



Accountants &  
business advisers

## Regina -v- Khayyam Ishaq

### Expert Report of Beverley Ibbotson

### [& Joint Statement of Beverley Ibbotson & Gareth Jenkins]<sup>1</sup>

26 February 2013

*Prepared by:*

Beverley Ibbotson

*Position and firm:*

Forensic Accounting Director  
PKF (UK) LLP  
3<sup>rd</sup> Floor  
10 South Parade  
Leeds  
LS1 5QS

**GRO**

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<sup>1</sup> Following joint statement discussions of 25<sup>th</sup> & 26<sup>th</sup> February 2013. Mr Jenkins' comments are shown throughout the report in bold italics. In all other respects Ms Ibbotson's report is agreed between the parties.

## Contents

1	Introduction.....	1
2	Background .....	3
3	Findings.....	7
4	Summary and conclusions .....	14
5	Expert's Declaration .....	15

## Appendices

- A Curriculum Vitae
- B List of documents relied upon
- C Copies of the Prosecution Exhibits SB/3 to SB/10; SB/21 & SB/23
- D1 Reversals of sales, from Horizon data, for November 2010, by date order, user identity order and in detail showing product descriptions
- D2 Reversals of sales, from Horizon data, for December 2010, by date order, user identity order and in detail showing product descriptions
- D3 Reversals of sales, from Horizon data, for January 2011, by date order, user identity order and in detail showing product descriptions
- D4 Reversals of sales, from Horizon data, for February 2011, by date order, user identity order and in detail showing product descriptions
- E1 Sales and reversals of sheets of stamps November 2010
- E2 Sales and reversals of sheets of stamps December 2010
- E3 Sales and reversals of sheets of stamps January 2011
- F1 Sheet stamp purchases/stock inwards 14 October 2010 to 9 November 2010
- F2 Sheet stamp purchases/stock inwards 10 November 2010 to 10 December 2010
- F3 Sheet stamp purchases/stock inwards 11 December 2010 to 10 January 2011
- F4 Sheet stamp purchases/stock inwards 11 January 2011 to 9 February 2011
- G1 Comparison of exhibits SB/3, SB/4 & SB/6
- G2 Stock roll forward of product codes 2463; 2464; 20274; & 20275 (sheets of stamps)
- G3 Summary of reversals

## Exhibits

- BI/GJ 1
- BI/GJ 2
- BI/GJ 3

## 1 Introduction

### The writer

1.1 My name is Beverley Ibbotson. I am a Chartered Accountant and a Director in PKF (UK) LLP's forensic services practice. My experience spans audit work, fraud investigations, reconstruction of accounts and the preparation of expert accounting evidence. Further details of my qualifications and experience are set out at Appendix A.

### Summary of the case

1.2 Mr Khayyam Ishaq ("Mr Ishaq" or the "Defendant") has been charged with a single count of theft of £21,168.64 from the Post Office Ltd.

1.3 Mr Ishaq has pleaded not guilty to the charge.

### My instructions

1.4 I am instructed by Musa Patels solicitors, on behalf of Mr Ishaq, to prepare an expert accountancy report. My instructions are as follows:

- a) to consider whether the factual contentions raised by the Prosecution are correct;
- b) whether there has been any double or multiple accounting of monies and/or stock;
- c) prepare a report considering:
  - i) the Prosecution material and defence material (including the Defendant's instructions)
  - ii) the full business documents (if any supplied) by the Defendant
  - iii) the Defendant's full and comprehensive signed instructions as to all issues raised by the Prosecutor's case summary
- d) the report to establish a full and documented audit trail in respect of all issues of relevance to the case and the prosecution assertions.
- e) the report to comment upon the methodology used by the Prosecution; the findings and conclusion of the Prosecution, the interpretation and significance of those findings and alternative interpretation(s) to be placed on those findings.

### Other matters

1.5 I have not, unless specified, attempted to obtain independent verification of the financial information referred to in this report.

1.6 This report should not be construed as expressing any opinions on matters of law.

**Regina -v- Khayyam Ishaq**

**PKF**

- 1.7 My report is confined to a consideration of matters of accountancy expertise. Where it is necessary to refer to matters outside my experience, I draw attention to such matters but offer no opinion on them.
- 1.8 This report has been prepared for the Court solely for the purpose set out above. It may not be used for any other purpose, reproduced or disclosed to any other party in whole or in part without my prior written consent.
- 1.9 I have consulted with and have been assisted by PKF personnel in the preparation of this report. I have supervised such work carried out on my behalf and I confirm that the views and opinions expressed herein are my own.
- 1.10 I understand that my duty in providing this report is to the Court and this report is addressed to the Court and not to those instructing me.
- 1.11 In accordance with Part 33 of the Criminal Procedure Rules and the Practice Direction supplementing it, I set out my expert's declaration at the conclusion of the body of this report.
- 1.12 I reserve the right to amend my conclusions if further information is made available to me.

## 2 Background

2.1 The Defendant was the sub postmaster at Birkenshaw Post Office. On 8 February 2011 the Network Support Field Team ("NSFT") visited the Birkenshaw Post Office to undertake a check of the cash. A count took place and the Prosecution say a shortage of £536 was noted. A "balance snapshot exercise"<sup>2</sup> was then undertaken in which the shortfall was noted as being £2,569.19 (Exhibit SB/3).

*This £2,569.19 is the cumulative set of discrepancies from the balance period (balance periods are determined by the sub postmaster, and are the typically weekly or more often occasions where the books and records of the business are balanced and checked) Any discrepancies not adjusted for and cleared (by making good cash or stock losses, at each balance period) are accumulated and carried forward to the month-end trading period (where the monthly accounting takes place and the branch makes its financial returns)*

*The discrepancy of £2,569.19 comprised mainly cash but also some stamps and currency.*

*BI & GJ joint exhibits 1<sup>3</sup> and 2<sup>4</sup> show how the balance is made up.*

*GJ wishes to point out that there seem to be cash discrepancies every balance period which are generally for in excess of £1,000. GJ also notes that stamp and currency discrepancies tend to be less than £20, with a maximum expected discrepancy of £112 for stamps. BI agrees and both BI/GJ add that some of the discrepancies show cash surpluses.*

2.2 A "Tier 2"<sup>5</sup> audit was subsequently carried out which revealed, say the Crown, a shortage of £21,168.64. Mr Ishaq was suspended at 12.45pm on 8 February 2011.

2.3 A repeat balance snapshot exercise was carried out on 11 February 2011, 3 days after the Defendant had been suspended, at which time the shortfall was identified as being £21,213.79 (Exhibit SB/5).

*GJ agrees that these exhibits are clearly different but is unable to explain the differences at this point. GJ points out, however, that the difference is only £45.15.*

<sup>2</sup> This term is not defined by the Prosecution in the Exhibits or witness statements but is understood to refer to a print out from the computerised system, at a particular time "snapshot" of the balances of stock and cash held based on previously agreed records and trading since the last branch trading statement.

<sup>3</sup> This Exhibit has been prepared jointly by BI/GJ by extracting all discrepancies from the Horizon data (mode 17) to show positive and negative discrepancies.

<sup>4</sup> This Exhibit has been prepared jointly by BI/GJ by extracting all discrepancies from the Horizon data (mode 17) to show positive and negative discrepancies and by then adding the sale value of the transactions carried out by KIS001 (totalling £2,569.19) and by both KIS001 and DWA01 (totalling £21,181.54).

<sup>5</sup> This term is similarly not defined but is understood to refer to a comprehensive audit and full stock and cash/cheques count for the branch.

2.4 An internal Post Office email from Mr Dennis Watson (Exhibit DW/1), dated 11 February 2011 states that the shortage identified by the audit was made up of a positive discrepancy in stock of £12.90 and a negative discrepancy "per office snapshot" of £21,181.54, equating to a net difference of £21,168.64 (£21,181.54 - £12.90). No further explanation has been provided as to how this total has been arrived at, or why the sum differs from that stated at Exhibits SB/3 and SB/5.

*GJ has clarified these exhibits and wishes to explain that SB/3 is the Balance Snapshot at the start of the audit. It does not therefore include the value of the missing stock.*

*Following the stock take, adjustments were made (SB/4) that effectively converted missing (and excess) stock into cash equivalents. It is at this point the figure increases significantly.*

*GJ's analysis shows that there were other adjustments not included in SB/4. However, SB/4 does cover the most significant ones (i.e. sheets of stamps - see later comments).*

*BI & GJ now jointly produce exhibit BI/GJ 2 which shows in detail on a line by line basis how the value of £21,181.54 has been derived from the Horizon data.*

2.5 The Post Office computer system is known as Horizon. In the Prosecution's case summary it is stated that there has been an investigation (by the Post Office) into reversals of sales of large quantities of stamps at the Birkenshaw Post Office.

2.6 The Prosecution assert that Mr Ishaq inflated the stock figures at the branch to cover the cash discrepancy and that he falsified the branch accounts having stolen funds which belonged to the Post Office Ltd.

2.7 The Prosecution allege that based upon Horizon data for the period 2 November 2010 to 31 January 2011, the following large quantities of stocks of stamps were sold and then the sales reversed:

Exhibit SB/21	Sales	Reversals	Difference <sup>6</sup>
Sheets of 50 x 1 <sup>st</sup> class large stamps	165.00	4,290.00	4,125.00
Sheets of 50 x 2 <sup>nd</sup> class large stamps	535.50	4,080.00	3,544.50
Sheets of 100 self adhesive first class stamps	1,271.00	6,068.00	4,797.00
Sheets of 100 self adhesive second class stamps	864.00	3,200.00	2,336.00
	2,835.50	17,638.00	14,802.50

<sup>6</sup>

Differences are explained in the witness statement of Stephen Bradshaw 19 June 2012, but are the net between sales made and sales reversed.

2.8 The Prosecution allege that other than on 24 November 2010, all of the above reversal transactions were conducted by user **KIS001** or **KIS002**, which they state was Mr Ishaq's user name on the Horizon computer system. Exhibit SB/21 (attached within Appendix C for ease of reference), shows a summary of the reversals made, including the dates and computer user identities.

*✓ Both BI & GJ are agreed as to the accuracy of the extraction from Horizon data of the material used to compile exhibit SB/21. → So both experts are happy that there have been £141,802 worth of reversals & that info is accurate.*

2.9 The 24 November 2010 transactions are stated as having been carried out by user identity **UL1001**, which is stated as belonging to Mr Umair Liaqat.

2.10 In his witness statement dated 24 June 2011, Mr Liaqat states:

- a) He has worked at Birkenshaw Post Office from 2009 (in the shop) and then from August 2010 in the Post Office counters, serving customers;
- b) He works Monday to Friday 9.00am to 5.30am with no break for lunch;
- c) He worked on counter position 1;
- d) He had his own login and password, both of which were given to him by the post master (i.e. the Defendant);
- e) He advised the postmaster of his password – i.e. he shared it / made it known.
- f) He participated in the counting of stocks of coins and stamp books, but only the post master counted the safe contents;
- g) He was never present when the balancing figures were reached at the end of each day;
- h) He was never made aware of any discrepancies.

2.11 The witness statement of Kathleen Smith, a Network Field Support Advisor ("FSA"), with the Post Office Ltd, dated 8 May 2012, states that she attended Birkenshaw Post Office on 8 February 2011 (with fellow FSA Mr Dennis Watson) and carried out an audit, which she states revealed "*major discrepancies in the stock of 100 x first and second class stamps self adhesive sheets and the 50 x first and second class stamps self adhesive sheets*".

2.12 Ms Smith states that the audit "*identified overall deficit in the accounts of £21,168.64*".

2.13 The Prosecution allege that the Defendant inflated the stock figures for stamps, in order to balance the cash deficiencies which had arisen. The Prosecution thereby infer that the cash shortages were as a result of theft on the part of the Mr Ishaq of monies belonging to the Post Office Ltd.

### 3 Findings

- 3.1 I have been provided with exhibits DW/1, SB/1 to SB/10, SB/13 to SB16, SB/19 to SB21 and SB/23. I have attached copies of the Exhibits marked as SB at Appendix C for ease of reference. I have also been provided with electronic copies of Horizon data for the period 9 September 2010 9 February 2011.
- 3.2 I have reviewed and reanalysed the exhibited material and have noted the following:

#### Stock per “snapshot” and stock adjustments (SB/3 and SB/4)

- 3.3 Exhibit SB/3 is the “snapshot figures” taken from the Horizon system at 08.50 on 8 February 2011, when Mr Watson arrived to carry out the audit. The snapshot comprises a printout of stock on hand at the branch by type and by volume according to Horizon, for example the first item reads Euro TChq – Euro travellers’ cheques – and the number according to the computerised records shows stock levels of 300. At the side of this figure is a hand written annotation of either a mark to indicate agreement (a tick) or the actual number or difference if there is one.
- 3.4 Instructing solicitors have confirmed that the photocopy provided to me of SB/3 is as it was served and that the hand written annotations were already on the exhibit. As such I have assumed that the handwriting is that of the branch auditor(s), who undertook the stock count on 8 February 2011 having printed out the “snapshot”.

***GJ agrees***

- 3.5 On Exhibit SB/3 the hand written figures for stock are inconsistently written. For example for stocks of stamp cards the actual stock is written in the second column of hand written figures as 298 and the difference from Horizon of 1 (Horizon stock being 299) is written in the first column. On the next “discrepancy” down the list the first column reads “-1200” for “1<sup>st</sup> class stamp” with no difference attributed, yet Horizon shows the stock should be 1499.
- 3.6 This may simply be a recording error as on SB/4 the adjustment to stock has been written as 299 1<sup>st</sup> class stamps @ 0.41 each - £122.59. The correct layout of a stock taking record should be consistent between items, to avoid potential confusion and errors in recording.

***GJ agrees***

- 3.7 On the next item on the list “1<sup>st</sup> class large” the Horizon stock is 920 with a figure of “-9” next to it and then “911” thereafter. This suggests the actual stock was 911 a difference of 9 items; however the presentation is different to the item immediately above.

3.8 A number of items (MVL discs, bus day rover adv, air letter single, special 97p) are recorded in a different style from paragraphs 3.5 and 0 above in that the actual stock counted is not recorded just the positive difference (i.e. that more stock is held than the Horizon system shows). Again, it is usual and best practice when stock taking to record all items counted in a consistent manner to avoid inaccuracies.

3.9 Notwithstanding the recording style, I note that these stock lines where more stock is held than there should have been have not been adjusted for on SB/4 – thereby overstating the stock difference figure (these items should be valued and credit given).

*GJ points out that by looking at the logs of transactions from the Horizon data there were a number of adjustments made by the auditors but that SB/4 is the only exhibit to show the adjustments made.*

*BI & GJ jointly exhibit BI/GJ 3 which shows the totality of the audit adjustments and shows on the highlighted transactions that the cumulative effect of the positive discrepancies (surpluses) have in fact been accounted for.*

3.10 A similar item (postal orders) is also recorded again in a different style from paragraphs 3.5 and 0 above in that the actual stock counted is not recorded, just the negative difference (i.e. that less stock is held than the Horizon system shows). Again, it is usual and best practice when stock taking to record all items counted in a consistent manner to reduce inaccuracies.

*GJ agrees that the presentation is messy, but questions whether this is relevant. GJ notes that postal orders have zero value even when sold and so may have been handled differently for that reason.*

## **Stock per Tier2 audit stock check and subsequent stock adjustments (SB/6 and SB/4)**

3.11 I have reviewed the stock record served as Exhibit SB/6, which is signed by both Mr Dennis Watson and Ms Kath Smith who carried out the full audit on 8 February 2011.

3.12 I have summarised, at Appendix G1, the stock figures on a stock line by line basis, between the stock on hand according to the snapshot (Exhibit SB/3) and the hand written stock count undertaken during the Tier 2 audit, the results of which are shown on Exhibit SB/6.

3.13 For ease of reference I have colour coded various apparent anomalies and make the following observations:

3.14 A number of stock lines have not been included in the Tier 2 stock check. These are shaded beige on Appendix G1. No explanation has been provided in the Prosecution witness statements of Mr Watson & Ms Smith to explain why they did not carry out a complete stock count during the course of what is described as a full audit at the branch.

***GJ is unable to address this point.***

3.15 Furthermore, despite not undertaking a physical stock count (per SB/6), adjustments have been made on SB/4 for apparent stock discrepancies. These items are shaded in pink at Appendix G1.

***GJ is unable to address this point, but considers the values associated with these items to be trivial.***

3.16 As previously stated (paragraph 3.9 above) where physical stock on hand exceeded that shown on the Horizon records, adjustments have not been made at Exhibit SB/6 to reflect the positive discrepancies. These are shown in yellow at Appendix G1.

***GJ is unable to address this point, but again considers the values associated with these items to be trivial.***

3.17 At Appendix G1, I have shown in red the negative differences (i.e. stock shortages) between the physical stock quantities at the branch on 8 February 2011, when compared to stock quantities according to the Horizon records. The most significant discrepancies (in terms of number of items and value) are in stocks of 1<sup>st</sup> class stamps, and sheets of stamps (shaded in green at Appendix G1). These discrepancies are considered in more detail, from paragraphs 3.18 onwards below.

***GJ & BI refer back to paragraph 3.9 above and their agreed comments / exhibits thereon.***

## Horizon data (SB/7 to SB/10)

3.18 Exhibits SB/7 to SB/10 consists of copies of the branch trading statements, for Birkenshaw Post Office, for the following periods:

Period	Exhibit
15/09/10 to 13/10/10	SB/7
13/10/10 to 17/11/10	SB/8
17/11/10 to 15/12/10	SB/9
15/12/10 to 12/01/11	SB/10

3.19 I have summarised, at Appendix G2, the stock figures according to the branch trading statements as exhibited above, for the four trading periods immediately prior to 8 February 2011. I have also summarised the stock figures as shown on 8 February 2011 from the snapshot (Exhibit SB/6) and the stock on 11 February 2011 when the branch hand over took place (Exhibit SB/5).

3.20 Using the starting stock positions on 13 October 2010 and following only the main four stock lines where the apparent discrepancies were noted at the branch audit (shown in green at Appendix G1<sup>14</sup>), I have carried out an analysis of the stock movements, which includes the four trading periods above and a further period from 13 January 2011 up to and including the branch audit visit.

3.21 I have limited my analysis to the following four stock lines, as these concern the largest volume of alleged discrepancies and also allow a direct comparison of my results with the analysis carried out by the Prosecution, in their Exhibit SB/23.

3.22 I have obtained the data for sales of sheet stamps from the Horizon spread sheets provided to me and my summary analysis is set out for each separate period at Appendix E1.

3.23 I have obtained the data for purchases of sheet stamps from the Horizon spread sheets provided to me and my summary analysis is set out for each separate period at Appendix F1.

<sup>14</sup>

Self adhesive 1<sup>st</sup> class stamps in sheets of 100 (product code 2463); self adhesive 2<sup>nd</sup> class stamps in sheets of 100 (product code 2464); sheets of 50 x 1<sup>st</sup> class large (product code 20274); & sheets of 50 x 2<sup>nd</sup> class large (product code 20275).

3.24 In doing so, I have taken account of sales and purchases of sheets of stamps only and show, at Appendix G2, what the stock holdings should have been as at 8 February 2011, which may be summarised as follows:

Stock type	Sheets of Self adhesive 2 <sup>nd</sup> class stamps	Sheets of 50 x 2 <sup>nd</sup> class large stamps	Sheets of Self adhesive 1 <sup>st</sup> class stamps	Sheets of 50 x 1 <sup>st</sup> class large stamps
Product code	2464	20275	2463	20274
<b>Period 1 (13.10.10)</b>				
Opening stock	137	110	82	99
Purchases	100	30	80	Nil
Sales	(15)	(1)	(10)	(6)
Closing stock	222	139	152	93
Closing stock per Branch Trading Statement	252	139	152	93
Unexplained difference	30	nil	nil	nil
<b>Period 2 (17.11.10)</b>				
Opening stock	252	139	152	93
Purchases	Nil	Nil	Nil	Nil
Sales	(11)	(20)	(9)	(1)
Closing stock	241	119	143	92
Closing stock per Branch Trading Statement	290	279	271	122
Unexplained difference	49	160	128	30
<b>Period 3 (15.12.10)</b>				
Opening stock	290	279	271	122
Purchases	100	Nil	Nil	Nil
Sales	(2)	Nil	(7)	Nil
Closing stock	388	279	264	122
Closing stock per Branch Trading Statement	407	278	283	222
Unexplained difference	19	(1)	19	100
<b>Period 4 (12.01.11)</b>				
Opening stock	407	278	283	222
Purchases	Nil	Nil	Nil	Nil
Sales	(115)	(162)	(159)	(131)
Closing stock	292	116	124	91
Closing stock per "Snapshot"	395	277	274	221
<b>Unexplained difference</b>	<b>103</b>	<b>(161)</b>	<b>150</b>	<b>130</b>

Martin

My main concern with this report is that both experts agree there have been large reversals made with ~~no cash~~ any cash/credit exchanged received to trigger the reversal.

However - the def. expert then goes on to say that despite requests for disclosure, she has never been told (by us) how much physical cash was on the PO. premises at the time of the audit.

↳ I've raised this with Mark, he agrees that this is a weakness in our case.

Realtor Steve - need to find out if the cash was counted & record made of it.

## Regina -v- Khayyam Ishaq

PKF

3.25 As the analysis above and at Appendix G2 demonstrates, the stock movements according to Horizon data (opening stock + purchases - sales = closing stock), produces stock levels, for sheet stamps which for all periods except period 1, are significantly below the stock levels declared on the branch trading statement (see the figures highlighted at paragraph 3.24 as "unexplained difference").

*BI & GJ have discussed this methodology and BI has clarified that in her analysis she has ignored any reversals and sought to extrapolate only absolute stock movements (purchases and sales) from the electronic data. GJ and BI agree that on such a roll forward of stock figures there are discrepancies of stock items as at 8 February 2011 which are accounted for by the reversals made.*

3.26 The closing balances produced by the Horizon data as shown in yellow at Appendix G2, closely correlate with the actual stock levels as counted during both the Tier2 audit and on hand over of the branch on 11 February 2011. The stock levels are however significantly lower than those shown on the snapshot (Exhibit SB/3).

3.27 It is the Crown's case that in order to balance the trading statements, the Defendant carried out false entries to inflate the stock levels above what they in reality were, thereby disguising the fact that the corresponding cash balances had been misappropriated. In other word replacing the missing cash asset in the balance sheet (of the trading statements) with a stock asset.

*BI & GJ are agreed that the Horizon data from the logs of the transactions show that stock reversals have a corresponding cash entry associated with each transaction.*

*BI has requested but has not been provided with any exhibits which support or show the cash which was counted during the audit on 8 February 2013. GJ has provided BI with exhibit PS32, however this does not show a cash count or audit of cash levels on 8 February 2011. → I'm unclear what my note here was no cash entr*

**Reversals**

3.28 As stated at paragraph 2.7 above, the Prosecution allege achieved by reversing out sales of stamps over and above i allege that other than on 24 November 2010, all of the reve by user KIS001 or KIS002, which they state was Mr Ish computer system.

*, but don't know how much, counted in the auditing process. Lawrence physical stamp wa audit. → that SB - do you mention*

26 February 2013

*→ The conclusion being that premises / safe, then it ha*

MARTIN

Please  
read.  
my note

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*BI & GJ are agreed that the Horizon data from the logs of the transactions show that stock reversals have a corresponding cash entry associated with each transaction.*

*BI has requested but has not been provided with any exhibits which support or show the cash which was counted during the audit on 8 February 2013. GJ has provided BI with exhibit PS32, however this does not show a cash count or audit of cash levels on 8 February 2011. → I'm unclear what they mean, & both are agreed*

### Reversals

3.28 As stated at paragraph 2.7 above, the Prosecution allege that the stock differentials were achieved by reversing out sales of stamps over and above those sold. The Prosecution also allege that other than on 24 November 2010, all of the reversal transactions were conducted by user **KIS001** or **KIS002**, which they state was Mr Ishaq's user name on the Horizon computer system.

*, But don't know how much physical stock was counted in the auditing process. → Does SB, [redacted] know how much physical cash was present at time of audit? → [redacted] SB, do you have an exhibit showing cash present.*

26 February 2013 *entire* *etc* *Findings 12* *conclusion being met it isn't on the POC promises / safe, then it has been taken.*

3.29 I have summarised, at Appendix G3, all reversals between 9 September 2010 (start of branch trading statement period 1) and 8 February 2011, which I have further sub categorised by user ID and by product code. As my analysis shows of the 248 reversal over the period, 14 were made by Mr Dennis Watson, following the audit on 8 February 2011, 173 were carried out under the user names associated with Mr Ishaq and 61 reversals were carried under the user name associated with Mr Liaqat.

*GJ agrees that there are 248 items and with the split on a total basis as above. GJ points out that if only 4 product lines are analysed (as SB/21) then other than one transaction all were carried out by under name KJ001 or KIS002. BI agrees.*

## 4 Summary and conclusions

- 4.1 I have been instructed to:
- 4.2 Consider whether the factual contentions raised by the Prosecution are correct. I have noted a number of apparent discrepancies in the stock take which I have commented upon at paragraphs 3.5 to 3.10 above.
- 4.3 State whether there has been any double or multiple accounting of monies and/or stock. My analysis of the stock movements suggests that the Horizon data, for the four stock lines concentrated upon was accurate, and that the figures in the balance snapshot, taken on 8 February 2011, was not then able to be substantiated by the subsequent audit. The Crown state this difference is due to inflation of stock on the snapshot to balance cash which had been misappropriated.
- 4.4 Prepare a report considering:
  - a) the Prosecution material and defence material (including the Defendant's instructions). My findings in this respect are set out at Section 3 above.
  - b) the full business documents (if any supplied) by the Defendant. I have not been provided with any such documents, and as such can make no further comment in this respect.
  - c) the Defendant's full and comprehensive signed instructions as to all issues raised by the Prosecutor's case summary. I have not been provided with any such documents, and as such can make no further comment in this respect.
- 4.5 I am instructed to prepare a report establishing a full and documented audit trail in respect of all issues of relevance to the case and the prosecution assertions. In this respect see my findings at Section 3 above.
- 4.6 My report was to comment upon the methodology used by the Prosecution; the findings and conclusion of the Prosecution, the interpretation and significance of those findings and alternative interpretation(s) to be placed on those findings. In this respect see my findings at Section 3 above.

## 5 Expert's Declaration

5.1 I, Beverley Ibbotson, declare that:

5.2 I understand that my duty is to help the Court to achieve the overriding objective by giving independent assistance by way of objective, unbiased opinion on matters within my expertise, both in preparing reports and giving oral evidence. I understand that this duty overrides any obligation to the party by whom I am engaged or the person who has paid or is liable to pay me. I confirm that I have complied with and will continue to comply with that duty.

5.3 I confirm that I have not entered into any arrangement where the amount or payment of my fees is in any way dependent on the outcome of the case.

5.4 I know of no conflict of interest of any kind, other than any which I have disclosed in my report.

5.5 I do not consider that any interest which I have disclosed affects my suitability as an expert witness on any issues on which I have given evidence.

5.6 I will advise the party by whom I am instructed if, between the date of my report and the trial, there are any changes in circumstances which affect my answers to points 5.3 and 5.4 above.

5.7 I have shown the sources of all information I have used. I enclose as Appendix B to my report a schedule of documents on which I have relied.

5.8 I have exercised reasonable care and skill in order to be accurate and complete in preparing this report.

5.9 I have endeavoured to include in my report those matters of which I have knowledge or of which I have been made aware that might adversely affect the validity of my opinion. I have clearly stated any qualifications to my opinion.

5.10 I have not without forming an independent view included or excluded anything which has been suggested to me by others, including my instructing lawyers. In carrying out my instructions I have been assisted by colleagues in PKF. It would not have been practical or efficient to carry out all the detailed work involved without assistance. I have reviewed and discussed with them the work which they have performed under my direction in accordance with the quality control standards imposed by my firm. For the purposes of this report, I refer to all of PKF's work as if performed by myself.

5.11 I will notify those instructing me immediately and confirm in writing if for any reason my existing report requires any correction or qualification.

5.12 I understand that:

- a) my report, subject to any corrections before swearing as to its correctness, will form the evidence to be given under oath or affirmation;
- b) the Court may at any stage direct a discussion to take place between experts;
- c) the Court may direct that, following a discussion between the experts, a statement should be prepared showing those issues which are agreed and those issues which are not agreed, together with a summary of the reasons for disagreeing;
- d) I may be required to attend Court to be cross-examined on my report by a cross-examiner assisted by an expert;
- e) I am likely to be the subject of public adverse criticism by the judge if the Court concludes that I have not taken reasonable care in trying to meet the standards set out above.
- f) I have read Part 33 of the Criminal Procedure Rules and I have complied with its requirements.
- g) I confirm that I have acted in accordance with the Code of Practice for Experts.

### Statement of truth

5.13 I confirm that the contents of this report are true to the best of my knowledge and belief and that I make this report knowing that, if it is tendered in evidence, I would be liable to prosecution if I have wilfully stated anything which I know to be false or that I do not believe to be true.

**GRO**

Signed .....

Date 26 February 2013.....

## Appendix A

### Curriculum vitae of Beverley Ibbotson

Position Director in PKF Forensic Services.

#### Background

Over 20 years' accountancy experience, the last 16 of which has been spent solely working as a specialist forensic accountant. A Fellow of the Institute of Chartered Accountants in England and Wales, having a breadth of experience in criminal defence, fraud investigation, expert witness, and advisory work.

#### Professional Associations

Fellow of the Institute of Chartered Accountants in England and Wales

#### Education

LLB (Hons) Leeds University 1986 to 1989

#### Professional History

Dates	Company	Position
2011 to date	PKF	Director, Forensic Services Department
2008 - 2011	Bartfields Business Services	Senior Manager – Forensic Services
2002 – 2008	Forth Associates	Senior Associate – Forensic Services
1998 – 2000	DTE	Senior Manager – Forensic Services
1996 – 1998	RSM Tenon	Manager – Forensic Services
1995 – 1996	Haines Watts	Assistant – Forensic Services
1990 – 1995	Deloitte	Training Contract & Supervisor Audit & Assurance

#### Experience

All aspects of forensic accountancy including obtaining discovery of documents, analysis and preparation of reports to assist the Court in personal, commercial and criminal cases.

Areas of experience include:

Matrimonial disputes  
Business interruption claims  
Insurance claims  
Fraud investigations  
Criminal investigations  
POCA proceedings  
Professional negligence  
Personal injury  
Fatal accident

As well as attending conferences with Counsel and discussions with experts with a view to preparing Joint Statements as directed by the Courts.

## Appendix B

### List of documents relied upon

- Witness statements of Dennis Watson, Kathleen Smith
- Copies of exhibits SB3 to SB10 and SB/21 and SB/23
- Excel spread sheets of Horizon data, for Birkenshaw Post Office, from September 2010 to 8 February 2011