



RCH/AEC

Second Sight Support Services Ltd
Tythe Farm
Maugersbury
Cheltenham
Gloucestershire
GL54 1HR

(by email:)

14 May 2014

Dear Sirs

Case Number - M109
Case Questionnaire - Grant Ian Allen

We attach a Case Questionnaire on behalf of Grant Allen.

Yours faithfully

GRO

PP

Robert Holland
Partner

Direct dial

Encs



Accountants & Business Advisers

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References to Partners are to Members of James Cowper LLP

Post Office Initial Complaint Review and Mediation Scheme

Case Questionnaire

Case Number - M109

Grant Ian Allen

1. Introduction

- 1.1. This Case Questionnaire relates to myself, Grant Allen, and the issues that I encountered whilst I was employed as Subpostmaster at the Winsford branch during the period from November 2009 to January 2012 when I was suspended.
- 1.2. The format of this document is that I firstly set out some background information that is relevant to understand the basis of my complaint and my responses to the ten key questions set out in the guidance notes. I then deal with each of the ten key questions in turn. Attached to this questionnaire is a spreadsheet which summarises my calculation of the losses that I have suffered as a result of these issues and the losses I continue to incur, together with some supporting documents.

2. Background

- 2.1. My wife and I ran the post office which is located in a shopping centre in Winsford in Cheshire through our company, Allco Limited. Initially this was sited in what had been an old McCalls unit, but this was relocated in March 2010 to a smaller newly refurbished convenience store which my wife and I ran.
- 2.2. I had previously been employed by Bookers Cash and Carry as a business development manager and Costcutters as an area manager and so had a substantial retail background.
- 2.3. I had also previously operated post offices with the father of my previous girlfriend through a separate company Wessex Stores Limited. This operated convenience stores, including one at Seaton which had a sub-post office. It also took over the operation of what had been the Crown Post Office at Wells.
- 2.4. During this time I only experienced one significant loss which I believe arose as a result of a part-time staff member misappropriating funds. This is because she left and the losses ceased.
- 2.5. My previous relationship ended and her father and I went our separate ways. I then met my wife, formed Allco and moved to Winsford in order to operate the convenience store and post office.
- 2.6. The post office in Winsford was meant to have five terminals running, although only two or three could be made to run at first. The installation was not a success to put it mildly and it took a month and a Fujitsu engineer to enable the installation to occur.
- 2.7. From the beginning I began to experience substantial losses on the Horizon system - for example I lost between £2,000 and £3,000 alone in the first month.
- 2.8. The Post Office had projected a turnover for me in setting up the business but I did not achieve this from day one. Subsequently I discovered that the data used by the Post Office to prepare

the projections was a year out of date, the effect of which was to reduce the income for us that could actually be generated.

- 2.9. During the installation and subsequently I was continually on the telephone to the Helpdesk and I am afraid that I became frustrated and angry at their inability to actually help me to the point where I regularly used intemperate language.
- 2.10. The delay in setting up, the reduction in income from the projected level and the losses I incurred through the post office meant that I experienced cash flow difficulties and was in arrears with my rent. This led to my landlord contacting the Post Office to ask if they were going to pay my rent on my behalf. This prompted the Post Office to hold an audit where they identified a loss of approximately £11,700 which had inexplicably built up and which I was not in a position to reimburse.
- 2.11. By this time we could not afford to continue renting a property and my wife had left to go back to Wells, where we had come from, to find work. I was living at the back of the shop with inadequate heating and no hot water.
- 2.12. I was suspended and the Post Office took the branch back. I stripped the store, liquidated as much stock as I could and put the Company into insolvent liquidation.
- 2.13. I was prosecuted by the Post Office for fraud but could not realistically defend the case as the system showed a loss of approximately £11,700 even though I was sure that no loss of this scale had actually occurred. I was therefore convicted and had to undertake 200 hours of community service.
- 2.14. To date I have not paid the difference at termination of £11,700. My losses are therefore:
 - * the difference of £11,700 which continues to be demanded by the Post Office;
 - * my past and future lost earnings from the Post Office;
 - * my loss of earnings from the shop;
 - * the loss of the shop itself in terms of its capital value;
- 2.15. After the termination and my conviction I became withdrawn and depressed and did not work for six months. I am now back in work and currently work on the delivery service for a butcher/food service business earning £9 an hour since June 2013. Previously to that I was working on a production line for £8 an hour.

3. The ten questions

- 3.1. My specific response to the ten questions set out in the Case Questionnaire and Guidance Notes is as follows:

What is the main issue or issues you wish us to consider that relate to Horizon or its associated processes?
- 3.2. I have three key issues as follows:
 - * The unexplained losses of £11,700.
 - * The lack of competent and adequate support, via the Helpdesk or any other means, which meant that the issues that I encountered could not be resolved. For example I only ever saw my BDM once a year fleetingly before Christmas.
 - * The projections for the shop which were worked through with Sally Shepherd were prepared using out of date data which meant that they were over-optimistic. This was because the

branch had had a declining turnover. Therefore the opportunity presented to me misrepresented the value of the opportunity.

When did the incidents relating to the main issue or issues occur?

3.3. March 2010 to January 2012.

What prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting?

3.4. I had contact with the Helpdesk. I assume that logs are maintained that would substantiate this. On occasions my frustration got the better of me and I became intemperate in terms of language as a result of the lack of support.

How was the issue or issues resolved at the time they occurred?

3.5. The situation was not resolved at the time and this was not helped by the Helpdesk and they encouraged me to carry on. My BDM never helped resolve any issues as I only ever saw him once a year.

What is the monetary value of the issue or issues you are now reporting?

3.6. The schedule attached sets out my monetary losses. These comprise:

- * The loss which is still claimed by the Post Office of £11,700.
- * My past and future income from the shop and post office, adjusted to reflect the wages I have been able to earn subsequently.
- * A loss on disposal of the post office based on the prospective sale that was overtaken by its closure and the subsequent failure of the shop.
- * Interest on past losses.

3.7. In terms of past losses I attach as Document 1 my trial balance for the year to January 2011. This shows a minimal wage for myself and my wife together and a net profit of £21,503. If this profit had been distributed by way of dividend then no further tax would have arisen. I have estimated that the after tax sum of these three figures is approximately £29,500 once corporation tax (in broad terms) is deducted.

3.8. I did not work for 6 months and so I have included my loss of earnings at a rate of £29,500 over a 6 month period. After this I have claimed a reduced loss at a rate of £15,000 a year, which reflects an adjustment for the wages I have subsequently been able to earn. I have also claimed for future loss at a rate of £15,000 per year.

3.9. I would note that this calculation is based on the best evidence of earnings I possess i.e. - my trial balance for the year to January 2011. It does not reflect the impact of any potential increase in earnings that I could have achieved through developing the business over time.

3.10. In terms of the loss on disposal I note that I was in the process of putting the shop and post office up for sale at a price of £125,000 less approximately £11,500 capital gains tax (on the basis that I could have claimed entrepreneurs' relief) and I have used this figure as an estimate for a calculation of capital loss. Attached as Document 2 is a set of sales particulars to support this estimate.

3.11. I would note that these losses do not include any amount to compensate me for the hurt and suffering caused by the inadequacies of the operation of the Horizon system. I do wish to be compensated for this as well.

Were you the subject of either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?

- 3.12. I was convicted of fraud and was sentenced to 200 hours of community service as I felt I could not realistically defend the case.

How were these actions against you (if any) resolved?

- 3.13. As noted above I was convicted of fraud.

What is your explanation for the events forming the main issue or issues you are now reporting?

- 3.14. I have no explanation for the differences. The Post Office appeared to show no interest in properly investigating the matter, but instead felt that they could simply prosecute and reclaim any differences, regardless of whether they were real or not.

Did you request assistance from the Post Office regarding the issue or issues you are now reporting?

- 3.15. Yes, by calling the Helpdesk to no avail.

What assistance, if any was provided?

- 3.16. No proper investigation took place in respect of the differences that I was aware of and no real assistance was provided.

GRO

Grant Allen
8 May 2014

GRANT ALLEN
SUMMARY SCHEDULE OF LOSS TO THE END OF MAY 2014

Schedule 1

Interest rate used:	4.00%		
		£	Interest factor (years)
			Interest £
Repayment of shortfall at termination		11,700.00	
March 2012 to May 2014			
0.5 years at £29,500 (see below for calculation - didn't work for 6 months)		14,750.00	2.0
1.7 years at £15,000 (see below for calculation - re working period)		25,500.00	0.9
Gross loss of Post Office and shop		125,000.00	
Less: capital gains tax on disposal		-11,500.00	
		-----	-----
Subtotal		165,450.00	2,098.00
Future loss of wages assuming retirement date of 29 August 2038 (i.e. age 70)			
20.3 years at £15,000 a year		304,500.00	
(Source for multiple - Table 11 of Seventh Edition Personal Injury and Fatal Accident Cases - 1% discount rate)		-----	
Summary as at 31 December 2013			
Past loss		165,450.00	
Interest		2,098.00	
Future loss		304,500.00	

Total		472,048.00	
Lost income - based on 31 January 2011 trial balance		£	
Salary G Allen	6,811.00		
Salary K Allen	5,396.00		
Profit - pre-tax	21,503.00		
Corporation tax - assume 20%	-4,300.00		
Net	29,409.00		
Assume NIC negligible			
Less current income:		£	
Pay at £9 an hour 40 hours a week	17,280.00		
Income tax ((17,280 - 9,440) * 0.2)	-1,568.00		
Employees NIC ((17,280 - 7,749) * 0.12)	-1,149.72		
	14,562.28		

Net loss per year	14,841.12	say £15,000	

Document 1

Allico Ltd

A009

2 - Accounts Year Ending 31/01/2011

TRIAL BALANCE

Year Ended 31 January 2011

Account	Description	Debit	Credit
1	Sales		301,587.06
27	Purchases	143,284.12	
74	Closing stock		16,500.00
229	Rent	13,169.64	
230	Rates and water	14,740.53	
232	Insurance	258.40	
233	Light and heat	2,712.18	
254	Directors' remuneration		
/ 1	Directors' salaries		
* 1	Allen Mr G I	6,811.00	
* 2	Allen Miss K	5,396.00	
255	Wages	60,359.91	
263	Telephone	269.91	
264	Post,stationery & advertising	981.82	
272	Repairs and renewals	1,093.07	
280	Sundry expenses	433.15	
281	Relocation costs	5,667.03	
285	Accountancy	1,270.00	
286	Book-Keeping	693.75	
289	Professional fees	3,115.00	
321	Entertainment	35.15	
390	Depn of tangible fixed assets		
/ 13	Depn of fixtures & fittings	9,981.84	
/ 15	Depn of computer equipment	61.25	
471	Dividends - interim		
/ 1	Interim div share type 1	26,250.00	
524	Fixtures & fittings		
/ 1	Fixtures & fittings Cost/valua	39,564.54	
/ 2	Fixtures & fittings Additions	32,915.75	
/ 21	Fixtures & fittings Depreciati		5,934.68
/ 22	Fixtures & fittings Charge for		9,981.84
526	Computer equipmt		
/ 2	Computer equipmt Additions	245.00	
/ 22	Computer equipmt Charge for ye		61.25
569	Stocks	16,500.00	
586	Trade debtors	6,815.13	
594	Other debtors	50.00	
614	Prepayments	223.42	
668	Cash in hand	4,788.11	
692	Bank account no. 1	8,380.26	
727	Directors' curr accs less 1yr		
/ 1	Balance brought forward		
* 1	Allen Mr G I		15,059.69
/ 2	Capital introduced		
* 1	Allen Mr G I		55,736.82
/ 21	Drawings		
* 1	Allen Mr G I	5,034.45	
735	VAT		898.30
737	Trade creditors		9,472.61
755	Social security and other tax		1,357.49
786	Accrued expenses		1,816.99
966	Called up share capital		
/ 1	Share capital 1		1.00
968	Profit and loss account		

Allco Ltd

A009

2 - Accounts Year Ending 31/01/2011

TRIAL BALANCE

Year Ended 31 January 2011

Account	Description	Debit	Credit
/ 1	Brought forward	7,307.32	
	Totals	£418,407.73	£418,407.73
	Net profit	£21,503.31	

Allco Ltd

A009

2 - Accounts Year Ending 31/01/2011

NOMINAL LEDGER

Year Ended 31 January 2011

ACCOUNT NO. 1 Sales

No.	Narrative	Work Ref.	Debit	Credit	DE Acc.	Doc.
35			GENERAL SALES	142,760.53	668	PC
52			POST OFFICE	152,011.40	586	SDB
115			POST OFFICE	6,815.13		JNL
	Totals		£0.00	£301,587.06		
	Closing Balance			£301,587.06		
	PARTIAL Ledger Balance			£301,587.06		

Allco Ltd

A009

I - ACCOUNTS YEAR ENDING 31/01/2010

TRIAL BALANCE

Year Ended 31 January 2010

Account	Description	Debit	Credit
1	Sales		17,786.83
27	Purchases	148.01	
229	Rent	4,442.99	
232	Insurance	254.10	
254	Directors' remuneration		
/ 1	Directors' salaries		
* 1	Allen Mr G I	1,387.50	
255	Wages	11,622.95	
264	Post,stationery & advertising	7.84	
280	Sundry expenses	103.34	
285	Accountancy	815.00	
286	Book-Keeping	141.25	
295	Formation costs	73.75	
378	Bank charges	161.74	
390	Depn of tangible fixed assets		
/ 13	Depn of fixtures & fittings	5,934.68	
524	Fixtures & fittings		
/ 2	Fixtures & fittings Additions	39,564.54	
/ 22	Fixtures & fittings Charge for		5,934.68
594	Other debtors	1,085.00	
692	Bank account no. 1	8,996.32	
727	Directors' curr accs less 1yr		
/ 2	Capital introduced		
* 1	Allen Mr G I		15,060.69
/ 21	Drawings		
* 1	Allen Mr G I	1.00	
735	VAT	5,767.44	
737	Trade creditors		36,160.75
755	Social security and other tax		264.26
786	Accrued expenses		5,299.24
966	Called up share capital		
/ 1	Share capital 1		1.00
	Totals	£80,507.45	£80,507.45
	Net loss	£7,306.32	

Document 2

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National Specialist Agents and Valuers

P3434

DRAFT COPY

Winsford Post Office, 19a Dingle Walk, Winsford Shopping Centre, Winsford, Cheshire, CW7 1BA



- **IN MODERN TOWN CENTRE SHOPPING PRECINCT CLOSE TO BOOTS, ASDA, SUBWAY ETC**
- **SUPERBLY PRESENTED FRANCHISED MAIN POST OFFICE & COUNTER NEWSAGENTS**
- **RELOCATED & NEWLY FITTED & EQUIPPED IN MARCH 2010**
- **PO SALARY OF £95,000 PA - OFFERING FULL RANGE OF PO PRODUCTS & SERVICES**
- **INCREASING T/O STARTED FROM SCRATCH IN 2010 - NOW AVERAGING £5,000 PW**
- **COMBINING TO PRODUCE ADJUSTED AUDITED NET PROFITS OF £63,000 THIS YEAR**
- **MODERN 1680 SQ FT UNIT (1350 FT RETAIL) WITH TOP QUALITY FITTINGS**
- **2 POSITION FORTRESS COUNTER, 2 OPEN PLAN POSITIONS & SEP COMBI COUNTER**
- **PLUS 2 LANE 'EPOS' RETAIL COUNTER, PHOTOBOOTH & EXCELLENT BACK OFFICE AREAS**
- **OPERATING COMFORTABLE HOURS - 8AM TO 5.30PM & CLOSED ON SUNDAYS**
- **IN PEDESTRIANISED MAIN SHOPPING PRECINCT ADJACENT TO LARGE FREE CAR PARK**

£125,000

*For the Lease, goodwill
and fixtures and fittings of the business
plus stock extra at valuation*

LOCATION

Winsford is a busy and bustling town and civil parish within the unitary authority of **Cheshire West and Chester** in the county of Cheshire. It lies on the River Weaver south of Northwich and west of Middlewich and grew up around the salt mining industry after the river was canalised in the 18th century, allowing for it to be conveyed northwards to the port of Runcorn on the River Mersey. Winsford combines two ancient towns – Over and Wharton – which face one another on either side of the River Weaver at its highest navigable point. Although once used mainly for carrying salt it is now mainly used for pleasure crafts and upstream from the town the river expands into Bottom Flash a large lake with a marina. Winsford is the site of the last working salt mine in Britain and being 800ft deep produces more than 1,000,000 tons of salt a year. The town itself is continuing to grow with modern developments on its outskirts, whilst in its centre are private and council offices, a large leisure centre, a major Asda supermarket with free car park and adjacent pedestrianised shopping precinct. The precinct itself contains many familiar multiple stores such as Subway, Boots pharmacy, Bet Fred together with a variety of local retailers. It's here in a prominent trading position at the entrance to the precinct that you will find the subject business.

THE BUSINESS

The business has been in our clients ownership for the last few years, having originally been located nearby within a Martin's newsagents and was only relocated to its present site in March 2010. This involved moving into a brand new 'shell', so as you can imagine the entire unit has been created from scratch and is therefore extremely well presented in ultra modern style with new top quality fixtures and fittings throughout. The business is now only offered for sale due to our clients wishing to return to look after an increasingly dependant parent in the West Country.

The current sub Post Office salary is in the region of £95,000 exclusive of VAT. This is derived from a full range of Post Office

products and services including motor vehicle licensing, passport check and send, full on demand bureau de change, online National Lottery and scratch card sales and Paypoint facility etc. In addition, the business enjoys a lucrative retail trade which was started from scratch upon its relocation and is now averaging £5,000 a week and continuing to grow. In addition, further income is generated from a photobooth within the premises.

The retail side of the business currently offers an excellent selection of counter only newspapers and, magazines, confectionery, packet snacks, tobacco products and a good range of greeting cards and stationery.

Both sides of the business combined in our clients most recent financial year to achieve a gross income of £174,803, and an audited adjusted net profit of £63,000 after adding back non recurring relocation costs, depreciation and directors salaries.

HOURS OF OPENING

Mon – Fri	8.00am	5.30pm
Saturday	8.00am	4.00pm
Sunday	closed	

STAFFING

The day to day running of the business is looked after by the owners who are a husband and wife team and they are assisted by a full time Post Office manager, a supervisor and a further two part time members of staff.

T1233

Please Note: Staff will transfer with the business and you are advised to seek Independent Legal Advice regarding TUPE (Transfer of Undertakings (Protection of Employment) Regulations

THE RETAIL SALES AREA

The retail sales area is situated in an extremely prominent trading position at the entrance to the precinct and is set behind an ultra modern shop front with floor to ceiling windows, signage in the current Post Office livery and double semi automatic doors. The entire unit measures 1680 sq ft with 1350 given over to retail space and as you can imagine everywhere

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is superbly presented in ultra modern style with ceramic tiled floor, suspended ceiling with inset diffused lighting and wall cladding. The sales area is extremely well fitted and equipped with three large double sided free standing gondolas, extensive perspex newspaper and magazine racks, large glass fronted drinks cabinets, ice-cream conservator and a photobooth. To the front of the sales area is the spacious modern retail display counter with two lane Epos retail checkout with adjacent Post Office/retail 'combi' counter and rear cigarette gantry. To the far end of the sales area is the Post Office section with single queuing system with writing shelf, advertising flat screen TV system and a modern spacious two position fortress Post Office counter alongside an adjacent two position open plan counter. To one side of the counter is a private office designed for confidential Post Office transactions, although the stud walling could easily be removed to increase the sales area if required. Behind the scenes, is a cash office with safes, a good sized storeroom with kitchen facilities, a gents WC and a ladies/disabled WC and double doors to a communal yard/loading area with a secure store for newspaper deliveries. The sales area is linked to a modern sophisticated alarm system plus an 8 camera CCTV system. It should also be noted that all retail fixtures, fittings and equipment and all Post Office equipment including the safes are wholly owned by our clients.

THE LEASE

The lease we understand is for a period of 15 years from March 2010 with 5 yearly rent reviews and 5 yearly break clauses in favour of the tenant only. The current rent is £30,000 a year.

Please note you are buying the business complete and will therefore pay no additional monies for your business at the end of the lease, other than landlords legals for renewal and, of course, your on-going rent.

THE CONTRACT

The business is run under the Post Office franchise contract. The purchaser will need to be approved by Post Office Limited. Subject to such approval, the purchaser will be granted and new franchise contract upon completion.

VIEWING

Strictly by appointment and under no circumstances must any approach be made directly to the business. Arrangements can be easily made via the vendors sole selling agents Humberstones on GRO.

HUMBERSTONES FINANCIAL SERVICES

Humberstones Financial Services offer advice and assistance in arranging a suitable finance package to help with the purchase of a business. For a confidential, no obligation discussion please call our experts on GRO.

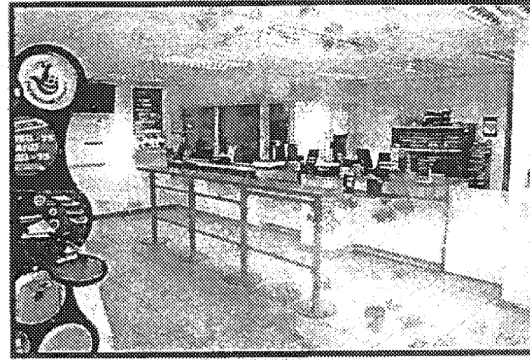
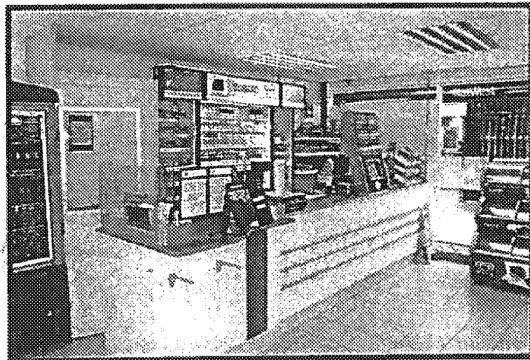
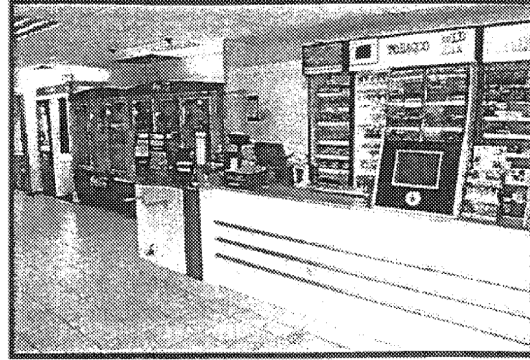
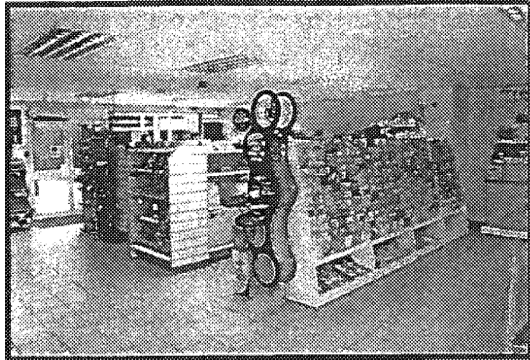
GRO

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