

Stephen Dilley

From: Stephen Dilley
Sent: 03 May 2006 16:33
To: 'mandy.talbot'; **GRO**
Cc: Tom Beezer
Subject: Draft costs estimate: P.O -v- Castleton
Attachments: LITIGATION_1155577.DOC

Dear Mandy,

I refer to our telephone conversation this afternoon and attach our draft costs schedule, for your information. As discussed, this is partly a tactical document: Mr Castleton wants to postpone mediation. This estimate should bring home the costs implications of doing that. I will also ask his solicitors to prepare an estimate, since this will also bring home the costs risk to him.

We would hope to shave some costs off this estimate (for example, Counsel's brief fee to be negotiated), although that said, I have tried to anticipate the types of issues that we are likely to face going forward. In summary:

1. Our costs to date including VAT and disbursements (such as Court and Counsel's fees) are nearly £22,000.
2. I think our own fees for taking it from now to trial will be about a further £76,000 plus VAT and disbursements. This is because of dealing with the number of issues thrown up by Mr Castleton, the forensic nature of the defence, large volume of documents, number of witnesses and experts and anticipated length of trial.
3. Apart from Counsel's fees, the significant disbursements will be experts. We will need both the IT and accountancy expert to really get to grips with the figures and Horizon system. I've estimated their fees at £8,000 each although this is simply a provisional estimate.
4. I've estimated the total global costs at nearly £223,000 including VAT and disbursements. As discussed, the costs will be disproportionate to the amount of the claim (c.£27,000) but not as it currently stands the counterclaim which is unspecified but put at not more than £250,000. However, I would value the counterclaim as much lower. There is a risk therefore that if the P.O win, a significant proportion of costs may be disallowed on assessment because of proportionality.
5. As previously discussed, even if P.O wins, you may well find it difficult to enforce any judgment because of Castleton's asset position which is at best unclear. However, from the P.O's view there are important broader implications at stake such as the message it will send out to other sub postmasters if the P.O settle or are seen to pursue it vigorously.

Unless you have any objections, I propose to send this estimate to Mr Castleton's solicitors and file at Court.

Kind regards.

Stephen Dilley
Solicitor
for and on behalf of Bond Pearce LLP

DDI:
Main:
Fax:

GRO

03/05/2006

www.bondpearce.com

Please note that on Monday 8 May our telephone and fax numbers are changing to:

Firmwide number:
My direct line:
Plymouth office:

GRO