2006 to 4 December 2006 at [POL00070175]; Mandy Talbot's email dated 5 December 2006 at [POL00081928]; a further email from Mandy Talbot dated 5 December 2006 at [POL00070160]; the attendance note dated 6 December 2006 at [POL00070126]; Mandy Talbot's email of 6 December 2006 at [POL00070133];

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a further email from Mandy Talbot dated 6 December 2006 at [POL00070135]. I have been asked to what extent did other cases, such as the case of Mr Bajaj or Mr Brown/Callendar Square, play a part in my thinking and strategy.

217. I knew that Hugh James solicitors were dealing with a case in relation to Mr Bajaj. The attendance note of a call I had with Mandy Talbot of 24 October 2006 records Mandy Talbot telling me she had learnt 'today' about a witness called Mr Bajaj currently giving evidence in a criminal trial. The note records it was not a claim by POL, but that Mr Bajaj resigned with the sum of £8,000 outstanding. The note records that POL was awaiting the result of the Castleton case. It also records that we thought Mr Bajaj was likely to be a witness for Mr Castleton.

218. On 29 November 2006 (8 days before the start of the trial), Mr Castleton served his witness statements. There was one from him, one from Christine Train (his assistant) and one from Dorothy Day (who was then the current sub-postmaster of the Marine Drive Branch). Mr Castleton must also have included 3 witness summons, one of which was for Mr Bajaj (the sub-postmaster of Torquay Road Post Office), one for Mr Alan Brown of Grangemouth sub-post office in Scotland and the other for the sub-postmaster of Ferryhill sub post office, West End, County Durham. The extra information from Mr Castleton was inserted into Trial Bundle 8 tab 97A pages 2557ah to aq.

219. The late provision of the statements and accompanying information raised 4 issues:

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(a) the steps we took;

(b) Its relevance to the case;

(c) How the trial judge dealt with it; and

(d) Anne Chambers' evidence at trial.

220. I will deal with each of those in turn.

(a) The steps we took

221. I can see from re-reading part of our case file that we looked into the issues Mr Castleton had raised. I set out further details of this below.

222. I put the various information to various people including Ruth Simpson (in relation to Christine Train and Dorothy Day's statement) [POL00069871], Cath Oglesby [POL00069919] and John Jones [POL00069926]. John Jones replied on 30 November [POL00069926] and stated:

"Those statements that I was able to read from the attachment below, were irrelevant uncorroborated drivel and I would suggest that our barrister expose them to be the same…"

223. On 30 November 2006 at [POL00069893], I wrote to Brian Pinder and said that one of Mr Castleton's witnesses had said the system went down on 1 April 2004 and it was 3 hours before it came back on again. They speculate that this might be a download (the implication being that such download repaired the problems with the system that Mr Castleton alleges he experienced). "*From the software*

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updates you previously sent to me (copies attached) this does not appear to be the case." I asked him if he could tell me what went wrong with the computers that day.

224. Brian Pinder replied on 1 December 2006 at [POL00069893] and provided information from the audit data. He then went on to say "*There is no indication whatsoever of a software upgrade on 1/4. Upgrades are done overnight not during the working day*."

225. I can see from a telephone attendance note dated 30 November 2006 at [POL00069925] I had with Mared Hughes of Hugh James that Mr Bajaj complained that the system crashed, but that his complaints were general. No claim had been issued. She did not know if he had been dismissed. He alleged that there were ongoing problems.

226. I have said stated elsewhere in this statement that the impression I was given from Mandy Talbot is that Hugh James solicitors were waiting to see what happened in the case against Mr Castleton to see if that affected the position with Mr Bajaj. As far as I am aware, it did not affect POL's decision to issue the claim against Mr Castleton. I can see however, that when the issue arose before trial, we took steps to obtain more information about it, presumably to see if it had any relevance.

227. I can from an email chain Mandy Talbot forwarded to me at [POL00069878] on 1 December 2006 (5 days before the start of the trial) that there was a case

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involving someone called Mr Thomas who had been charged with theft where Mr Thomas' expert examined Horizon and took no issue with the system.

228. I can see that on 30 November 2006 Rob Wilson, Head of Criminal Law emailed Mandy Talbot about a cases in which Mr Bajaj or Mr Bilkhu might be giving evidence in [POL00069907]. In Mr Wilson's email it says "*Juliet is in charge of the POL cases. Juliet had not flagged any issues to me in relation to criminal proceedings "in relation to the Fujitsu horizon system…"*

229. (He then explained POL offered no evidence in a case called Singh because DWP had removed a significant number of P&A dockets and they could not trace them and that there were other issues "*but no challenge to the Horizon.*")

230. I can see from an email of 4 December 2006 at [POL00070166], that I wrote to Rob Wilson, and explained that Mr Castleton had called various other sub-postmasters who said they had computer problems to give evidence. I asked whether he would if necessary be able to attend court to give evidence of what happened in the Singh case, although I doubted it would be necessary. Mr Wilson replied to say that would be fine.

231. I can see from an email of 30 November 2006 that I sent to Mandy Talbot that I reported that Mr Castleton had served a witness summons on Mr Bajaj and the sub-postmaster at Ferryhill sub post office, West End, Ferryhill, County Durham and also Mr Alan Brown of Grangemouth sub post office, Falkirk, Scotland at [POL00070175]. I can see that I asked Mandy Talbot what the issues were at Ferryhill and Grangemouth branches. I can also see that on 4 December Mandy

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Talbot responded saying "*More information about Freehill which demonstrates an ongoing loss but in the second instances at least it points out a problem with staff training.*" [POL00070176].

232. I can see that on 1 December 2006 [WBON0000032] Mandy Talbot emailed me about West End branch. Her email said that a colleague had told her "…*that this is merely a case about a postmistress who had lost the original error notice demanding a copy of the same at a time when POL no longer had a copy of the same. According to Paul there is no suggestion on the email he has located that HORIZON was said to be to blame in any respect. Email string to follow*" (I have included that string for completeness at [WBON0000032]).

233. I can see from a summary on our file that I asked our trainee to summarise the scenario of West End Post Office which is at [POL00072947].

234. I can see from an email of 1 December 2006 at [POL00069892] that Mandy Talbot emailed Mared Hughes of Hugh James and asked her to send to her copies of letters from the solicitors to Mr Bilkhu and Mr Bajaj in which they refer to other cases involving sub-postmasters who claim to be having problems with Horizon. On the same day, Hugh James sent to Mandy Talbot a letter from Mr Bajaj's solicitors dated 17 October 2006 setting out their concerns [POL00069886 and POL00069887].

235. On 5 December 2006 at 21:24 [POL00081928], Mandy Talbot emailed me and said "*Attached are details of the reported problem at Callendar Square where Brown was the sub-postmaster. Fujitsu looked into the matter and eventually*

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replaced the system at the branch. I think we need to get this detail to Fujitsu asap for their comments as to why this problem could not have affected Castleton's system and when we can distinguish the problem."

236. I can see that on 6 December 2006, I had a telephone conference call with Richard Morgan and Mandy Talbot [POL00070126] which concerned the Falkirk branch. The note records Mandy Talbot saying that "*todays news about problems with the Horizon system at the Falkirk branch had come as a bolt from the blue, that she had known nothing about it and that Fujitsu did not give an indication*."

237. I can see that Counsel thought we needed a witness from Fujitsu to identify why this was a problem, but Lee Castleton's was not. The note records that I had spoken to Brian Pinder of Fujitsu and asked them to look into it and that Mr Pinder had forwarded the email to Peter Sewell (of Fujitsu).

238. I can also see from the email Mandy Talbot sent to me of 6 December 2006 at [POL00070135] with the subject heading "Callendar Square" that she stated:

    (a) "*Anne Chambers conducted the analysis for Fujitsu. She can give evidence on this*."

    (b) "*Fujitsu say that this particular software glitch was known about in 2004 and the initial response to a problem by the helpdesk would usually be to suggest user error but that if it continued the problem had a pretty firm footprint which could be picked up by Fujitsu. Further that this glitch is limited to counters which have more than one stock unit and as Marine*

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Drive only had one stock unit and the foot print did not appear it cannot explain Castleton's problems. The glitch would also be observed as a mismatch in the receipts and payments records."

(c) "*This particular glitch was known to Fujitsu prior to 2004 and as such it was one of the things which would automatically have been checked for by Fujitsu when conducting their analysis*."

(b) Relevance

239. Mr Castleton had not raised issues about other branches in his pleaded case. Even when raising the issue, I do not recall that he said it had affected his branch. The heart of how POL's case was put at trial can be shown from this extract of the trial note from 11 December 2006:

(a) "*RM: hoped I'd dealt in opening, PO's case is not that there's never a problem with Horizon, but that accounts were produced and signed off by LC and that physical evidence vouched for that. J has heard from LC that cash accounts verified by him are accurate. No difference whether LC adds up figures, or uses calculation or Horizon.*

(b) *J: understand some mistake has happened, but that error in LC's case is that they do balance with documents he sent to Chesterfield but that Chesterfield somehow miscalculated documents and vouchers.*

(c) *RM: you misunderstand LC's case. His evidence is that he puts figures into computer, Horizon manipulates figures…I've been coming back tot*

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[sic] cash accounts at end of each week to see if anything doesn't reconcile with primary documents

(d) *J: but they've gone to Chesterfield*

(e) *RM: but he retains a summary and checks them over and over and says in evidence that they match. If we went through adding them all up now, they would come to the same answer.*

(f) *J: does audit use Chesterfield documents?*

(g) *RM: HR can only find a certain amount of physical cash and stock for her audit, and those documents sent off by LC with copy of his summary, clearing houses check summary against Horizon etc and if there's a problem sends an error notice. LC nor CT can find where their summaries differ from the cash account final. I've been careful to try and prove this case on the basis of the final accounts produced by LC and CT, not on the basis of a full paper trail which would need a reopening of the accounts.*

(h) *J: so on your case LC has no case to answer.*

(i) *RM: indeed, but I'm not going to make an application to that effect because the law is complicated.*"

(c) How the trial judge dealt with it

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240. I can see from the Judgment of HHJ Havery QC at paragraph 22 [POL00004325] that:

"During the hearing, Mr. Castleton sought to adduce evidence of other complaints from sub-postmasters of other post offices about the Horizon system. I admitted in evidence the fact that there were a few such complaints, but I refused to admit evidence of the facts underlying such complaints, since that would have involved a trial within a trial."

241. Pages 7, 10 and 11 of our typed trial note [LCAS0000444] shows how the judge came to his ruling on that issue.

242. What can clearly be seen from this is:

(a) POL's case was presented on the basis of accounts produced and signed by Mr Castleton and that the physical evidence vouched for that. Mr Castleton said that the cash accounts verified by him were accurate. On POL's case it made no difference whether he added up the figures, used a calculator or Horizon;

(b) POL accepted problems could occur;

(c) POL had selected a witness (Anne Chambers) to address the specific problems that could occur; and

(d) The trial judge admitted in evidence the fact that there were a few such complaints, but refused to admit evidence of the facts underlying such complaints because that would have involve a trial within a trial.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(d) Anne Chambers' evidence on the Callendar Square issue

243. At trial, on 13 December 2006, Anne Chambers was cross-examined about the issue at the Callendar Square branch. The gist of her evidence was as described in the email from Mandy Talbot above. I have not been able to locate a transcript of Anne Chambers' evidence on our file. In preparing this statement, I have considered my colleagues' typed note of the trial [LCAS0000444] and my original handwritten note of Mrs Chambers' evidence at trial on this issue [WBON0000071]. There are some differences between them. The typed note records as follows:

(a) "*LC: TB8 tab 97a p2556*

(b) *AC: would this be to do with a branch on Callendar Square?*

(c) *LC: no, is that another branch that's had this problem. In this statement, Mr Brown refers to two individual balance snapshots being taken, difference throughout, why would that be?*

(d) *AC: it's likely that it was a problem that occurred intermittently where for some reason when they're doing their balance process on one counter, one counter is not communicating properly with the rest and you didn't get a disconnected node message am dot will not see later changes made on other counters. This is a known problem and does not get picked up centrally and I would expect for any of these sites that a call would be raised. It's very obvious to us. For this branch, if it was*

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Callendar Square where we did have problems, we knew there were problems…

(e) *LC: this isn't Callendar square*

(f) *AC: yes it is, Falkirk. They had this problem several weeks in a row, it's very rare for it to happen repeatedly. First week it gave them a payment mismatch, transfer problem only happens if you have a dual stock unity, second counter allowed it to be done a second time, you only have a single stock unit. It was also picked up because there was a flood of events from this unit. Second week and third week then I got a call about it which I passed on to development team and to P.O. Problem was this information didn't get sorted out at branch level, but they had a system error which we were very aware of. I saw no evidence of anything similar at your branch and I would have done.*

(g) *LC: what?"*

244. (At this point, my handwritten note states "*We knew of system error but not at your branch because I'd've seen it. 1. In your events log there'd be 100s of 1000s logs 2. Message store would've given you confusing balance but would've sorted itself out.*")

245. My colleague's typed note states:

"AC: in your system event log there would have been hundreds or thousands of notices...would have potentially only included transactions up to earlier point

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

you had got up to. Following week it would have included anything it has missed in the previous week. So unless you had the transfer problem you couldn't have had, it would have looked odd but would have balanced in the end."

246. A little later, the typed note states:

(a) "*RM: p2557ao, you thought it might be Callender Square, that the particular discrepancy only happened with multiple stock units, not with single stock units. How do you know?*

(b) *AC: you cannot do a transfer, transfer is from one stock unit to another.*

(c) *RM: how do you know error only occurs in those circs*?"

247. (At this point my handwritten note reads "*because Transfer can only be done if indi stock unit*")

248. My colleague's typed note reads:

"AC: error doesn't but error giving you a loss, I'm almost certain in the cases I've seen it's only been in that particularly [sic] situation that there were able to do a transfer in twice.

249. It is clear that Anne Chambers said that this was a known issue. She would expect for any sites where this happened, that a call would be raised. It was very obvious where it happens.

250. I can see from the Judgment of HHJ Havery QC at paragraph 23 that he summarised Anne Chambers' evidence as follows:

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"…Mr. Castleton cross-examined her about complaints from another branch, which he did not identify. She immediately recognized the branch with confidence as being a branch at Callender Square in Falkirk. The problem at Callender Square had, she said, arisen from an error in the Horizon system, but there was no evidence of such a thing at Mr. Castleton's branch. I found Mrs. Chambers to be a clear, knowledgeable and reliable witness, and I accept her evidence."

251. I conclude from all of this that when Mr Castleton raised various issues (including but not limited to Callendar Square), where it ended up is:

(a) They were not relevant to Mr Castleton's pleaded case;

(b) They were raised very late in the day;

(c) Once they had been raised, there were put promptly to POL and Fujitsu;

(d) Anne Chambers was familiar with the Callender Square issue because she had investigated it;

(e) The trial judge admitted the fact that there were a few such complaints (i.e Brown, Bajaj, and Ferryhill), but made a ruling refusing to admit evidence of the facts underlying such complaints;

(f) Anne Chambers gave evidence about Callendar Square which included that:

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(i) an issue had arisen at a branch where there was more than one individual stock unit; there was not more than one at Marine Drive branch; and

(ii) she saw no evidence that happened at Mr Castleton's branch

(g) The trial judge found Anne Chambers to be "*clear, knowledgeable and reliable*"; and

(h) The trial judge accepted her evidence.

252. In the context of the entire case, I do not conclude from the above records that the issue at Callendar Square formed a very significant part of my thinking and any advice that I would have given on strategy. It was simply raised too late in the day for it to have done so. However once it had been raised, even though it was not relevant to the pleaded issues, we looked into it. It was addressed in cross examination to the judge's satisfaction.

253. I will deal with one further point about Callendar Square in the section of this statement that deals with Tivoli logs below.

(14) SETTLEMENT

254. I have been asked to set out my recollections of the settlement discussions before trial.

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255. In order to fully answer those questions, I believe it is helpful to set the settlement discussions in context. I have therefore reviewed the relevant part of our case file from which I set out a chronology below:

Date	Event
7 November 2005	POL offers mediation to see if the claim can be settled. [POL00083586]
8 November 2005	Mr Castleton's solicitor reply and state he would only mediate after disclosure. [POL00070188]
17 November 2005	On behalf of POL we urge Mr Castleton to reconsider his position on mediation. [POL00071626]
5 January 2006	POL makes Part 36 offer to accept payment of £24,750. This is to settle the claim and the counterclaim and it includes interest and costs up to that point in time. [LCAS0000405]
17 January 2006	Mr Castleton's solicitors reject the Part 36 offer. [POL00070192]
27 February 2006	Mr Castleton's solicitors say they will consider mediation (i.e before disclosure). [POL00083591]
6 March 2006	POL serves Part 18 Request on Mr Castleton to try to elucidate more detail concerning his Defence and Counterclaim.

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Date	Event
	POL again invite Mr Castleton to mediate (although consider it is likely to be more productive once he has responded to a Part 18 Request). [LCAS0000545]
20 March 2006	POL seeks Mr Castleton's availability in April for a mediation. [LCAS0000508]
5 April 2006	We wrote to Mr Castleton's solicitors enclosing a mediator biography from CEDR and ask them to confirm dates. We also suggest a venue. [WBON0000090]
13 April 2006	On behalf of POL, we follow up with Mr Castleton's solicitors about other venue options. [LCAS0000462]
18 April 2006	We press Mr Castleton's solicitors for a response on mediation [WBON0000055]
20 April 2006	Mr Castleton's solicitors confirm he no longer wished to mediate before disclosure. [WBON0000069]
25 April 2006	We urged Mr Castleton's solicitors to reconsider their position on mediation. We explained the costs to trial would exceed the sums in dispute and that the longer the parties waited to mediate, the more costs both parties would incur.

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Date	Event
	We offered the use of our firm's London office to help save the venue costs. [POL00070832] Mr Castleton's solicitors did not respond, nor did they raise the question of mediation once disclosure had taken place.
5 September 2006	I had a without prejudice conversation with Mr Turner of Rowe Cohen [POL00072614]. I raised ADR. Mr Turner said that "*they hadn't ruled out ADR but now was not the time*."
7 September 2006	My attendance note of a call with Tom Beezer [POL00069612] records that I had spoken to Mr Castleton's solicitors earlier that week. "*They told me that they had not ruled out ADR but believed the whole case would turn on what experts say and there was no purpose in having ADR until their expert (hopefully for them) comes up with something to win the case for them*."
11 September 2006	My attendance note [POL00069622] of the Conference on 11 September 2006 records Counsel's advice was that "*settlement was attractive from both sides*" "*Mandy Talbot agreed that on a without prejudice basis I would say to Mr Castleton's solicitors that I was surprised that they didn't accept our without prejudice offer*."

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Date	Event
24 October 2006	My attendance note [POL00069431] of a call with Mandy Talbot (in which we reported to her the outcome of a CMC) that she asked if there was any likelihood of receiving a settlement offer. The note records that Richard Morgan had asked Mr Castleton's Counsel about our Part 36 offer, but that he had not heard about it. We forward a further copy of POL's Part 36 offer letter dated 5 January to Mr Castleton's solicitors in view of his Counsel's comments at the CMC the previous day that he had not been aware of it.
1 November 2006	We invited Mr Castleton's solicitors to make a settlement proposal [WBON0000089]. We reminded them that: • On 7 November 2005 we had offered mediation; • On 5 January 2006 POL made a Part 36 offer; • On 27 February 2006 they told us that Mr Castleton was willing to mediate before disclosure and they consented to a stay for ADR. During the stay period we went to considerable lengths to find a venue and mediator. As the stay drew to an end, they told us they no longer wished to mediate before disclosure; and

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Date	Event
	• On 25 April we urged them to reconsider their position. They did not respond.
10 November 2006	Mr Castleton's solicitors make a subject to contract settlement offer to pay the amount of the claim in full, together with interest and costs to be assessed if not agreed. [POL00069784] POL accept Mr Castleton's subject to contract settlement offer and send a Tomlin Order to his solicitors to approve.
15 November 2006	Mr Castleton's solicitors suggest amended wording to the Tomlin Order [POL00069756]. POL agree this. We amend the order, sign it and return it to Mr Castleton's solicitors. [WBON0000017]
17 November 2006	Mr Castleton's solicitors confirm that he did not wish to sign the Tomlin order reflecting the agreement he had reached in principle. [POL00069756]
22 November 2006	I called Mr Castleton to see if he would accept the offer we had agreed in principle with his solicitors. He did not. [POL00069669]
29 November 2006	I called Mr Castleton to see if he wished to discuss settlement. He did not. [POL00071744]

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In short it can be seen from the above chronology that POL was not only open to settlement, but I was actively instructed to pursue it on a number of occasions:

(a) POL had offered a mediation more than once, firstly in November 2005 and then in spring 2006. There are least 7 letters or emails we sent to Mr Castleton's solicitors about this. In spring 2006, POL had actively worked towards mediating, but ultimately it was not taken up;

(b) POL had made a Part 36 offer in January 2006 which was rejected;

(c) In November 2006, POL had invited a settlement proposal.

Pausing there, my belief was that POL preferred to settle if it could. POL was prepared to go to trial – and did. However, this was not a case that had to go to trial. It did so because it did not settle. POL had been proactive in talking to our firm as its legal representatives about settlement and about progressing settlement. We had done the vast majority of the work in trying to progress a settlement.

POL could not have unilaterally discontinued its claim (even if it had wanted to, which it did not) without incurring a liability for adverse costs. Discontinuing its claim would not in any event have ended the litigation because it would have left live Mr Castleton's counterclaim, which until shortly before trial, he put at the sum of £250,000;

(d) There were some discussions between Counsel and this resulted in Mr Castleton's solicitors making a subject to contract settlement proposal,

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but he then refused to sign the order embodying the settlement proposal which his solicitors had made on his behalf; and

(e) Even after what seemed to us at the time to be a remarkable about turn, POL did not close the door on settlement; quite the opposite, but Mr Castleton said that he did not want to discuss settlement. For completeness, I will set that out in further detail below, but I will firstly address specific questions in relation to Mr Castleton's settlement proposal.

256. I have been asked what was my view of the proposed settlement that had been negotiated with Mr Castleton's representatives.

257. I can see from my attendance note of 9 November 2006 [POL00069794] of a call that I had with Counsel that as an opening offer we thought that we should seek payment of the claim in full, but that we should consider movement on our costs. I can also see that from an email to Mandy Talbot of 10 November 2006 [POL00069779] our Counsel put an offer to Mr Castleton's barrister. On the same day we received a counter proposal from Mr Castleton's solicitors at [POL00069784]. They said that Mr Castleton was willing to offer to pay the claim in full, and costs, with an interim payment on account. They wanted a letter from POL that there was no allegation of dishonesty that is or has been made. Mr Castleton would set out that he withdrew his allegations in relation to the Horizon system. I thought this was an excellent result for POL.

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258. Shortly before Mr Castleton's written offer from his solicitors was made, there had been direct settlement discussions between POL's Counsel and Mr Castleton's Counsel and a little back and forth. I think I would have inferred from Mr Castleton's Counsel's involvement that the very fact that Mr Castleton made a high offer suggested that his legal representatives had advised him, (based on the statements of case, POL's disclosure and witness statements of fact) that the merits of his Defence and Counterclaim were poor. This suggests to me they had reached the same conclusion on the same information that we had (and which of course the judge ultimately reached at trial).

259. I have been asked why was it "going to be difficult to achieve as good a result as that being negotiated" following trial?

260. This question refers to a comment I made in a telephone conversation with Mandy Talbot on 21 November 2006 [POL00069678]. I cannot now be 100% sure about this. I think however this may well have been because we would save significant additional costs of going to trial. I note from my email of 10 November 2006 to Mandy Talbot [POL0069779] that I thought that POL could easily incur another £130,000 to trial. Settling before trial saved significant costs (some of which would have been irrecoverable on assessment) and reduced the extent of any enforcement risk.

261. I have been asked whether I considered it appropriate to include a proposal that Mr Castleton undertake not to repeat allegations or make any further allegations regarding the Horizon system? How important was this to the Post Office?

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262. At the time, I believe that I would have considered it appropriate. A non-disparagement clause is not uncommon in settlement agreements. In this particular instance it was to be mutual: POL were to say they made no allegations of dishonesty against Mr Castleton and were content to do so.

263. This would have been done on client instruction. Mandy Talbot had previously indicated that POL believed that the Horizon IT system was robust. We had visited Fujitsu and been through each of Mr Castleton's allegations. Anne Chambers had said that she did not find any problems from the investigation she did at the Marine Drive branch that would explain the losses. Mandy Talbot believed that Mr Castleton was talking to other sub-postmasters encouraging (what in her view) were hopeless claims. Given what Mandy Talbot believed about Horizon, I think she would therefore have believed POL had a legitimate interest in taking steps to discourage such litigation to (as she saw it) protect the public purse (POL being owned by the Government).

264. I see from an email I sent to Mandy Talbot on 15 November 2006 [POL00069763] that there was some discussion about the wording of the non-disparagement clause.

265. I have been asked how important was a confidentiality clause regarding the terms of settlement to the Post Office.

266. In the vast majority of cases that settle, I tend to find that both parties want a confidentiality provision. It cuts both ways. For the paying party, it can protect them against people interpreting their payment (which can be made purely for

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commercial reasons) as a tacit admission of culpability. I do not imagine Mr Castleton would have wanted any payment he made to have been construed that way. For the receiving party, it can protect them in circumstances where they might be perceived to have under-settled. In this instance, I personally do not believe that POL would have been seen to have under-settled had there been no confidentiality clause. However, I see from an email I sent to Mandy Talbot on 10 November 2006 that she must have contacted my secretary (Nicola McSherry) [POL00069737] to say that she would like a confidentiality clause included. Since the message came via my secretary, I do not recall that I discussed its importance to POL; I would have been more focussed by that stage on ensuring that the Tomlin Order was finalised. I did however run a draft confidentiality clause by Mandy Talbot which she was content with.

267. I can see from our file that:

(a) On 15 November 2006, I returned the signed Tomlin Order that we had agreed to Mr Castleton's solicitor [WBON0000017].

(b) On 17 November 2006, Mr Castleton's solicitor wrote to me and said that "*Mr Castleton has now instructed me that he does not want to sign the draft Tomlin Order reflecting the agreement which we had reached in principle.*" This significant about turn then led us to urgently resume preparation for the trial in 2 weeks' time which we had largely if not entirely paused for a week.

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(c) On 20 November, I spoke to Mr Turner on a without prejudice basis. My attendance note is at [POL00069748] and records:

"He told me that he had repeatedly advised Mr Castleton to settle the case and that there was no logical basis for taking the position he had. Mr Castleton is not entirely without funds if this was a question as to whether he could meet a costs Order. He said that he told Mr Castleton today that I would probably be calling him and suggesting that I wait until later today as Mr Castleton had just been to collect the papers from Rowe Cohen. He also thought that Mr Castleton had genuinely persuaded himself that computer problems were causing the losses and that our claim was really about saying that Mr Castleton was dishonest even though he has told Mr Castleton many times that all we are saying is that there has been a shortfall that he has to account for."

268. In terms of other settlement discussions, after Mr Castleton took conduct of the case himself, I remember before the trial speaking to Ms Talbot and that she instructed me to speak to Mr Castleton about settlement. She felt it was the right thing to do. She did not want Mr Castleton to feel he was being forced into a trial or that he had not got the opportunity to avoid a trial. I had several conversations with Mr Castleton prior to the trial. Given the elapse of time, I do not recall all the details of those conversations. However I have reviewed the contemporaneous attendance notes of those conversations which are exhibited at 22 November 2006 [POL00069669], 28 November 2006 [POL00069974] and 29 November 2006 [POL00071744]. They are

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detailed and I have no reason to doubt them. I have extracted the parts of those notes dealing either with settlement or costs in the lead up to the trial below:

269. Extract from 22 November 2006 note [POL00069669]

"*Thereafter I asked him if we could have a without prejudice telephone conversation. He said that he did not know what without prejudice meant. I explained that it meant that I wanted to talk with him about settlement and that anything we said had to remain confidential between us and we could not refer to it in open court until after the conclusion of the trial and after any judgment. At that stage, when the court came to make an order about costs, we could then refer the court to it. He said okay, he was happy to talk on a without prejudice basis. I explained to him that we had come very close to settlement and expressed my regret that he had not felt able to instruct his solicitors to sign the Tomlin order reflecting the settlement that he had proposed. He said that he did not know what proposals they had made on his behalf. I explained that the proposal was that he paid the amount of the Post Office's claim ie £25,858 in full, plus interest. I also said that under the settlement proposal, he agreed to pay the Post Office's costs on a standard basis up to the time in January of our CPR Part 36 offer and afterwards, on an indemnity basis. He also had offered to make an interim payment on account of £30,000. I explained that the Post Office would, under the terms of a settlement, write a letter to him stating that they didn't make any allegations of dishonesty against him. I also stated that in*

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turn, the quid pro quo was that he would write to them and say that he withdrew all his allegations about Horizon.

I said that incidentally, it was not part of the Post Office's case, and never had been, that he had been dishonest. I explained that to win, all the Post Office had to show is that he had received a certain amount of money and stock, that given the transactions that had been performed at the branch, he failed to account for money. The Post Office did not need to show what had happened to that money, merely that he had failed to account for it. He understood this. I said for what it was worth on my part, my private view was that he had not taken the money. He said that if the Post Office succeeded against him, he would need to bring a criminal prosecution against his staff. I said that that was not necessarily the case and that it was also not the Post Office's case that either he or his staff had taken the money. He asked me what I thought had happened to it. I said that I had my own view, but that it didn't necessarily follow, that if he could not account for the money, that either he or his staff had taken it. I said that in fact what had happened to the money, was irrelevant to the issue that would be tried in the Post Office's claim. He thanked me for indicating that I did not believe him to be dishonest. He said that he understood the Post Office's claim against him could not include any allegation of dishonesty.

I asked him whether he was willing to settle on the basis that had been put forward and explained that between now and the end of trial, the additional costs that the Post Office was going to incur, were likely to be very considerable,

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over £100,000. I stated that if the Post Office was successful and I believed they would be, that they would look to Mr Castleton to pay their costs. I stated that given that the claim was for £25,858 plus interest, the costs would well exceed the amount of the claim and it therefore made sense for the parties to settle. He said that he did not understand the offer his solicitors had put forward and I explained it to him twice more, really breaking it down very simply so that he would understand it. I again asked him whether he was willing to settle and pointed out the advantages. It would provide certainty for both sides. It would ensure that he didn't get a judgment against him which he was concerned to avoid, given that he wanted to go back to work in the City. He said that given that he was medicated at the moment, he did not feel able to make any decisions on settlement. I said that this may be taken out of his hands, effectively, if the trial proceeds. I said that he might want to reflect upon settlement and that if he changed his mind, he should feel free to pick up the telephone to me and call me to discuss this."

270. 28 November 2006

"*I had a telephone conversation with Mr Castleton. I said that presumably he had started to read our Witness Statements on the way back to Marine Drive, from the Court yesterday. He said that he had started going through the statements. I asked him whether there were any witnesses for whom he had no questions. I explained that if we could stand some of the witnesses down whose evidence ought to be non-contentious, then this would save their costs of attending. If we couldn't and the witnesses had to attend, then we would*

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have to pay things like loss of earnings, travel and accommodation costs. If we win our case, we will look to recover those costs from Mr Castleton. He appreciated that. He has not gone through all of our witness statements yet. I suggested that he give me a call once he had done so, to confirm which of our witnesses he had no questions for. I said that many of the witness statements ought to be non-contentious and should be capable of therefore being agreed.

The ball is in his court for him to revert to me."

271. 29 November 2006

"I had an open and then without prejudice telephone conversation with Mr Castleton in the afternoon. On an open basis, asking him to bring a copy of the Fujitsu report to the trial. I said that we had a very faint copy and therefore I was not going to take any objection to him not including it in the trial bundle if he wanted to rely on it, but the faxed copy was unclear. He apologised for not bringing it to the PTR on Monday as I had previously requested.

Thereafter we had a without prejudice conversation. Reminding him, as I had done on Monday, that the door to settlement was not closed. If he wanted to approach us during the trial, we were willing to listen to what he had to say. He said vice versa (implying if the Post Office changed its position, he was willing to listen to what they had to say). However, he said that he was not willing to discuss settlement at the moment. He felt that he had things to say, that needed to be said in court. I again reminded him that it was not part of our case that he had been dishonest. He knew that, but deep down said that he could not settle

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the case because he had not taken the money. He also said that he had other people to think about ie his family."

(15) POL'S TACTICAL APPROACH

272. I have been asked what was my view of the tactical approach of POL to this litigation?

273. This question is interwoven with POL's goals in the litigation. The Inquiry has referred me to email dated 24 April 2006 at [POL00070824], Mandy Talbot's email dated 21 June 2006 at [POL00071144], the attendance note dated 8 September 2006 at [POL00069603], the attendance note dated 16 October 2006 at [POL00069470], the attendance note dated 18 October 2006 at [POL00069453] the attendance note dated 22 November 2006 at [POL00069672]. I have touched upon my perception of those goals in different parts of this statement. Drawing that together, there was not one single, consistent goal that prevailed throughout the entirety of the case:

(a) In the beginning (prior to my involvement), I believe that Cheryl Woodward's instruction to my colleague to issue the civil claim was motivated by POL's intention to recover what they saw as a debt. My perception is that POL felt it had a duty to safeguard the public purse. Whilst POL ultimately ended up with a judgment in its favour, Mr Castleton never paid it. There are of course no guarantees of that in any litigation, but in that sense output of the claim did not deliver on POL's original goal.

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(b) The attendance note dated 24 February 2006 of a telephone conversation I had with Mandy Talbot [POL00072669] records that POL "*feel conflicted about which direction to go in with the Castleton case.*"

(c) We cautioned POL that the cost/benefit in isolation of pursuing the claim to trial was uncertain (even if they won). The costs would exceed the value of the claim. However, the bigger issue for POL became that it wished to be seen to be taking the claim seriously and to show it was willing to take a firm stance. (See for example my email to Mandy Talbot of 24 April 2006 at [POL00070824]. POL believed that there was value to the business in doing so. It knew there were others "waiting and watching" [POL00069622]. I have noted elsewhere in this statement from the note of my call of 24 February that Mandy Talbot told me that POL thought the system was robust.

274. There are however some missing ingredients from the above analysis. The first is that it presupposes that POL had sole control of the litigation. It did not. Once any claim was issued, it will always end up at trial unless it is struck out, discontinued or settled. It takes two to settle and I have set out in this statement that POL took various steps to settle the case to try to avoid trial – and it got very close. The second is that it ignores entirely Mr Castleton's counterclaim, which for most of the litigation he put at a sum that was about 10 times higher than POL's claim. The two were interlinked. Once the counterclaim had been issued, it changed the dynamic. It could not be ignored. POL could not have walked away, even if had wanted to. To put it another way, once both claim

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and counterclaim had been issued, they would have ended up at trial (irrespective of either parties' aims), unless they both settled.

275. There is then the tactics POL deployed in order to successfully achieve those goals. For a long time in the litigation, POL sought to settle it if it could. I have set out the details of the various steps it took in the section headed "settlement." POL did most of work to try to progress a settlement. What this told me is that POL remained open minded about different ways in which its goal could be delivered. I thought that it was a sensible approach to settle, if it could. I am reminded from the call with Mr Turner of 20 November 2006 [POL00069748] I have referred to above in this statement that Mr Castleton's own solicitors considered that the position he had taken on settlement was illogical.

276. POL was also prepared to be firm if it needed to be. The attendance note of the call I had with Mandy Talbot of 18 October 2006 [POL00069453] records that POL was happy to follow Counsel's advice and continue to proceed for a December trial. (This may sound more assertive than it actually was given that the trial start date had been listed since June 2006). The context is that this was even though we thought there was a risk that we might need to seek an adjournment in the event that Mr Castleton adduced expert evidence that affected our thinking (Counsel's "brinkmanship" comment).

277. I have been asked to consider to what extent did those involved in the matter for the Post Office have regard for Mr Castleton's wellbeing in respect of the conduct of the litigation? The Inquiry has referred me to emails from November 2006 at [POL00069766], [POL00069756] and [POL00113911].

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

278. On 15 November 2006 [POL00069766], Mr Castleton's solicitor emailed me and said that Mrs Castleton had told them that Mr Castleton was rather unwell and was on strong medication to a stress related condition that had led to him going to hospital the previous week. My recollection may be wrong, but I think this was the first I had heard of this.

279. On 17 November 2006, I wrote to Mr Turner (about settlement). I can see that I said "*I am sorry to hear that Mr Castleton is unwell.*"

280. On 17 November 2006 at 11:08 at [POL00113911], Mr Turner emailed me to say that he was trying to speak to Mr Castleton's GP to understand what the position was regarding his medical condition and whether that could properly be said to impair his ability to give him instructions. The context was that at that stage, we had signed and returned the Tomlin Order that reflected the agreement we had reached with Mr Castleton's solicitors to settle. We wanted to know what their answer was (if we had settled, we would have avoided incurring Counsel's brief fee for the trial).

281. My email to Mandy Talbot about it showed that I had spoken to Mr Castleton's solicitor at that stage I thought it would "almost certainly" settle shortly.

282. The file shows that the position moved on again that day before POL could do anything about it: On 17 November 2006 at 17:52 [POL00069756] I contacted Mandy Talbot again to let her know that Mr Castleton's solicitors had confirmed with his doctor that he did have the mental capacity to give instructions. However, his instructions to his solicitors were not to sign the Tomlin order.

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283. My knowledge and POL's knowledge as to the nature and extent of any medical condition including stress was limited solely to what we had been told by Mr Castleton's solicitors at this point in time. I think the fact of Mr Castleton being stressed was understandable; litigation (and trials) are stressful. POL were keen to avoid a trial; a settlement had been agreed in principle. I think POL would have been aware that a trial would have been stressful whenever it took place.

284. Importantly, POL also knew that Mr Castleton's doctor had said that he did have the mental capacity to give instructions. If POL had been told that Mr Castleton did not have mental capacity, I believe they would have instructed us to seek an adjournment of the trial.

285. In the section of this witness statement above that deals with settlement, I have noted that once Mr Castleton started acting in person, I was instructed by Mandy Talbot to reach out to Mr Castleton to see if he wanted to settle so that a trial could be avoided. POL did not wish to adjourn a trial (due to the increased costs) but nor did Mandy Talbot wish Mr Castleton to feel he had no choice but to go to trial. The notes of my telephone calls of 22 and 29 November 2006 with Mr Castleton are set out above. I hope that the note of 22 November shows firstly that I tried to explain matters clearly to Mr Castleton given he was a litigant in person and also that I was empathetic towards Mr Castleton (in that part of our conversations where I explained it was not my view nor POL's case he had been dishonest, which is what I meant when I said that I did not think he had taken the money. This meant something to him). It culminated with the call on

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29 November with me saying that even during trial, the door to settlement would not be closed and with Mr Castleton telling me that he was not willing to discuss settlement; he had things that needed to be said in Court.

286. The issue of Mr Castleton's health was considered again at the PTR and I have set that out in response to the next question.

287. I have been asked what (if any) consideration was given by me and others involved in the matter for the Post Office to the concerns which had been raised by Rowe Cohen about Mr Castleton's health and the fact that Mr Castleton had recently become a litigant in person? The Inquiry has referred me to letter from myself to Mr Castleton dated 20 November 2006 at [LCAS0000388], the letters from myself to Mr Castleton dated 22 November 2006 at [LCAS0000404] and [LCAS0000414], document at [POL00069910] the attendance notes dated 22 November 2006 at [POL00069669] and [POL00069670].

288. On 20 November 2006, Mr Castleton served a notice of change [POL00069744] to say that he was acting in person.

289. I can see from a fax of 20 November 2006 at [LCAS0000388] that I raised various issues with Mr Castleton on the following topics:

(a) His drafted amended defence and counterclaim (which he had been ordered to file by 6 November 2006 at which point he still had solicitors acting);

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(b) A pre-trial review which the Court had listed to take place on 27 November 2006. (I suspect the Court had ordered this to take place in the light of Mr Castleton filing a Notice of Acting); and

(c) His expert accountancy report which he had been ordered to serve by 10 November 2006 (at which point in time he was legally represented).

290. I can see from an attendance note of a call I had with Mr Castleton on 22 November 2006 [POL00069669] that I picked up the issues that I had raised in our 20 November fax. I suspect that I would have been conscious that Mr Castleton was a litigant in person and therefore considered the professional, appropriate and courteous thing to do was to go through this with him verbally. I would also have been conscious of the need to make progress.

291. I asked him when he anticipated serving the actual amended defence and counterclaim. (He said that his solicitors had prepared it, but he didn't really understand it). I can see from the note that I explained to him that the draft counterclaim reduced his counterclaim from the sum of £250,000 to £11,250 (and that whilst that was not the consequential amendment he had permission to make, POL would not object).

292. The note records that I encouraged Mr Castleton to attend the PTR on 27 November. (I would have thought that it was in his best interest to attend if he was able, given the imminence of trial and the issues being considered). The note records that I said that I was sorry to hear that he was unwell. It records he told me he had written to the court to ask for an adjournment. He said he

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

was on medication and confused. It goes on to say that at the PTR, we would oppose any adjournment. (Those had been our instructions from POL. The note records that POL's concern that an adjournment would be likely to substantially increase the overall costs of the case. POL did not consider that would have been in either party's interest).

293. Irrespective of POL's position on the question of an adjournment, the Court would have (and in fact did have) serious concerns about adjourning it so close to the trial in circumstances where all parties had known about the trial window for 8 months and the trial commencement date itself for over 5 months and where most of the trial preparation should have been done before Mr Castleton started acting in person. The question of an adjournment at this late stage was not within POL's control.

294. The note also records that I asked Mr Castleton whether he was going to serve his expert accountancy report (since he would need the Court's permission). He said he did not know and needed to read it. (For completeness I should add that I do not believe that we ever received it. I therefore do not know if it was favourable or not to Mr Castleton or POL, but I believe that Mr Castleton chose not to send it to us).

295. On 22 November 2006 [LCAS0000414], we sent to Mr Castleton POL's Amended Reply to Defence and Counterclaim.

296. I am reminded from the Claimant's Skeleton Argument for the PTR on Monday 27 November 2006 [lPOL00069651] that the PTR was to deal with several

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things before trial. POL was concerned that it had offered witness statement of fact ready for exchange on 10 November 2006, but that Mr Castleton had not been ready. Accordingly, we sent them to Mr Castleton's solicitors on 17 November 2006 to hold to our order until they were in a position to exchange. We were also concerned that Mr Castleton had not served any expert accountancy evidence pursuant to the Order of Master Turner on 23 October 2006. We were concerned to know the case POL had to meet, especially given Mr Castleton had made serious but unparticularised allegations about POL's business and the costs of defending then were so great in comparison to the amounts in issue.

297. On behalf of POL, Counsel sought the following directions for the fair disposal of the trial commencing the following week:

(a) An Order that unless Mr Castleton verified his proposed draft Amended Defence and Counterclaim with a Statement of Truth and served by 28 November 2006, his statement of case be struck out and he be debarred from leading any positive case at the trial;

(b) An order that Mr Castleton be debarred from adducing any witness evidence at trial save to the extent that it is contained in signed witness statement served by 28 November; and

(c) An order that Mr Castleton be debarred from adducing any expert evidence. (In the event, the Court debarred all expert evidence).

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298. I can see from the Order of His Honour Judge Seymour QC of 27 November 2006 [POL00069965] that the Court ordered Mr Castleton's application to adjourn the trial of action to the first day of the trial.

299. I am also reminded that this was the outcome from Counsel's suggested reading list and outline trial timetable for the trial judge [POL00069910]. This document records as follows:

(a) "*At a PTR on Monday 27 November 2006 before his Honour Judge Seymour QC sitting as a High Court Judge the Defendant appeared in person and applied for an adjournment of the trial starting on Monday 4 December 2006 on the basis that he would not be prepared for the trial, having only just recovered his papers from his solicitors and having suffered a medical condition.*

(b) *The Judge, having established that the Defendant was not suggesting that his mental facilities were still impaired, gave directions that the trial should start on Tuesday 5 December 2006 with limited trial directions. The Terms of Order appear at page 39a behind tab 13 in bundle 1. The timetable for the first day of the trial is as follows:*

(c) *Defendant's restored application for an adjournment of the trial (if the Defendant still wishes to make such an application)…*"

300. The four points I draw from this are that:

(a) His Honour Judge Seymour QC considered the issue of an adjournment;

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(b) Mr Castleton did not suggest to His Honour Judge Seymour QC that his state of mind was such that the trial could not proceed;

(c) His Honour Judge Seymour gave Mr Castleton a further opportunity to raise the issue before the trial judge if he wished to do so;

(d) Counsel rightly drew this issue to the trial judge's attention in advance of the trial.

301. Mr Castleton did not subsequently seek to restore his application or to adjourn the trial. I see from my attendance note created on 8 December 2006 at [POL00070142] that by coincidence I met Mr Castleton that day "*He was there to try to withdraw his application for an adjournment of the Trial but was told that he could not withdraw it and would have to be before the Judge this afternoon.*" My recollection from the first day of the trial is that Mr Castleton was pleasant and upbeat. He did not appear to be stressed. It was the opposite: he indicated that he wanted the trial to commence; he wanted to get on with it. The fact that I remember Mr Castleton indicating that strongly suggests to me that his answer would have been prompted by Richard Morgan asking Mr Castleton the question as we readied ourselves in the courtroom just prior to the commencement of the trial.

302. At the very start of the trial, I can see from our typed note of the first page of the opening that Mr Morgan reminded the judge about Mr Castleton's medical condition and that if it recurred we might need to adjourn [LCAS0000444]. Again, that was the right thing to do. I can also see from our note that Counsel

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said to the judge "*Although LC is a litigant in person, we've built up something of a working relationship so hope the atmosphere will be fairly friendly*."

(16) DISCLOSURE

303. I have been asked what was my role in relation to disclosure to Mr Castleton and if I had any concerns regarding the disclosure that was provided? The Inquiry referred me to emails dated 9 and 10 November 2006 at [POL00070546], the letter from Rowe Cohen dated 17 November 2005 at [POL00070518] and my response dated 18 November 2005 [LCAS0000450], the attendance note made by myself on 24 November 2005 at [POL00072395], the correspondence and documents dated between March and November 2006 at [LCAS0000545], [LCAS0000354], [LCAS0000342], [LCAS0000475], [LCAS0000382], [POL00069657], [POL00069701] and [LCAS0000625]. I think it will assist the Inquiry if I firstly set out relevant parts of the Statements of Case (since that sets the framework through which disclosure in a civil claim is done), then explain how we approached this chronologically.

304. I have summarised the key parts of the Amended Particulars of Claim [LCAS0000295] much earlier in this statement. The relevant point from that is that POL pursued this matter as an accounting claim. In this regard, POL needed to carry out a reasonable search for relevant accounting documents for the purposes of disclosure.

305. Paragraph 5 of the Defence and Counterclaim [POL00082222] dated 15 August 2005 pleaded …"*The Defendant avers that any apparent shortfall is entirely the*

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product of problems with the Horizon computer and accounting system used by the Claimant."

306. Paragraph 6 of the Defence and Counterclaim states that "*The Defendant avers that, upon disclosure by the Claimant of the daily balance snapshot documents created by the Defendant during the course of his tenure as sub-postmaster at Marine Drive Post Office and which were removed from the post office on the Defendant's suspension, he will be able to demonstrate through a manual reconciliation of the figures contained within those snapshots that the apparent shortfalls were in fact nothing more than accounting errors arising from the operation of the Horizon system. The Defendant will plead further and more fully in this regard following disclosure*."

307. We were not very clear from Mr Castleton's Defence and Counterclaim exactly what he was pleading went wrong with his computer and how it caused illusory shortfalls that were said to be simply accounting errors arising from the operation of the Horizon System. That concern was one of the reasons that we served a CPR Part 18 Request for Further Information in relation to the Defence and Part 20 Claim on 6 March 2006. Amongst other things, the Part 18 Request asked Mr Castleton to set out:

> "*1.1 the full nature and extent of the problems that the Defendant alleged had encountered with the Horizon system and on what occasions he encountered them; and*

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1.2 how and why each of the alleged problems with the Horizon system mean that the losses in question were allegedly theoretical rather than real."

308. The relevant part of Mr Castleton's Part 18 Reply [POL00069298] dated 10 April 2006 stated as follows:

"1.1 The problems that the Defendant encountered with the Horizon system and the occasions on which he encountered them were as follows:

(i) *Not communicating properly*. The Horizon system, as installed at the Marine Drive branch, included 2 computer terminals with touch screens and keyboards, together with bespoke software developed and maintained on behalf of the Claimant by Horizon Systems. One of the terminals was known as the base unit, which the Defendant believes had a small amount of internal memory, and had an ISDN, (subsequently broadband), connection off-site to a central monitoring and/or data storage and/or controlling station, which was maintained on behalf of the Claimant by Fujitsu Services. The other terminal was known as node unit, which the Defendant believes had no separate internal memory, was connected to the base unit and communicated to it such data as might be input to it. The Defendant believes that periodically, several times throughout a day's trading, the base unit would then transmit data input both to it and through the node unit, onwards to the central station. On occasions too numerous to recall during

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the period in question, the Defendant told the Claimant that he considered that the 2 units were not communicating with each other properly.

(ii) *Screen freezing*. The display of one or other or both of the terminals would `freeze', i.e. lock up and fail to respond, either to commands attempted to be entered through the terminal's keyboard or commands attempted to be entered by hand through the touch screen function of the terminal's display, requiring the system to be re-booted. This problem was a regular occurrence and happened approximately weekly during the period in question.

(iii) *Blank screen.* The display of one or other or both of the terminals would suddenly go blank before returning to the sales screen. This problem occurred approximately monthly during the period in question.

(iv) *Card swipe not reading*. The electronic card swipe of one or other or both of the terminals, used to read a customer's payment card, would fail to read the card properly. This problem was a very regular occurrence and happened approximately daily during the period in question.

(v) *Rolling over cash figures*. The Defendant believes that the Horizon system `rolled over' cash figures in the weekly cashflow

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figure (a report that can be produced, also known by the Claimant as On Hand Cash Handling, or ONCH) giving a figure that was 4-5 times as big as the actual cash declaration for that day. The Defendant first became aware that this information was available to be printed out during cash week 48, the week ending 25 February 2004, when it was printed out by one of the Claimant's business support workers (although he subsequently became aware that his assistant, Christine Train, had been aware of it since in or around week 43, and had periodically run off cashflow reports). The Defendant looked at this figure several times each week from that time onwards until his suspension by the Claimant on 23 March 2004. On average, the figure given by the system was incorrect on at least one occasion each week (although previously, prior to the Defendant being aware of the facility to print the figures, Ms Train had noted that the figure was incorrect more frequently, often several times each week).

(vi) *Lost transactions*. The Horizon system would `lose', i.e. fail to record, transactions which the Defendant knew he had entered onto the system. By way of example only, a cheque which the Defendant knew he had entered into the system as being a cheque, would not appear identified as a cheque. This problem would occur at least weekly during the period in question,

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

sometimes as frequently as twice a day but then not for about 4 days.

1.2 How and why each of the problems experienced by the Defendant with the Horizon system means that the alleged losses in question were theoretical rather than real, is an issue that will require disclosure from the Claimant for the period in question, in particular as to the correct operation of the Horizon Systems' software, (including any modifications or upgrades), and the correct operation of the hardware maintained by Fujitsu Services, (including any replacement equipment), together with expert evidence, both in the field of Information Technology and Accountancy. Without prejudice thereto the Defendant replies as follows:

(vii) If the Horizon system missed a transactional piece of information it would alter the balance recorded on it. If it failed to record a payment out, there would be less actual cash at the branch than the amount of cash recorded on the system. As more cash tends to go out from a Sub Post Office than comes in, such a discrepancy would tend to operate so that the balance showing in the system was greater than the actual balance held at the branch.

(viii) By way of example only, if a cheque paid in is input to the Horizon system and the system sends that data off-site but the system loses that information locally, when it is time to "cut off" i .e. print

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

> a cheque report to send with a bundle of cheques to be sent away, the report will not correspond to the number of cheques present and it is necessary to reinput, manually, the additional cheque, so the report matches. However, a further amount may have been added to the balance recorded centrally by the amount of the lost cheque, although possibly as cash. Thus the Sub Post Office appears to have more money than it does."

Initial, informal disclosure

309. Prior to me inheriting the case and prior to the formal stage of standard disclosure (which involved each party carrying out a reasonable search for documents which help or hindered their case or the other party's case and providing Lists of Documents), Mr Castleton's solicitors pressed for the voluntary return of daily snapshots that he alleged were removed by Catherine Oglesby upon Mr Castleton's suspension. They continued to press after the claim had been issued (for example see their letter of 17 November 2005 at [POL00070518]).

310. At first, the impression this created is that we were on the back foot. However, that changed for two reasons:

    (a) Firstly, we obtained and provided various documents over time both before the formal disclosure stage and as a result of exchanges of Lists of Documents; and

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(b) Secondly, we got a better understanding of the utility or relevance of some of the documents that Mr Castleton's solicitors wanted before the formal disclosure stage and it transpired that they had overestimated and/or misunderstood their significance.

311. I will set out below how that unfolded in more detail.

312. I can see from a work chit of 24 November 2005 [POL00072395] that I reviewed all of the exchanges of correspondence between our respective firms to see what they had been sent. In the work chit, I wrote a chronology of what had transpired to help organise my thinking and see information had already been supplied so that I could better assess what (if anything) needed to be done. I can see for example that:

(a) on 16 February 2005 [POL00070696], we supplied the Cash Accounts for weeks 39 to 52, 59-50 declared cash/cash on hand receipts and weeks 39-50 giro deposit/withdrawal receipt; and

(b) on 11 April 2005 [POL00070686], Mr Castleton's solicitors asked for more information such as automated system daily reports and a full audit trail itemising every transaction at the branch and also balance snapshots for certain weeks. In response, I can see that the chit records on 25 April (this should have said May) 2005 [POL00070662] we sent a letter Mr Castleton's solicitors with a copy of the final audit and stated that the daily snapshots contained the same information as weekly

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snapshots and were superfluous, (something which his solicitors disputed).

313. Finally the chit refers to Bentley Jennison's expert report dated 23 September 2005 [LCAS0000945] in which he stated that he had seen various documents the inter parties correspondence, daily snapshots from 26 February 2004 to 3 March 2004, the final audit dated 25 March 2004 and the horizon cash account for week 49. The chit then goes on to state:

"Bizarrely, Rowe Cohen have not sent to their experts the cash accounts for weeks 39-52, the declared cash/cash on hand receipts for weeks 39-50 and crucially the giro receipts for weeks 39-50. Why not? Why not give your expert all the information so that he can make a more informed report? Their expert asked for more information so why did they not provide it initially? Instead they have done is given their expert very limited information…"

314. I picked this up in correspondence with Mr Castleton's solicitors on 18 January 2006 which I deal with earlier in this statement in paragraph 113.

315. On 6 March 2006 [LCAS0000545], I wrote to Mr Castleton's solicitors and reminded them that we had explained on 18 January why "*Mr Castleton's experts had made a fundamental error by assuming that a balance snapshot was the same thing as a final cash account and that consequently, a balance snapshot if not a useful tool for verifying whether cash was missing from the Marine Drive branch and will not be determinative of the dispute*." I stated that

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"*We have already disclosed many more useful documents which you did not pass to your experts before they prepared their reports*."

316. On 10 April 2006, we received Mr Castleton's Part 18 Reply. I can see I put the issues in that reply to Mandy Talbot and others. I wanted to ensure we put the issues Mr Castleton raised to them and to understand what their answers were.

POL's List of Documents

317. On 15 May 2006, I emailed Vicky Harrison of POL [POL00070801]. I explained that I had previously asked everyone connected to the case to provide me with relevant documents which Vicky had played a helpful role in collating. My email said "*I believe I now have pretty much everything the P.O has*". I explained we had to disclose lists of documents "*containing all documents relevant to the claim and counterclaim which either helps or hinders us*". I listed documents I had by then obtained.

318. I explained that Mandy Talbot would have to sign a certificate confirming that POL had conducted a reasonable search to locate all relevant documents. My email said "*There are sanctions and penalties for not complying with disclosure obligations so we must be thorough*". I then went on to ask her for information to understand the extent of POL's search.

319. Vicky Harrison's reply of 16 May 2006 [POL00070801] states:

"You would be accurate saying that I have searched for information from our accounting teams in Chesterfield, personal records held in Leeds together with

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

HSH and NBSC call logs. Supplementary to this I have retrieved transaction information from Horizon via our Investigations team. I have also searched for information via Girobank and received information regarding overnight cash holdings from our Inventory team in Leeds. The electronic data I have sent you has been from all the places you mention below and as above the transaction/events logs came from the Horizon archive via our investigations team."

320. On 16 May 2006 [POL00070800], I can see from the file that I emailed Mandy Talbot and stated:

(a) "*As you know, on Thursday of this week (18 May) we have to exchange with Mr Castleton's solicitors a list of documents, containing all documents relevant to the claim and counter claim which either helps or hinders the Post Office or Mr Castleton. There are sanctions and penalties for not complying with disclosure obligations, so we must be thorough.*

(b) *Over the past year, we have received various information from the Post Office Chesterfield; Leeds and London offices, together with HSH and NBSC. We have used this information to prepare the list of documents.*

(c) *I attach the list of documents and attachments. Please can you review them carefully. If you believe that they are accurate, please can you sign and date the list and return it to me by fax and post. If you have any queries, please do not hesitate to contact me*."

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

321. At page [POL00072704] is an attendance note of a conversation I had with Mandy Talbot on 18 May 2006 before asking her to sign the list. Amongst other things, it records that:

(a) "*Mandy asked me whether I could say that this contained everything that Vicky had sent to me and I said that it did. Mandy was happy to sign our list and she will sign it over, scan it and send it back to me*."

(b) Tactically, how I anticipated that no matter how much information we gave Mr Castleton's solicitors, they were bound to ask for more. (It is often what claimants do in litigation so that would not have stuck me as particularly unusual).

(c) The note says that I "*Finally explained to Mandy that Vicky Harrison had sent to me a transaction log of every single transaction in January, February and March 2004, which was the relevant period. This really is the full audit trail that Mr Castleton's solicitors have been asking for, so provided they understand that then they ought not to be asking for further documents to be on that*."

322. POL's List of Documents dated 19 May 2006 is at [LCAS0000354]. It was 14 pages long of which 10 pages listed the actual documents being disclosed. It included Horizon Cash accounts, Giro Deposits and Withdrawals, Delivered Cash/Cash on hand receipts, Final Balance lists, Miscellaneous transactions, Sales Reports Balance snapshots, Trial Balance, Weekly Cash Flow report

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Office Snapshots, other receipts, some test documents and then certain spreadsheets. Those spreadsheets included the following:

(a) Fujitsu product codes;

(b) Transaction logs. (I understand that this is the line by line IT system record of each transaction processed in a branch);

(c) Events log. (I understand that this is the record of events on Horizon such as logging on and off, printing reports and so on);

(d) ONCH (Overnight Cash Holdings) list;

(e) Horizon System Helpdesk call logs; and

(f) NSBC call logs.

323. It also included other documents for example disciplinary documentation and naturally the sub-postmasters contract.

324. I can see from my letter of 16 June 2006 to Mr Castleton's solicitors at [LCAS0000475] that we supplied the documents they had requested from POL's list of documents.

325. I can also see from our letter dated 21 June 2006 at [LCAS0000382] that Mr Castleton's solicitors had asked us about other documents (which they did on 2 June 2006) [LCAS0001194]. Our response letter includes the following:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

"We have disclosed to you the transaction logs. The transaction log records every transaction at the Marine Drive branch during the period in question. This is the "audit trail" you requested."

326. In terms of balance snapshots, we said that "*Ms Oglesby states she does not recall being given a balance snapshot for every date by Mr Castleton. We have disclosed those balance snapshots we have received from Post Office*."

327. With the letter of 21 June 2006 at [LCAS0000382] I also sent to them 2 excel spreadsheets of software updates for the period January to April 2004. I explained such updates were relatively rare and that I was "*instructed that software is updated remotely and that software update could result in a desktop being closed and restarted. However even then, this would not result in computer generated losses as you assert in your Part 18 Reply*."

328. (The letter also records that I had on 4 occasions asked Mr Castleton's solicitors to provide all the documents contained in his List of Documents which they had not done and expressed concern that their delay may adversely impact upon the court timetable).

Supplemental List of Documents

329. On 23 October 2006, Master Turner order that any further disclosure take place by way of lists by 20 November 2006.

330. On 7 November 2006 at page [POL00069806], I emailed Brian Pinder at Fujitsu. I stated:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

"The Court has ordered the parties to disclose any further documents which may help or hinder their case. In this context a document means anything in which information of any description is recorded, so it includes a computer database. So far, we have disclosed many documents including spreadsheets received from you and the P.O that were extracted from the database. We have not named the database itself as a document, which we will now do. Is there a formal name for it? What data does it contain that we have not so far received?"

331. Mr Pinder replied on 8 November 2006 at page [POL00069806] and told me the database was called the message store.

332. For completeness, I should add that I can see from my email to Mr Castleton's solicitors of 17 November 2006 at [POL00069700] that in accordance with POL's continuing duty of disclosure, we sent to them:

(a) 3 spreadsheets of the total of each day's cash Declaration made by Marine Drive in January, February and March 2004. The email records that was not new information. The declarations were contained in the transaction logs disclosed in May 2006. POL had simply extracted cash declarations from other information in those logs for ease of reference. (In other words, this was previously disclosed information that was being presented in a different way); and

(b) Cash declarations for the period of 11 to 31 March 2004 which breaks down the amounts of each denomination of cash declared.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

333. On 21 November 2006 [POL00069701] I emailed Mandy Talbot with a supplemental List of Documents setting out all the documents which had come to light since the first list of 18 May 2006. I explained that "*with the exception of the message store at Fujitsu, these are documents we have already disclosed.*" A copy of the supplemental disclosure list is at [LCAS0000625]. It included 9 spreadsheets including the following:

(a) Stock remittances;

(b) Errors brought to account;

(c) 2 total daily cash declaration;

(d) Daily cash declaration by denomination;

(e) Notes delivered to the Marine Drive branch;

(f) Coins delivered to the Marine Drive branch; and

(g) Notes and coins delivered to the Marine Drive branch.

334. Amongst other documents, it also contained the Horizon Message Store, a List of software updates, the Horizon system user guide and the Horizon operations manual.

335. The covering letter of 22 November 2006 to Mr Castleton [LCAS0000404] stated:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

"The message store audit trail referred to as document 1 contains details of everything that is recorded at the counter by Horizon. It is located at Fujitsu. The message store itself is of considerable size and we believe that the Post Office has obtained from Fujitsu and disclosed everything from the message store that falls to be disclosed pursuant to CPR 31.6. However, if you seek any further information from it, please contact Brian Pinder of Fujitsu Services to make an appointment directly (and copy us in). Mr Pinder is at Lovelace Road, Bracknell, Berkshire, RG12 8SN. He has stated that you would need to specify precisely what information that you require from the message store as it can take some time (hours to days) to retrieve from the servers, although this would greatly depend upon the information required. As you know the Court ordered inspection of any documents to take place 7 days after disclosure."

336. I have been asked whether I consider that sufficient disclosure was provided to Mr Castleton of any wider issues with the Horizon IT system?

337. As I have noted above, Mr Castleton's Defence and Counterclaim alleged the losses were caused by IT issues at his branch. What POL disclosed with its Lists of Documents were those documents concerning Mr Castleton's branch as opposed to other branches. This included for example the full log of transactions at his branch, the events log at his branch (which recorded events at a terminal e.g logging on and off, printing reports) and also logs of calls to both the helplines that related to his branch. If there had been any IT issues in his branch, then the relevance was there to his Defence. It was difficult to see

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how IT problems in other branches would necessarily have been relevant in a civil claim especially where it was not pleaded.

338. Furthermore, the factors which are relevant to the reasonableness of a search in the CPR include the following:

(a) Number of documents involved;

(b) Nature and complexity of the proceedings;

(c) Ease and expense of retrieval of any particular document; and

(d) Significance of any document which is likely to be located during the search

339. Bearing in mind the CPR, I anticipate that neither me nor POL would not have considered that it would have been reasonable for POL to have searched for issues in other branches. Problems at other branches were not part of Mr Castleton's pleaded case.

340. However, even though the question of whether there were IT issues at other branches did not form part of Mr Castleton's pleaded case, when Mr Castleton raised specific issues either in evidence (in statements) or in information accompanying his evidence, we looked into this. I have set that out above in the section called Bajaj/Callendar Square.

341. I have been asked what was my understanding of the relevance of the Tivoli log to Mr Castleton's case? I have also been asked whether Anne Chambers and

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Ruth Simpson recalled to give further evidence after the conclusion of the trial? If so, when and what topic(s) were they asked about? The Inquiry has referred me to a letter from myself to Richard Morgan enclosing Tivoli events logs dated 22 December 2006 at [POL00072516]; email from myself to Richard Morgan dated 3 January 2007 at [POL00070062]; attendance note of call between myself and Lee Castleton on 4 January 2007 at [POL00070060]; letter from myself to Lee Castleton dated 4 January 2007 at [POL00071881]; letter from myself to Lee Castleton dated 8 January 2007 at [LCAS0000478]; email from myself to Mandy Talbot, copied to Richard Morgan and others dated 8 January 2007 at [POL00070049]; attendance note dated 8 January 2007 on Mandy Talbot at [POL00070050]; letter from myself to Richard Morgan enclosing further copy of Tivoli events logs dated 9 January 2007 at [POL00072541]; email from myself to Mandy Talbot, copied to Richard Morgan and Tom Beezer dated 9 January 2007 at [POL00081865]; email from myself to Mandy Talbot on 12 January 2007 at [POL00073768].

342. On 15 December 2006, Mr Castleton applied to resume the trial [WBON0000028]. He stated that his application arose out of the late disclosure due to a document Ms Anne Chambers referred to under cross examination that POL had not disclosed. He also sought to re-examine Ruth Simpson.

343. I can see that I told Mandy Talbot about this on 3 January 2007 [POL00070064] and explained that I sent the Tivoli Events Log to Mr Castleton on 21 December 2006. My email also said that Mr Castleton had further points that he wanted to make from what Mr Brown had said.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

344. I can see that I spoke to Lee Castleton and Richard Morgan about this on 4 January 2007 [POL00070060]. That note records that we don't disagree that there was a power failure and Ruth Simpson had to reboot, but her evidence was that she didn't log on until the afternoon because she was busy serving customers in the morning and that was why she waited until then to log on. The note records that "*The events log does not show that there were massive computer failures in February 2004. Therefore this is at best a peripheral issue. It is just an immaterial event*."

345. On 8 January 2007 [LCAS0000478] I wrote to Mr Castleton and stated:

(a) "*We do not accept that the Tivoli log contradicts Mrs Simpson's evidence with respect to her actions on 1 April 2004, or that even if it does, this has "a serious impact on the integrity of the system and the balances" (or indeed any impact at all). It is irrelevant to the outcome of this case and in any event, you were suspended on 23 March 2004*.

(b) *Similarly, Mrs Chambers previously stated in evidence that when she examined the Tivoli Event log at the time she saw "nothing out of the ordinary, only the event that gave rise to the one thing that is irrelevant". We therefore doubt that you can really raise any new relevant points with her*."

346. I expressed our concern about cost proportionality and relevance of recalling witnesses who had already been released. However, I explained we would not oppose his application.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

347. I am reminded from Richard Morgan's skeleton argument to restore the trial of 11 January 2007 [POL00069911] of the context to this:

(a) Paragraph 3 *"immediately prior to the start of the trial… Mr Castleton sought to adduce evidence by way of witness summaries from other sub-postmasters of problems allegedly encountered by them.*"

(b) Paragraph 4 "*At the trial D cross examined C's witnesses on the events suggested in those summaries.*"

(c) Paragraph 5 "*In the course of D's cross examination, the last witness called by C (Anne Chambers of Fujitsu) referred in cross examination (13th December…) to a "system event log". She stated that this log would have shown hundreds, if not thousands, of entries if D had experienced the same issue as had occurred at the Calendar Square sub post office in Scotland…*"

(d) Paragraph 6 "*As a result of this evidence C gave voluntary disclosure of the event log for the Marine Drive Branch. The event log corresponds with her evidence (in that there are not cascades of multiple entries).*"

348. The Skeleton Argument went on to record at paragraph 9 that "*in the circumstances where Mr Castleton does not challenge the accuracy of the individual entries of the figures themselves or the arithmetical accuracy of the final balance produced each week (or indeed the figures produced by the auditors on the final audit), C does not understand how D proposes to derive*

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

any relevant evidence form the recent disclosure that may be of assistance to the Court, given its peripheral nature."

349. Despite this, POL did not oppose Mr Castleton's application. We thought it was irrelevant (as subsequently proved to be the case), but POL's stance was not at all defensive. This was a pragmatic approach for the reasons set out in paragraph 16 of Counsel's skeleton argument. (It was quicker and cheaper than arguing against the application substantively and if Mr Castleton was permitted to cross examine further it removed the possibility of appeal in relation to this (non) point).

350. I can see from my letter to Mr Castleton dated 8 January 2007 [LCAS0000478] that we wrote to him to raise our concerns that the Tivoli logs were irrelevant but that we would not oppose his application to recall Anne Chambers and Ruth Simpson. The hearing resumed on 11 January 2007 and Mr Castleton examined Anne Chambers and Ruth Simpson.

351. I have been asked to detail my knowledge of bugs, errors and defects in the Horizon IT system and whether / how this impacted in your approach to litigation on behalf of the Post Office including matters relating to disclosure?

352. Just for clarity, I understand this question to be specifically about knowledge of bugs in the Horizon IT system that could cause fictitious losses at a branch. A bug is not defined in the question. My non-expert and imperfect understanding of all software is that:

(a) a bug is a coding error in a computer programme; and

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(b) It is not possible for developers to continuously produce bug free code.

353. IT experts will express this with much more authority than me, but what I am saying is that I suspect there might not be any (or certainly much) software on the planet that by this definition, has not got a bug in it. Hence I believe the context of the question is specifically about bugs, errors or defects that could cause the IT system to show there are losses when in reality there were none.

354. I think that in answering other questions, this has already been largely answered. The knowledge we (POL's solicitors) obtained could only ever come through others such as Fujitsu and POL.

355. It can be seen that the focus of our questions in our 6 June 2006 meeting with Fujitsu were firstly whether the issues Mr Castleton in his Part 18 Reply would have caused losses at his branch and secondly what did Anne Chambers find when she investigated.

356. After the 6 June meeting with Fujitsu, we interacted in developing witness statements of fact. We met Anne Chambers in conference with Counsel on 11 September 2006 [POL00069622]. I have explained what she said earlier in this statement.

357. We didn't leave it there. On 14 June 2006, we met Andrew Wise. The meeting involved myself, my colleague Adrian Bratt and Mared Hughes of Hugh James solicitors. I prepared an agenda for that meeting which is at [POL00071156]. It shows that the format was very similar to the meeting with Fujitsu, namely that we outlined the dispute (including that Mr Castleton's case was that any shortfall

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

is entirely the fault of the Horizon IT system at Marine Drive branch). It showed we were to discuss action taken by NBSC in relation to the Marine Drive branch. Like the Fujitsu meeting, there was a section dealing with Mr Castleton's specific allegations.

358. Adrian Bratt completed an attendance note of that meeting. The note records that Mr Wise spent 8 years as a counter clerk and from 1999 to 2001 he was a Horizon field support officer. From May 2001 to November 2004 he was at the NSBC and after then his current post as a training manager. The note records Andrew Wise explaining the tier tiers of support at NBSC.

359. One section stated that:

(a) "Referring to the daily procedures and Horizon reports. However a mistake is made (be it the postmaster or the PC) the PM should pick it up in accordance with the procedures and even if it hasn't it will be picked up at Chesterfield. There are various different teams which are responsible for dealing with various different matters including the giro team, cheques team and pension team. Giro reports will go direct to their clients and their clients will send a report to Post Office Limited and then Post Office Limited will compare that report that to the Horizon listings.

(b) In summary of the checks and balances:

(i) There is the system input at the transaction point.

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(ii) There are daily reports.

(iii) There are weekly reports.

(iv) Finally when the cheques/giros etc are sent off these will have a final check outside the branch."

360. It went on to state:

"*AW reasserted that everything is checked by the client or team. For example Giro Bank will physically check all the slips received. If there are any problems error notices would be sent to Chesterfield and then on to the postmaster. These will be claim/charge errors if there has been over/under payment.*"

361. I felt that this was an important point. Andrew Wise was (not in these words) saying that effectively there was a failsafe, a way of detecting if you like, if a mistake had been made ("*be it by the postmaster or PC*") and I went on to obtain several witness statements of fact about this principle. That included a statement from Andrew Wise and from the following people in relation to different products: Ken Crawley; Gillian Hoyland; Michael Johnson; Wendy Smith and Paul Williamson.

362. Essentially there was double accounting and double documenting: information entered into recorded on Horizon backed up by physical documents eg cheque, Giro slip etc. Accordingly even if the information on Horizon is inaccurate (for example if the Horizon system recorded it incorrectly), then if EDS processing centre did not receive the correct corresponding documentation, this should

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have generated an error notice. In this case, POL relied on there being few error notices.

363. Mr Wise's witness statement subsequently explained this as follows:

364. Paragraph 7

"Post Office branches operate double entry accounting. Almost every transaction recorded by the clerk on to their computer has a corresponding physical document, such as a TV license counter foil, savings bank deposit, withdrawal slip or cheque."

365. Paragraph 20

"Accordingly, it can be seen that if the clerk or sub-postmaster makes a mistake when imputing transaction details into their computer, there are a number of points at which this can be picked up, because there are daily and weekly reports that the sub-postmaster have to produce at which stage they have to check and satisfy themselves that the documents for example, cheques, giros, pensions and allowances match what they have entered on the system. In addition to that, there are various teams responsible for different sorts of paperwork produced by the branch, including a giro bank team, cheques team and pension team. For example, if the clerk records an item incorrectly on the system, they should pick this up on either their daily or weekly report. However if they fail to do so, this will be picked up at the Processing Centre. If an item has been wrongly recorded, an error notice would be generated, although this can easily take up to 12 weeks or so. This will mean that if a transaction has

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

been over or under stated there will be either a claim or charge error respectively."

366. The note goes on to record that we discussed NBSC call logs the Castleton case. Finally, Mr Wise comments on Mr Castleton's Part 18 Reply. The note records:

(a) *"PC is not communicating properly when it comes to doing a report.* PC will indicate whether it is not communicating, this will be indicated on the report also. If double entering has occurred you will get an error recorded. Error notices are inputted at the other end.

(b) *Terminals freezing and re-boot.* This means you won't be able to complete the transaction and will usually lose the transaction. A loss of transaction may give you a gain as you got money for not giving something out.

(c) Allegation of the system failing to record transactions he knew he had put on the system. Whenever something is put on the system the system will always reconcile this.

(d) The only transactions where you give cash out is card cash withdrawals on line. If you use a card for taking out £50 and this is not recorded it may never be flagged up, the customer gets a receipt. However the system communicates also to the banking engine and there would need to be an error there too, you cannot draw money if the PC is not connected to the banking engine.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

You can look at the cash accounts over a period to see what had been paid out."

367. Mr Wise's statement then went through and explained each of the NBSC call logs at the relevant time at the Marine Drive branch.

368. At no stage did I ever get any impression from POL or Fujitsu that caused me to believe that they thought there was anything wrong with the operation of the Horizon system at the Marine Drive branch that would cause it to result in illusory losses.

369. Had those with whom we interacted at Fujitsu believed or had reason to believe that there was or might have been any issue with the operation of the Horizon IT system at the Marine Drive branch that could or might have caused real or illusory losses, I would have expected them to have told us. Fujitsu had ample opportunity to tell us. Having re-read a great deal of our correspondence file to be able to produce this statement, I can see that it shows that where we (at my firm), Counsel or Mr Castleton's solicitors had questions or issues, we thought about them. We raised queries with whom we believed were the relevant people and we obtained answers. To take two examples:

(a) with help from POL we worked out, in the instance of the point raised by Bentley Jennison accountants I have touched upon elsewhere in this statement, what the information actually showed and what it really meant; and

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(b) I have also mentioned the example of Greg Booth's second statement (when his screen froze and it was absolutely right to be upfront about this and produce a second statement).

370. That was our approach. If Fujitsu had raised a concern about the operation of the IT system at the Marine Drive branch, we would have investigated.

371. Had we ever received documents that showed that defects in the Horizon IT system at the Marine Drive branch caused illusory losses during the period in question, we would have disclosed them.

372. I have set out separately the evidence Mrs Chambers gave in relation to the issue at Callendar Square and how she thought that the issue at that branch could not have affected the Marine Drive branch.

(17) POST JUDGMENT

373. I have been asked to explain the considerations that I took into account with regard to the bankruptcy of Mr Castleton and involvement in those proceedings. The Inquiry has referred me to emails dated 5 and 6 May 2007 at [POL00072206], the emails dated 10 May 2007 at [POL00071954], the correspondence dated 1 and 29 May 2007 at [POL00070280], the emails dated 18 and 21 May 2007 at [POL00070302], the email chain from May 2007 at [POL00072146], my email of 6 June 2007 at [POL00070277], my email dated 20 June 2007 at [POL00072029], my email dated 28 June 2007 at [POL00072035] and my email of 10 February 2010 at [POL00072307].

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

374. After judgment was entered against Mr Castleton, we sought to agree the quantum of costs with him (to save the time and cost of a detailed assessment). He confirmed his agreement by way of fax [WBON0000059], but then wouldn't sign an order to that effect. POL did not want to incur the costs of seeking a detailed costs assessment.

375. At the previous hearing, Mr Castleton had mentioned selling his property and using it to pay the judgment debt. I can see from our case file that on 7 February 2007, we asked Mr Castleton if he was still intending to do that and to provide a voluntary charge [LCAS0000438]. He did not confirm his agreement. On or around 16 March 2007, [POL00071930] we were instructed to obtain a charging order so that POL would have some security (even if it did not or could not then enforce it). On 11 April 2007, Master Miller made an interim charging order [POL00070363]. I can see from an email to Mandy Talbot of 10 May 2007 at [POL00072029] that Mr Castleton engaged professional financial advisors who offered to pay the sum of £40,000 in full and final settlement which I infer would be from the sale of property. There was a concern as to whether POL would definitely receive that sum because it seemed surprising that Marine Drive was then worth £400,000 (according to them) given Mr Castleton re-mortgaged it for £267,000 about 6 months previously. We wanted to try to find out what the value of Mr Castleton's share was worth. I can also see that I had asked Mr Castleton's professional advisor to confirm what had become of the re-mortgage money so that we could take instructions on a proposal they had made. (My recollection may be mistaken, but I do not believe that his advisor responded to

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

our email of 10 May 2007). I believe that POL would have been prepared to cap its charge (once obtained) and to present a bankruptcy petition against Mr Castleton for the balance if necessary. However, Mr Castleton in fact declared himself bankrupt on or around 23 May 2007, a day before the interim charging order could be made final.

376. I also believe from reviewing the documents that:

(a) I recommended a choice of 2 trustees to POL and I believe that POL (presumably as Mr Castleton's largest creditor) nominated one.

(b) I can see from my email to Mandy Talbot of 5 May 2009 [POL00072206] that Mr Castleton's trustee in bankruptcy advised that:

(i) Mr Castleton re-mortgaged with Commercial First in December 2006. This re-mortgage yielded a surplus of £42,271.99 which was paid to his RBS joint business account on 22 December 2006. Certain of the monies was used to pay Mrs Castleton's business expenses (but were not susceptible to challenge by the trustee). In addition, there was a payment of £20,000 to Woodleigh Private School. This was for value, so it precluded any recovery. Mr Castleton's share of the re-mortgage would be £21,135 had he not spent it before he had declared himself bankrupt;

(ii) Marine Drive was valued at £175,000. The mortgage was £292,204. There was negative equity; and

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(iii) The trustee advised that the likelihood of recovery was extremely minimal.

(c) The email records that we were not instructed to repossess or sell the property; there was simply no point.

(d) In a letter dated 8 January 2010, the trustee wrote to say that no dividends would be paid to creditors because there are insufficient funds. His report also confirmed no remuneration had been drawn by him and his staff and all time had been written off [POL00070211].

(18) HINDSIGHT

377. I have been asked whether with hindsight, there is anything I would have done differently in this case. Unfortunately decisions at the time cannot (by definition) be made with the benefit of hindsight. We have to do the best we can with the information others provide. We tested the allegations put to us by Mr Castleton with Fujitsu. Fujitsu appeared to be confident in the IT system at the Marine Drive branch from the work they had done. They did not consider there was anything of substance in his allegations. They did not indicate that they thought that there were any issues with the operation of the IT system at the Marine Drive branch that could have caused illusory losses.

378. Having re-read the case file, I am satisfied that in dealing with Mr Castleton we acted professionally, appropriately and politely.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

379. At the time of taking on this case, I was 4 years qualified. I am currently nearly 22 years qualified. Given the experience of litigation (and life) I have gained over many years, I anticipate that I would approach any case in some ways that are different. In terms of specific answers to the dispute with Mr Castleton, there are two points I would make:

(a) This was not a case that had to go to trial. I was disappointed that the parties did not settle (for instance when an agreement in principle had been reached, although this was beyond our control. I was at pains to say that I did not think that Mr Castleton had been dishonest, nor was that POL's case).

(b) I was not involved in the later case of Bates v Post Office Ltd. I understand from reading the case summary of Bates v Post Office Ltd (No.6: Horizon Issues) [2019] EWHC 3408 (QB), Mr Justice Fraser determined that it was possible for bugs, errors or defects in the Horizon system to have the potential to cause apparent discrepancies in a sub-postmasters' branch accounts. I also understand that the group litigation settled before further trials on liability and quantum. At the time I have prepared this statement, it is important to emphasise that I do not know whether those with whom I liaised at Fujitsu sixteen years ago have any different view of the operation of the Horizon IT system at the Marine Drive branch to the one which they expressed to us at the meeting on 6 June 2006, in conference with Counsel, in the two witness statements and which was accepted by the trial judge. If those with whom we had

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

spoken at Fujitsu knew that the IT system at Marine Drive branch incorrectly showed that there were losses where there were none, I would expect to have been told. I would be appalled if it ever were to transpire that was the case. If that were to be the true position, what would really matter though is not how I would feel about it, but Mr Castleton. However, I do not know if those Fujitsu employees with whom we had contact in 2006 say anything different today about the operation of the IT system at Mr Castleton's branch.

380. All that said, this was an accounting case. It was ultimately proven on the basis of physical accounting records. Counsel summarised this in his closing submissions [POL00082880].

(a) *"… Mr C also candidly accepted that if the figures confirmed against the underlying physical documents and recorded by him in the Final Balances and the Cash Accounts were added up the totals would be exactly the same as recorded.*

(b) *Given that Mr C accepts that the mathematical calculations were correct, the end result would also therefore be exactly the same, whether taken from the signed Cash Accounts as they now appear, or indeed in the event that a new account were now taken on the basis of the underlying physical documents evidencing the transactions.*"

We gave Mr Castleton opportunities to specify his concerns and how that affected the IT system at the Marine Drive branch. Within the Court managed

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

timetable, Mr Castleton was permitted to serve expert evidence to allow POL to understand the nature of his allegation. He did not do so.

(19) OTHER CIVIL CASES

381. I have been asked what (if any) are my recollections of the following civil cases:

i. Aslam Ramtoola;

ii. **ANONYMITY ORDER**

iii. Kevin Palmer;

iv. Rachel Williams;

v. Frank Holt;

vi. Susan McKnight;

vii. Tracey Etheridge;

viii. Katherine McAlerney; and

ix. Keith Macaldowie.

382. I do not have any recollection of any of the above actions. I note from looking at our electronic system that my firm has two different file numbers relating to Tracey Etheridge and that I am recorded as being the matter partner in one of them. This is a requirement of our system and I cannot see that I had any involvement in the matter.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

383. I have been asked if there are there any civil actions (including but not limited to the above) that I had a role in that I consider are relevant to the matters being investigated by the public inquiry (in particular, bugs, errors and defects in the Horizon system)? I have been asked if so, why do I consider them to be relevant?

384. Alongside other firms, our firm did act for POL in other civil litigation with sub-postmasters. I would have been involved with some cases or aspects of them. However, this was a long time ago. I do not now remember specifics. I have found from our system that I was the solicitor with the conduct of our file for two cases as follows:

Mrs Somaskanderajah

385. I remembered being involved in a file that related to a branch called Splott Road and that the subpostmistress there was called Mrs Somaskanderajah. However, prior to checking our system, I did not remember what it was about. I have reviewed our electronic filesite entries to understand what this was about. I see from the file that on 12 February 2007, I emailed Clive Burton (Former Agents Debts team, POL) who was instructing me on the matter [WBON0000009]. I noted in that email:

386. Mrs Somaskandaraja was a sub-postmaster working at Splott Road P.O until she was suspended on or around 21 October 2004.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

387. The former sub-postmaster's statement of outstanding debt as at 15 January 2007 provides that the actual balance outstanding is £38,898.96. That consists of:

(a) final cash account balance dated 23 October 2004 of £4,754.76;

(b) various evidence such as Girobank and cheques; and

(c) the bulk of the claim which is a pensions and allowance error dated 29 September 2004 for £32,879.25.

388. Mrs Somaskandaraja's "defence" is that POL initiated criminal proceedings against her for failing to account, but then discontinued them and agreed not to pursue the matter because fault Horizon software was the cause of the problem.

389. I asked Mr Burton to supply certain primary physical accounting documents including cash accounts, opening and closing audits, the subpostmaster's contract, pension counterfoils. I asked him whether Splott Road was at the time a shared stock until or had individual stock unit balancing, I asked him what had happened in the criminal case.

390. I can see from Mr Burton's response of 25 May 2007 [WBON0000009] that he had asked Graham Ward (of POL Investigation Team) to look at my questions. Mr Ward stated "*You are correct that this case (P&A overclaims) did not proceed to a prosecution due to poor controls, e.g. passwords were shared etc."* and then he responded to points in my original email.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

391. The cash accounts I sought were not available. I was told that "*the original pension counterfoils which made up most of the loss have been returned to Lisahally at some point in time (Foils not recovered by our team would certainly be destroyed by now but as mentioned above, the foils with errors should have been sent to Chesterfield at case closure with BAT04)*."

392. In response to my question about investigations into Horizon the response said "*It is understood that the problems at the Branch were exacerbated due to misuse of horizon terminals (i.e. shared passwords) but, as far as I'm aware, there was no mention of faulty equipment. Is this correct? (No indication in file that Horizon was investigated for faults / errors - This could still be done even at this stage but if it wasn't challenged by the defendant during interview I can't see the need).*"

393. I can also see from an email of Graham Ward to me of 6 June 2007 that in fact "*a prosecution was never initiated, no prosecution action was advised by our legal services, memo dated 10/11/05 refers (which you will see within the copy file documents), due to the sharing of horizon passwords*."

394. I wrote to Mrs Somaskanderajah's solicitors, Tolhurst Fisher, on 11 July 2007 [WBON0000085]. That letter asked Mrs Somaskanderajah's solicitors for the approximate dates of letters alleged to have been written by their client to the line manager regarding problems they allegedly had with Horizon and also what problems she encountered. I can infer from this that if nothing else, Mrs Somaskanderajah held a perception that something was wrong with the system.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

395. On 16 May 2008 [WBON0000087], I wrote to Tolhurst Fisher and put POL's position to them. It was essentially that any claims that Mrs Somaskanderajah had would be for 3 months loss of earnings maximum and if she issued a claim, it would be met with a counterclaim.

396. There is some back and forth correspondence to see if the matter could be settled.

397. On 9 October 2009 [WBON0000047], I emailed Mandy Talbot about where we had got to. It is clear from that email that Mrs Somaskanderajah would not sign up to a drop hands settlement and that I said that "*your choices are either to let sleeping dogs lie and hope she does not issue a claim in the future (but defend it if she does - I think you will have a good defence), or to issue a claim now - but we know that we do not have the original P&A error documentation which underlies £32,879.25 of the claim, so a large portion of the claim is shaky.*"

398. The legal premise for my conclusion was the reported case of Post Office Counters Ltd (**POCL**) v Tarla Mahida [2003] EWCA Civ 1583. In that case, there was an appeal by Tarla Mahida against a judgment in favour of POCL. In that case, POCL had tried to run its case based on secondary evidence. The Court determined that such records did go some way to proving some of the debt owed, but did not prove all the sums. POCL had not taken proper care of the original primary evidence that proved the debt and so it was found it had not discharged the burden of proof.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

399. Ultimately POL did not issue a claim and as far as I am aware neither did Mrs Somaskanderajah at that time. I can see from our filesite records that I was sent an email by Jaqueline Whitham at POL on 9 October 2009 that stated:

"We made the decision to write off our debt as we felt that there was nowhere else to go with it from a POL point of view taking into account age, evidence and cost effectiveness. Mandy's view was that the risk to us if there was any action by Mrs S would be 3 months remuneration. As time went by this risk would decrease."

400. This instruction would have led to me closing our file.

401. For completeness, I should add that my firm was subsequently reinstructed in 2011 in relation to this matter. I was not then the solicitor with the conduct of the matter. I can see from our system that I let my colleague who was dealing with it know what the case had been about and requested our file be retrieved from archive and sent to them.

Mr Bilkhu

402. I can also see from our system that POL instructed me in late 2007 to act in the civil case of Mr Bilkhu. I had forgotten about this until carrying out a search of our filesite system. I have done a search of our electronic filing system to see what work we did. (Even having done that, I still have little memory of it). I can see that Mr Bilkhu was represented by Tolhurst Fisher. I can also see that on 4 December 2007 I instructed Richard Morgan in relation to the matter. I enclosed a Claim form and Particulars of claim [WBON0000101] with a covering

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

letter which I sent him. This related to a civil claim issued by Mr Bilkhu. The letter shows that I also sent to him a copy of an audit carried out on 22 September 2005 which showed that a shortage at that stage of £3,501.59. It goes on to say that I enclosed a signed letter dated 23 September 2005 "*from which you will see that Mr Bilkhu authorised a deduction from his salary of £3,501.59*"

"*I understand that a special audit was carried out August 2007 which revealed at that stage just a few hundred pounds worth of losses that he subsequently made up.*

I am instructed that Mr Bilkhu does not owe POL anything at this particular stage."

403. I can see that Mandy Talbot copied me into an email within POL which she sent on 3 December 2007 [WBON0000039] and stated:

"We are dealing with a legal challenge from a Mr Bilkhu who claims that he was forced by POL to pay 10K over a period of years in order to be able to move onto the next branch trading period."

404. I see from the file that on 12 December 2007, we made a CPR Part 36 offer to pay Mr Bilkhu the sum of £1 to settle his claim [WBON0000088]. I have found a copy of a Defence and Counterclaim and Reply to Defence on file [WBON0000093]. I can also see that on 8 February 2008, Mr Bilkhu's solicitors offered to withdraw the claim on the basis that each party bear their own costs [WBON0000070]. I can see from the file that we rejected that offer on behalf of

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

POL and that he agreed to pay the sum of £5,452.20 towards POL's costs [WBON0000086] and that a cheque was paid for that sum on 12 March 2008. I can also see that he served a notice to discontinue dated 14 February 2008 [WBON0000060].

405. I do not remember personally having conduct of other civil cases relevant to any defects in the Horizon system being investigated by the Inquiry.

406. I have been asked whether looking back, I have any concerns about any civil cases in which I was involved? The answer to that question is no.

(20) ANY OTHER MATTERS

407. I have been asked whether there are any other matters that I wish to bring to the attention of the Chair of the Inquiry? The answer to that question is no, save for one point concerning the litigation with Mr Castleton which I raise for completeness:

408. After the conclusion of the claim against Mr Castleton, Mandy Talbot of POL instructed me to obtain a written opinion from Richard Morgan about the key points arising from the judgment. He provided this [WBON0000023] and naturally I would have shared it with POL. Counsel's advice was essentially pragmatic and the 3 key points were:

(a) It is easier to bring a civil claim against a sub-postmaster on an account produced by him rather than to try to prove that a loss has arisen in the business.

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(b) POL would have an advantage in a civil claim if the sub-postmaster bears the burden of proof to show that the account is wrong. That can only occur if POL is suing on the sub-postmaster's own account. It is only likely to be treated as final if:

(i) it is produced by the sub-postmaster;

(ii) it is produced in circumstances where he is contractually required to produce and verify the figures as accurate, but preferably where he formally certifies the figures as such; and

(iii) where the sub-postmaster physically signs off the accounts as such, alternatively signs electronically.

(c) If and when it is decided that a sub-postmaster is to be suspended or removed from post, he should be required, in accordance with the terms of his contract, to produce and sign a final account to the date of his removal, whether or not POL has conducted its own audit. This was to simply rely on the reversal of the burden of proof and remove the necessity (though not the desirability) of having to call the auditors to prove the loss.

409. I can see from an attendance note that I dictated of 6 February 2007 that I spoke to Richard Morgan and Mandy Talbot [WBON0000016] about this topic. The note records that we discussed the following:

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

(a) *"An electronic signature is best, but if it is not available, then a tick box certification is the next best thing. Richard explaining that this should state that the sub-postmaster confirms that the accounts accurately record a summary of the transactions that have taken place in the branch and the stock and mop (method of payment) and cash actually present and that by his signature he is verifying that. There should be a condition in his contract that he ticks this box and he shouldn't be allowed to roll over into the next week until he has done so. Especially the Post Office should have the ability to allow him to roll over, but only where they know of a specific mistake that has been made that is explainable and so that they can agree that the cash or stock or mop is not accurate."*

(I think the word above "Especially" should have probably have said "Exceptionally")

(b) *"In terms of action of the post master on the final account, the sub-postmaster should also be required to sign off the auditors being accurate and that he adopts the audit figures as his own figures. That way if the auditor leaves the Post Office, it will be less detrimental to their case because the post master will have accepted the audit figures. If he declines to sign off on the audit, he must produce the accounts himself there and then. I also added that this would depend upon how practical it was to enforce on the ground.*

(c) *Richard agreed that it would be useful for the auditors to go through previous accounts. I explained to Mandy of course that they could not*

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

go through previous actual cash stock figures because they could not time travel and so they would only ever be able to count the cash and stock on the day that they go and complete their audits. However by looking over the past accounts when they do their audit they might be able to come up with an explanation as to why figures are like they are eg is there a reason for the losses that explains them and either supports or contradicts the audit.

(d) *In terms of whether there are any other useful steps, Richard suggested that their clause claim to the contract that says that the post master agrees to pay without deduction or set off and that he signs off on the final audit. That way I explained say for example the sub-postmaster stated there were error notices which were going to result in a claim error in his favour and he genuinely but mistakenly believes there were going to be those errors notices and decided to set off one would hold some monies from the Post Office, he wouldn't be able to do that."*

410. I do not know what POL themselves did internally with Counsel's opinion. For my part, I believe that I would have had it in my mind together with the reported decision in Post Office Counters Ltd (POCL) v Tarla Mahida [2003] EWCA Civ 1583 when POL instructed me in relation to the dispute with Mrs Somaskanderajah in which I ultimately advised POL not to issue and pursue a claim because it had not preserved all of the primary accounting records.

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Statement of Truth

I believe the content of this statement to be true.

Signed:..... GRO .....

STEPHEN JOHN DILLEY

Dated:..... 08 June 2023 | 19:09 BST .....

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

Index to First Witness Statement of Stephen John Dilley

No.	URN	Document Description
1.	LCAS0000295	POL's Amended Particulars of Claim
2.	POL00069911	Counsel's Skeleton Argument
3.	POL00107075 POL00074104	Auditor Helen Rose second witness statement and exhibit
4.	WBON0000095	Second witness statement of Catherine Oglesby 19 October 2006
5.	POL00070561	Email Stephen Dilley to Mandy Talbot 11 November 2005
6.	POL00070496	Email Stephen Dilley to Tom Beezer and others 22 November 2005
7.	POL00070477	Email Julian Summerhays to Stephen Dilley 24 November 2005
8.	POL00070464	Email to Mandy Talbot and others 24 November 2005
9.	POL00070778	Email Mandy Talbot to Stephen Dilley 5 December 2005
10.	POL00072389	Memo Denise Gammack to Stephen Dilley 29 September 2005
11.	POL00070586	Email Stephen Dilley to Cheryl Woodward 18 October 2005
12.	POL00070580	Email Stephen Dilley to Chery Woodward 31 October 2005

DocuSign Envelope ID: 0B8D9A6F-D117-40AC-B8CA-9EFEBC3C2B1D

13.	POL00072403	Telephone attendance Stephen Dilley and Mandy Talbot 17 November 2005
14.	LCAS0000428	Letter to Rowe Cohen 18 January 2006
15.	POL00083586	Letter Rowe Cohen 7 November 2005
16.	POL00070188	Letter Rowe Cohen 8 November 2005
17.	POL00004325	Judgment in default
18.	LCAS0000683 POL00083036	Witness statement of Stephen Dilley 18 November 2005 and exhibit
19.	POL00070557	Letter Rowe Cohen to Court 14 November 2005
20.	POL00083036	Letter Rowe Cohen to Court 4 November 2005 (in exhibit to S Dilley statement)
21.	POL00072402	Telephone attendance Julian Summerhays with Mandy Talbot 15 November 2005 (para 34)
22.	POL00070555	Telephone attendance Helen Rumford with Mandy Talbot 15 November 2005 (para 34)
23.	POL00070460	Email Stephen Dilley to Mandy Talbot 25 November 2005
24.	POL00083327	Email Stephen Dilley to Mandy Talbot 25 November 2005
25.	POL00070730	Email Stephen Dilley to Mandy Talbot 7 December 2005 (para 35)
26.	POL00071002	Email Julian Summerhays to Mandy Talbot 21 December 2005
27.	POL00069926	Email Stephen Dilley to John Jones 25 November 2005

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28.	POL00069926	Email from John Jones to Stephen Dilley 30 November 2006 (with Stephen Dilley's email of 30.11.06 included in chain)
29.	POL00070990	Email Stephen Dilley to Cath Oglesby 3 January 2006 (para 35)
30.	POL00070999	Email Stephen Dilley to Helen Rose 3 January 2006
31.	POL00070764	Email Stephen Dilley to John Jones 6 December 2005
32.	POL00070496	Email Tom Beezer to Stephen Dilley 21 November 2005 (in e-mail chain)
33.	POL00070450	Email Tom Beezer to Stephen Dilley 28 November 2005
34.	POL00070563	Letter from Rowe Cohen 10 November 2005
35.	POL00070535	Email Stephen Dilley to Mandy Talbot 17 November 2005
36.	POL00070455	Email Bob Heckford to Stephen Dilley 28 November 2005
37.	POL00070535	Email Stephen Dilley to Mandy Talbot 16 November 2005
38.	POL00070455	Email Stephen Dilley to Tom Beezer 24 November 2004 (chain)
39.	POL00070446	Letter Bond Pearce to Clerk to Richard Morgan 29 November 2005
40.	POL00070792	Email Stephen Dilley to Tom Beezer 1 December 2005
41.	POL00070767	Email Stephen Dilley to Mandy Talbot 6 December 2005
42.	POL00070969	Email Stephen Dilley to Richard Morgan 18 January 2006
43.	POL00070978	Email Richard Morgan to Stephen Dilley 18 January 2006
44.	POL00070954	Email Stephen Dilley to Richard Morgan 25 January 2006

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45.	POL00070928	Email Richard Morgan to Stephen Dilley 7 February 2006
46.	POL00070896	Email Stephen Dilley to Richard Morgan 6 March 2006
47.	POL00071081	Email Tom Beezer to Mandy Talbot 21 August 2006
48.	POL00072711	Telephone attendance Stephen Dilley and Mandy Talbot 23 August 2006
49.	POL00071040	Email Stephen Dilley to Richard Morgan 24 August 2006
50.	POL00072669	Telephone attendance with Mandy Talbot 24 February 2006
51.	POL00070910	Email Stephen Dilley to Julian Summerhays 24 February 2006
52.	POL00069601	Email Stephen Dilley to Richard Morgan 8 September 2006
53.	POL00069513	Telephone attendance Richard Morgan 3 October 2006
54.	POL00071029	Note of interview Mr Crawley dated 29 August 2006
55.	POL00069504	Telephone attendance note on Counsel Richard Morgan (together with others) 4 October 2006
56.	POL00069756	Email to Stephen Dilley to Mandy Talbot 17 November 2006
57.	POL00082886	Claimant's Request under CPR Part 18 for further information in relation to the Defence and Part 20 Claim
58.	POL00069622	Personal attendance Stephen Dilley with Richard Morgan 11 September 2006
59.	WBON0000092	House of Commons - Post Office Numbers

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60.	POL00069558	E-mail Stephen Dilley to Tony Kane 27 September 2006
61.	POL00069520	Telephone attendance S Dilley with Tony Kane 2 October 2006
62.	POL00069527	Email Carol King to Stephen Dilley 29 September 2006
63.	POL00069450	Email Stephen Dilley to Richard Morgan 16 October 2006
64.	POL00069490	Telephone attendance Stephen Dilley with Richard Morgan 10 October 2006
65.	POL00069470	Telephone attendance Stephen Dilley with Mandy Talbot 16 October 2006
66.	POL00069453	Telephone attendance Stephen Dilley with Mandy Talbot 18 October 2006
67.	POL00069404	Email Stephen Dilley to Brian Pinder 31 October 2006
68.	POL00082222	Defence and Counterclaim (Castleton)
69.	POL00069298	Mr Castleton's Part 18 reply 10 April 2006
70.	POL00081446	Second witness statement of Gregory John Booth 8 November 2006
71.	POL00069965	Order HH Judge Seymour 27 November 2006
72.	LCAS0000945	Letter from Rowe Cohen 30 September 2005
73.	POL00072328	Letter Bond Pearce to Mr N Samuel (POL) 18 November 2005
74.	POL00072317	Letter Bond Pearce to Fujitsu Services 18 November 2005
75.	LCAS0000974	Letter from Rowe Cohen to Bond Pearce 25 July 2006

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76.	POL00071065	Letter Bond Pearce to Geoff Porter 22 August 2006
77.	POL00069592	Letter from BDO Stoy Hayward to Bond Pearce 5 September 2006
78.	POL00069612	Telephone attendance Stephen Dilley with Tom Beezer 7 September 2006
79.	POL00069613	Email Stephen Dilley to Richard Morgan 7 September 2006
80.	POL00069603	Telephone attendance Stephen Dilley with Mandy Talbot 8 September 2006
81.	POL00069842	Email Stephen Dilley to Mike Mason 3 November 2006
82.	POL00069745	Email Stephen Dilley to Geoff Porter 20 November 2006
83.	POL00069752	Telephone attendance Stephen Dilley with Tom Beezer 17 November 2006
84.	POL00069700	Email Thomas Bourne to Stephen Dilley 20 November 2006 (Included in chain Email Stephen Dilley to M Turner 17 November 2006)
85.	POL00069972	Email Mike Mason to Stephen Dilley 28 November 2006
86.	POL00069954	Email Mike Mason to Stephen Dilley 29 November 2006
87.	POL00069955	Draft BDO Report 29 November 2006
88.	POL00069951	Appendices to the draft report
89.	POL00071734	Telephone attendance Stephen Dilley with Mike Mason 29 November 2006

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90.	POL00069871	Telephone attendance Stephen Dilley with Richard Morgan 1 December 2006
91.	POL00069440	Letter from Rowe Cohen to Bond Pearce 19 October 2006
92.	POL00069618	Skeleton Argument hearing on 23 October 2006
93.	LCAS0000199	Order dated 23 October 2006
94.	POL00072523	Personal attendance CMC 23 October 2006
95.	POL00069700	Email Stephen Dilley to M Turner 17 November 2006 (embedded in an e-mail)
96.	POL00070824	Email Stephen Dilley to Mandy Talbot 24 April 2006
97.	POL00070864	Email Steve Dilley to Tom Beezer 31 March 2006
98.	POL00069431	Telephone attendance Stephen Dilley with Geoff Porter 24 October 2006 (embedded in note with Mandy Talbot)
99.	POL00069439	Letter from Bond Pearce to Rowe Cohen 19 October 2006
100.	WBON0000017	Tomlin Order
101.	WBON0000005	2 x Emails to Richard Morgan on 9 November 2006
102.	LCAS0000444	Trial Note 13 December 2006
103.	POL00070850	Telephone attendance Stephen Dilley and Mandy Talbot, Tony Utting, Ian Herbert and Tom Beezer 7 April 2006
104.	POL00073598	Email Mandy Talbot to Vicky Harrison and others 27 July 2006
105.	POL00069599	Email Stephen Dilley to Mandy Talbot 8 September 2006

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106.	FUJ00122333	Email Stephen Dilley to Andy Dunks 27 September 2006
107.	FUJ00122334	Witness statement of Andrew Paul Dunks
108.	FUJ00122335	Exhibit APD1 referred to in witness statement of Andrew Paul Dunks
109.	WBON0000052	Email Stephen Dilley to Julie Welsh (copying in B Pinder) 21 April 2006
110.	POL00070830	Email Brian Pinder to Stephen Dilley 21 April 2006
111.	POL00070821	Email Stephen Dilley to Brian Pinder 26 April 2006
112.	POL00071165	Personal attendance at Fujitsu HQ Adrian Bratt, Stephen Dilley, Mared Hughes, Brian Pinder, Peter Sewell, Andy Dunce, Anne Chambers, Naomi Ellis, Gareth Jenkins and Graham Ward 6 June 2006
113.	POL00071418	Agenda 6 June 2006
114.	FUJ00122279	Email from Brian Pinder to Gareth Jenkins 2 August 2006
115.	FUJ00122280	Witness statement of Gareth Jenkins
116.	FUJ00122281	Attachment to e-mail (B Pinder to G Jenkins 2.8.06)
117.	FUJ00122282	Attachment to e-mail (B Pinder to G Jenkins 2.8.06)
118.	POL00071438	Telephone attendance Richard Morgan 11 August 2006
119.	POL00073743	Email Stephen Dilley to Brian Pinder 6 November 2006 (chain)
120.	WBON0000100	Telephone attendance Mr Jenkins 7 November 2006
121.	FUJ00122321	Email Stephen Dilley to Anne Chambers 13 September 2006

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122.	FUJ00122322	Attachment to e-mail (S Dilley to Anne Chambers 13.9.06) call details
123.	FUJ00122323	Attachment to e-mail (S Dilley to Anne Chambers 13.9.06) Witness statement of Anne Chambers
124.	POL00070135	Email Mandy Talbot to Stephen Dilley 6 December 2006
125.	POL00073838	Draft witness statement of Anne Chambers (undated)
126.	WBON0000071	Hand written notes of Trial
127.	POL00072531	Letter Penny Thomas 23 August 2006
128.	POL00071119	Letter from Rowe Cohen 25 July 2006
129.	FUJ00122285	Email Anne Chambers to Stephen Dilley 16 August 2006
130.	POL00071092	Telephone attendance Anne Chambers 17 August 2006
131.	WBON0000010	Email from Anne Chambers to Stephen Dilley 23 August 2006 (replying to Stephen Dilley's Email of 22 August 2006) together with statement
132.	WBON0000027	Analysis for Cash Account week 42
133.	POL00069604	Telephone attendance Mark Turner Rowe Cohen 8 September 2006
134.	POL00069794	Telephone attendance Richard Morgan 9 November 2006
135.	POL00069925	Telephone attendance Stephen Dilley and Mared Hughes 30 November 2006
136.	POL00069878	Email Mandy Talbot to Stephen Dilley 1 December 2006
137.	POL00069892	Email Mared Hughes to Mandy Talbot 1 December 2006

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138.	POL00070166	Email Rob Wilson to Stephen Dilley 5 December 2006 (with chain emails below)
139.	POL00070172	Email Mandy Talbot to Lesley Joyce 4 December 2006
140.	POL00070175	Email Thomas Bourne to Stephen Dilley 4 December 2006
141.	POL00081928	Email Mandy Talbot to Stephen Dilley 5 December 2006
142.	POL00070160	Email Mandy Talbot to Stephen Dilley 5 December 2006
143.	POL00070126	Telephone attendance Thomas Bourne and Mandy Talbot 6 December 2006
144.	POL00070133	Email Mandy Talbot to S P Parker 6 December 2006 (cc Stephen Dilley)
145.	POL00069919	Email Steve Dilley to Cath Oglesby 30 November 2006
146.	POL00069893	E-mail Stephen Dilley to Brian Pinder 30 November 2006 (chain)
147.	POL00069893	Email from Brian Pinder to Stephen Dilley 1 December 2006
148.	POL00069907	Email Rob Wilson to Mandy Talbot 30 November 2006
149.	POL00070176	Email Mandy Talbot to Stephen Dilley 4 December 2006
150.	WBON0000032	Email from Mandy Talbot to Stephen Dilley 1 December 2006 (together with Email chain referred to)
151.	POL00072947	West End Scenario
152.	POL00069886	Letter from Hugh James to Mandy Talbot 1 December 2006

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153.	POL00069887	Hugh James to Mandy Talbot 17 October 2006
154.	POL00071626	Letter to Rowe Cohen 17 November 2006
155.	LCAS0000405	Letter to Rowe Cohen 5 January 2006
156.	POL00070192	Letter from Rowe Cohen 17 January 2006
157.	POL00083591	Letter from Rowe Cohen 27 February 2006
158.	LCAS0000545	Letter to Rowe Cohen 6 March 2006
159.	LCAS0000508	Letter to Rowe Cohen 20 March 2006
160.	WBON0000090	Letter to Rowe Cohen 5 April 2006
161.	LCAS0000462	Letter to Rowe Cohen 13 April 2006
162.	WBON0000055	Email to Rowe Cohen 18 April 2006
163.	WBON0000069	Letter from Rowe Cohen 20 April 2006
164.	POL00070832	Letter to Rowe Cohen 25 April 2006
165.	POL00072614	Telephone attendance Mr Turner of Rowe Cohen 5 September 2006
166.	WBON0000089	Letter to Rowe Cohen 1 November 2006
167.	POL00069784	Letter from Rowe Cohen 10 November 2006
168.	POL00069756	Email from Rowe Cohen to Stephen Dilley 17 November 2006 (chain)
169.	POL00069669	Telephone attendance Stephen Dilley on Mr Castleton 22 November 2006
170.	POL00071744	Telephone attendance Stephen Dilley and Mr Castleton 29 November 2006

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171.	POL00069779	E-mail Stephen Dilley to Mandy Talbot 10 November 2006
172.	POL00069678	Telephone attendance Stephen Dilley and Mandy Talbot 21 November 2006
173.	POL00069763	Email Stephen Dilley to Mandy Talbot 15 November 2006
174.	POL00069748	Telephone attendance Mr Turner Rowe Cohen 20 November 2006
175.	POL00069737	Email chain Stephen Dilley to Mandy Talbot 10 November 2006 (confirming communication with Nicola McSherry and confidentiality clause)
176.	POL00069974	Telephone attendance Stephen Dilley and Mr Castleton 28 November 2006
177.	POL00071144	Email Mandy Talbot to Stephen Dilley 21 June 2006
178.	POL00069672	Telephone attendance Stephen Dilley and Mandy Talbot 22 November 2006
179.	POL00069766	Email Stephen Dilley to Mandy Talbot 15 November 2006
180.	POL00113911	Email Stephen Dilley to Mandy Talbot 17 November 2006
181.	LCAS0000388	Letter Bond Pearce to Mr L Castleton 20 November 2006
182.	LCAS0000404	Letter Bond Pearce to Mr L Castleton 22 November 2006
183.	LCAS0000414	Letter Bond Pearce to Mr L Castleton 22 November 2006 (second letter)
184.	POL00069910	Suggested reading list and outline trial timetable

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185.	POL00069670	Telephone attendance Stephen Dilley and Tom Beezer 22 November 2006
186.	POL00069651	Claimant's Skeleton Argument for PTR on Monday 27 November 2006
187.	POL00069744	Letter Rowe Cohen 20 November 2006 enclosing Notice of Change
188.	POL00070142	Personal attendance Mr Castleton (and others) 8 December 2006
189.	POL00070546	Email Cheryl Woodward to Stephen Dilley 10 November 2005
190.	POL00070518	Letter Rowe Cohen to Bond Pearce 17 November 2005
191.	LCAS0000450	Letter Bond Pearce to Rowe Cohen 18 November 2005
192.	POL00072395	Work chit 24 November 2005
193.	POL00070696	Letter Bond Pearce to Rowe Cohen 16 February 2005
194.	LCAS0000354	List of Documents standard disclosure
195.	LCAS0000342	List of Documents standard disclosure
196.	LCAS0000475	Letter Bond Pearce to Rowe Cohen 16 June 2006
197.	POL00069657	Fax Bond Pearce to Mandy Talbot 22 November 2006
198.	POL00069701	Email Stephen Dilley to Thomas Bourne 21 November 2006
199.	LCAS0000625	List of Documents standard disclosure
200.	POL00070686	Letter Rowe Cohen to Bond Pearce 11 April 2005
201.	POL00070662	Letter Bond Pearce to Rowe Cohen 25 May 2005

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202.	POL00070801	Email Stephen Dilley to Vicky Harrison 16 May 2006
203.	POL00070800	Email Stephen Dilley to Mandy Talbot 16 May 2006
204.	POL00072704	Telephone attendance on Mandy Talbot 18 May 2006
205.	LCAS0000382	Letter to Rowe Cohen 21 June 2006
206.	LCAS0001194	Letter from Rowe Cohen 2 June 2006
207.	POL00069806	Email Brian Pinder to Stephen Dilley 8 November 2006
208.	POL00069806	Email Stephen Dilley to Brian Pinder 7 November 2006 (chain)
209.	POL00072516	Letter Stephen Dilley to Richard Morgan 22 December 2006
210.	POL00070062	Email Stephen Dilley to Richard Morgan 3 January 2007
211.	POL00070060	Telephone attendance Stephen Dilley and Mr Castleton 4 January 2007
212.	POL00071881	Letter Stephen Dilley to Mr Castleton 4 January 2007
213.	LCAS0000478	Letter Stephen Dilley to Mr Castleton 8 January 2008
214.	POL00070049	Email Stephen Dilley to Mandy Talbot copied to Richard Morgan and others 8 January 2007
215.	POL00070050	Attendance note Stephen Dilley and Mandy Talbot 8 January 2007 PARA 338
216.	POL00072541	Letter Stephen Dilley to Richard Morgan 9 January 2007
217.	POL00081865	Email Stephen Dilley to Mandy Talbot 9 January 2007
218.	POL00073768	Email Stephen Dilley to Mandy Talbot 12 January 2007
219.	WBON0000028	Application Notice (to resume the trial)

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220.	POL00070064	Email Stephen Dilley to Mandy Talbot 3 January 2007
221.	POL00071156	Agenda 14 June 2006
222.	POL00072206	Email Mandy Talbot to Stephen Dilley 6 May 2009
223.	POL00071954	Email Stephen Dilley to Many Talbot 10 May 2007
224.	POL00070280	FAX Bond Pearce to E-Serv 29 May 2007 and 1 May 2007
225.	POL00070302	Email Mandy Talbot to Stephen Dilley 21 May 2007
226.	POL00072146	Email Mandy Talbot to Stephen Dilley 22 May 2008
227.	POL00070277	Email Stephen Dilley to Vicky Harrison 6 June 2007
228.	POL00072029	Email Stephen Dilley to Mandy Talbot 20 June 2007 (chain Email Stephen Dilley to Mandy Talbot 10 May 2007)
229.	POL00072035	Email Stephen Dilley to John Bangham 28 June 2007
230.	POL00072307	Email Stephen Dilley to Mandy Talbot 10 February 2010
231.	WBON0000059	Fax from Mr Castleton to Steve Dilley 19 February 2007
232.	LCAS0000438	Letter Bond Pearce to Mr L Castleton 7 February 2007
233.	POL00071930	Telephone attendance Stephen Dilley with Mandy Talbot 16 March 2007
234.	POL00070363	Interim Charging Order 11 April 2007
235.	POL00070211	Letter from Trustee to Creditors 8 January 2010
236.	POL00082880	Closing Submissions
237.	WBON0000009	Email Stephen Dilley to Clive Burton 12 February 2007
238.	WBON0000009	Email Clive Burton to Stephen Dilley 25 May 2007

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239.	WBON0000085	Letter Tolhurst Fisher 11 July 2007
240.	WBON0000087	Letter Tolhurst Fisher 16 May 2008
241.	WBON0000047	Email Stephen Dilley to Mandy Talbot 9 October 2009
242.	WBON0000101	Letters x 2 to Richard Morgan 4 December 2007
243.	WBON0000030	Bhikkhu – Claim Form and Particulars of Claim
244.	WBON0000004	Defence and Counterclaim (Bilkhu)
245.	WBON0000039	Email from Mandy Talbot cc Stephen Dilley 3 December 2007
246.	WBON0000088	Letter to Tolhurst Fisher Part 36 Offer 12 December 2007
247.	WBON0000093	Reply and Defence to Counterclaim (Bulkhu)
248.	WBON0000070	Letter from Tolhurst Fisher 8 February 2008
249.	WBON0000086	Letter to Tolhurst Fisher 13 February 2008
250.	WBON0000060	Fax from Tolhurst Fisher dated 14 February 2008 with Notice of Discontinuance
251.	WBON0000023	Advice (Opinion obtain post conclusion Richard Morgan on key points)
252.	WBON0000016	Telephone attendance Richard Morgan and Mandy Talbot 6 February 2007