

T2102/0551

IN THE BRADFORD CROWN COURT

BETWEEN:

REGINA

v

KHAYYAM ISHAQ

OPENING NOTE

1. This is a case about theft – the theft of £21,168.64 by the defendant Khayyam Ishaq from the Post Office between September 2010 and February 2011.
2. The defendant was appointed as the sub-postmaster of Birkenshaw Post Office on the 5<sup>th</sup> July 2008. As you will appreciate, post masters can handle a great deal of money and other valuable items such as stamps, and so the Post Office require all those appointed to such positions to undergo training to ensure that they understood how the accounting and security systems work. This defendant was no exception. He completed and passed his training course and went on to receive further on site training at Birkenshaw P.O. from 4/7/08 to 7/7/08. As part of the support provided after appointment the defendant also received visits or phone calls from post office staff. However since taking over at Birkenshaw the defendant never once asked for assistance with the running of the branch.
3. If there are problems then it is in the interests of the postmaster concerned to seek help because the sub postmaster is responsible for

all losses caused through his own negligence and deficiencies due to such losses must be made good straight away. This is really common sense because otherwise a person who was in fact stealing from the post office could claim it was merely a mistake and avoid responsibility for their dishonesty. That said, the post office are always willing to help any sub postmaster who has genuinely and innocently got into difficulty to remedy the problem.

4. In order to reduce mistakes and to promote the efficiency of post office business, the Post Office operate a computer system that records all transactions and can be used to 'balance the books'. It was designed specifically for the P.O. and has been in operation for over 10 years. It is called 'Horizon'.
5. It is this system which, say the prosecution, demonstrates that the defendant stole the money alleged. The defendant for his part may claim that the computer system must be wrong – as he would have to if he maintains he did not steal this money.
6. It follows that during the course of this trial we will have to look at how the Horizon system works and examine some of the data that was produced during the period set out in the indictment. For the moment I am going to provide a short summary of what is involved but please don't worry if at first it seems a little difficult to grasp; evidence will be given by experts who will explain how the system works and how it fits in with the way in which sub postmasters are meant to operate their business.
7. Horizon is a fully automated accounting system. Each P.O. is recognized by a unique code under which all individual transactions are recorded. The code for Birkenshaw is 163 306, and so we know that in this case we are looking at the correct P.O.
8. Each counter position has a computer terminal, a visual display unit or screen, a keyboard, a barcode scanner, printer and pin pad. All

clerks working at the counter have their own user ID and unique password. The user ID is normally the first letter of their first name and the first 2 letters of their surname, followed by 001 – so John Smith would be JSM001. All clerks are required to log on to the system using their user ID and password, so we can ID who conducted a particular transaction. Where more than 1 person has access to cash and stock it is referred to as a Shared Stock Unit. That was the position in this case, but as you have heard, each person accessing the system will be identified by his or her user name and password, so whoever is responsible for a particular transaction can be easily identified.

9. The system records all transactions carried out by staff at a P.O. branch on a double entry basis, so for example when a clerk sells a book of stamps the stock is reduced by 1 book and the cash (which is the property of the P.O.) is increased by the value of the stamps.
10. The system records all transactions inputted by a clerk and provides daily and weekly records enabling SPM's and clerks to produce a balance of cash and stock on hand. The SPM can at any stage obtain a Horizon printout known as a 'balance snapshot' and this enables him to identify whether all is in order or whether there is a deficit.
11. All P.O. branches are required to balance and complete a 'Branch Trading Statement' (BTS) at the end of a Branch Trading Period (BTP). A BTS is a signed declaration of the cash and stock held – it's a legal requirement - and must be kept at the branch. We will look at these when the evidence is called.
12. It is also a mandatory requirement to make daily accurate cash declarations on the Horizon system.
13. Now lets look at the facts of this case by reference to what we know about the system.

14. In August 2010 the defendant was assisted at Birkenshaw by Umir Liaquat. It was a Shared stock Unit. His user name and password were set up for him by the defendant and told the defendant of any new password because he thought that what was he was meant to do. He never knew the defendant's password. The defendant took responsibility for daily cash declarations and completed the weekly balances. When he asked the defendant about balances he was always assured they were fine. He recalls the defendant counting money before putting it in the safe, and did the same with the stock. He was completely unaware of any discrepancy – but as we shall see, there was a discrepancy.

15. On the 8<sup>th</sup> February 2011 auditors arrived at Birkenshaw to carry out a full cash and stock audit. It revealed major discrepancies in the stock of stamps. When checked further it emerged that a number of sales reversals had been made at the branch. Reversals are adjustments of stock and occur when for example through human error it is thought that 10 stamps have been sold when in fact the customer only bought 5. Of course because of the double entry system employed by Horizon this mistake would soon be apparent because the amount for cash received would be equal to that paid for 5 stamps. In any event, human errors of this sort will tend to involve fairly small amounts. That is not the position in this case. £21,000 odd amounts to a lot of stamps.

16. By reversing out stamps you are putting the stamps back into stock, thus increasing the number of stamps held at the branch. With the increased stock level the amount of cash needed to balance would reduce by the same value. And here is the problem. The selling and reversing of stamps in this case would have created a substantial cash surplus in the P.O. accounts – and there has been no surplus cash declared on any of the Branch Trading Statements, begging the question – where has that cash gone. It cannot be explained by a surplus of stamps returned to stock, because none were found.

17.If a balance of cash and stock took place once per week the discrepancy would have been found. If the balance only took place when the Branch Trading Statement was due, it would have been found when this was produced on 15/12/10. The only sensible explanation we submit is that the defendant was carrying out this process of reversing in order to conceal his theft of money received for stamps sold. He was able to conceal this deceit for a time, but that time ended when the audit took place.

18.It may be that the defendant will try to place the blame on others for this loss. That was certainly an assertion he tried to make when interviewed about the offence. But examination of the data that identified who was responsible for the transactions that give rise to the loss revealed that save for those conducted on 24/11/10 were conducted by KIS001 or KIS002 – Khayyam Ishaq.

19.That being the case it may be that the defendant will accept responsibility for the transactions but claim that there is some sort of problem with the Horizon system. If so he has yet to produce any evidence to demonstrate that is so. The Crown will call evidence from the designer of the system to prove that there is no fault in the system at all.

20.The defendant was suspended from his duties at the Birkenshaw P.O., and a new SPM was introduced in his place, Abdullah Patel. For more than a year he has run the P.O. and in that time there have been no problems reported at all – no unexplained Horizon malfunctions, no stock discrepancies requiring huge reversals, no mysterious disappearances of cash.

21.Burden and standard.

22.This case involves the reversal of a substantial quantity of stamps that have given rise to a significant loss. If it had been necessary to carry out these reversals of stamps – and we say it clearly was not - it

would have been obvious to the defendant that something was seriously wrong:

- (i) he would have had to have received them in the first place, and he had not sold stamps in this quantity before;
- (ii) the volume of that number of stamps would have been evident in stock;
- (iii) stock was increasing but with no corresponding sales;
- (iv) if he *had* sold them, he would have lots of money.

23. The only plausible explanation is that the defendant has cooked the books. By increasing apparent stock holdings of stamps the amount of cash needed to balance the books would reduce by a corresponding amount and that amount has disappeared. The defendant we submit is guilty of theft.

Mark Ford  
Lincoln House Chambers  
Manchester  
24<sup>th</sup> February 2013