

th June 2013

Mr J Mistry
Willen Village Post Office
9 Granville Square
Willen
Milton Keynes
MK15 9JL

Dear Mr Mistry

Re Branch Discrepancies

We have corresponded recently regarding certain discrepancies which had been highlighted during branch trading routines at your office. I would like to formally thank you for your assistance in helping us to understand the sequence of events here from your branch perspective. This has helped Post Office Ltd and our suppliers to determine the root cause of the issue and to take action to resolve it.

The purpose of this letter is to summarise the outcomes of this review and to confirm the remaining steps which we will be taking to conclude this incident.

Before going any further I would like to confirm that there is no loss of £9,799.88 payable. The occurrence of this amount as a discrepancy has been confirmed as relating to a specific and unusual set of circumstances which are certainly not due to any mistake by yourself.

It appears that there was an error in the data archiving process in Horizon. In very rare situations of a branch deleting a stock unit at a particular point in time in the month, this conflicted with the archiving process. It led to genuine loss or gain values in the deleted stock unit, in an earlier year, reappearing on their anniversary date in subsequent years.

This has impacted only 10 subpostmasters and we are issuing similar correspondence to all parties concerned to confirm that the issue is understood and that proper remedial action has been taken.

In summary, one of the stock units in your branch declared a loss of £9,799.88 in December 2010 (Trading Period 9 TP9). The stock unit that declared the discrepancy and placed it into Local Suspense was deleted on or before 10th December 2010.

In the same period, other stock units in your branch reported net gains, leading to a total net loss of £3,463.01 for your office for TP9. You then followed the necessary steps to make good that loss.

In the normal course of events, the loss you had declared would have moved smoothly through discrepancy accounts into Local Suspense and through to settlement, with no recurrence in future periods. However, due to the system error and its impact when a branch deletes a stock unit, the value of £9,799.88 reappeared in TP10 in the two following years. Where there were other true losses and gains at that time, it appeared as part of the net total.

The anniversary amounts of £9,799.88 appeared within “resolved losses” on your Branch Trading Statement and moved, as normal, to the centrally held Post Office debt ledgers. We have then written the values off centrally. [what was the double entry in branch though when the 9799 reappeared on the anniversary date and also what other account was impacted centrally as result? – open question to Fujitsu]

In the interim, you have declared other gains and losses in the ordinary course of business – a gain of £72.47 in 2011 and a loss £39.57 in 2012. In light of the archiving issue, the net gain from these two matters (£32.90) had been blocked centrally with the other values under investigation.

We will now rectify this by including the £32.90 in your next months remuneration. This will not be taxable and general advice has been issued to branches regarding the treatment of such non taxable items on remuneration slips.

In conclusion we apologise for the confusion and concern that this incident has caused you.

We are pleased to confirm that the technical issue has been resolved, the erroneous loss for your branch has been dealt with [and we will be

making an additional goodwill gesture of £xxx payable in your next branch remuneration payment].

Yours sincerely

Andy Winn
Relationship Manager,
Product & Branch Accounting
1 Future Walk
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Cc Branch Support team