LCAS0001382

Case No: HQ05X02706

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION

Royal Courts of Justice
Strand
London WC2A 2LL

Tuesday, 12 December 2006

BEFORE:

HIS HONOUR JUDGE HAVERY

BETWEEN:

Claimant

POST OFFICE LIMITED

- and -

Defendant

LEE CASTLETON

1 MR JOHN JONES
2 ANDREW DUNKS
3 MR GREG BOOTH

MR MORGAN appeared on behalf of the CLAIMANT

THE DEFENDANT appeared IN PERSON

PROCEEDINGS

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Please note that due to the poor standard of recording it has not been possible to produce a high quality transcript in this case.

A

MR JOHN JONES (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Mr Jones, could you give the court your full name and address, please?

B

A: My name is John Howard Jones.

Q: And your address, please, Mr Jones.

A: Home address or business address?

C

Q: Your business address.

A: Mailing address is Leeds at the (inaudible) managed office, GRO GRO Forgive me I do not know the remainder of postcode.

Q: If you would be kind enough to find bundle 3, which I think is right in front of you, and turn to tab 60, could you tell court what you find there.

D

A: The second witness statement that I made.

Q: That is the first page there, is it?

A: It is.

E

Q: Could you turn through that document to page 489. Could you tell the court what you see there, please.

A: That is a statement and my signature dated on 5 October 2006.

Q: Have you had an opportunity to read this witness statement recently?

F

A: I have indeed.

Q: Are there any corrections or changes to it that you would wish to make?

A: No, there are not.

G

Q: Could you look at paragraph 21 of your witness statement. Could you read that to yourself, please. Mr Jones, can I hand to you a bundle of the claimant's witness statements in an application made earlier in this (inaudible). Could you turn to tab 7 in that bundle.

HIS HONOUR JUDGE HAVERY: Which bundle is that?

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MR MORGAN: It is a new bundle, my Lord. It is a bundle Mr Castleton

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asked to be made available to the court. These are witness statements produced in support of an application to set aside a default judgment earlier in the action.

HIS HONOUR JUDGE HAVERY: What are we going to call this bundle? Is it 13?

MR MORGAN: It is bundle 14. Behind divider 7, do you see there your first witness statement?

A: Yes, I do.

Q: Can you turn to paragraph 18 on page 111 of that bundle and could you read that paragraph to yourself, please.

A: Yes.

Q: Do you see there that there is a difference between the period set out in paragraph 21 of your second witness statement and the period set out in this witness statement?

A: Indeed, that is a typing mistake.

Q: So your explanation is?

A: It is a typing mistake.

Q: I am grateful.

HIS HONOUR JUDGE HAVERY: Which is correct?

A: It is 42 to 51.

HIS HONOUR JUDGE HAVERY: So 42 to 51 is correct. Thank you.

MR MORGAN: With that clarification, is your second witness statement true?

A: Indeed.

Q: Do you wish it to stand as your evidence in this case?

A: I do indeed.

Q: Mr Jones, I am afraid I do not know if you know the answer to this, but I was wondering if you might try to assist both the court and me in relation to something which has arisen in the course of this trial. If you would be kind enough to find bundles 9 and 10, which are behind you, I hope, and in bundle 9 could you turn to tab 49 and look at page -- perhaps I can do this more simply. Can I hand up a big piece of paper? Could you take bundle 10 and turn to page 2979 at tab 49. Could you tell the court what you have on page 2979, please.

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A: On page 2979 I have a sales report from the Marine Drive branch for cash account period 49.

A

Q: Are you familiar with the way in which this report is produced?

A: I have seen this report in this format, yes.

Q: Do you know how it is produced?

B

A: Yes, I do.

Q: Would you be able to help this court in understanding how the figures in it appear?

A: Indeed.

C

Q: Could look at the third and fourth entry for cheques. Do you see there a figure of £3,533.30?

A: Yes.

Q: Could you look at the big piece of paper. Page 2979 is printed out at 17.35 on Wednesday 3 March 2004 and the big piece of paper is the final

D

balance, office copy, printed out on the Thursday morning at 7.37. Do you see that?

A: Yes.

Q: Do you see in the right-hand column, four entries above total payments, remittances out, £3,519.43?

E

A: Yes, I do.

MR MORGAN: My Lord, I apologise, this question is leading but I think it might help us get to the nub rather quicker.

HIS HONOUR JUDGE HAVERY: Yes.

F

MR MORGAN: Should those figures be the same, Mr Jones?

A: I would have expected the figures that have been produced on document 2979 to be replicated as part of the final account. However, what we have here, it would appear that there are transactions taking place after this document has been produced to remit out of the branch the cheque figure.

G

Q: How would transactions take place after the branch had closed?

A: They would be performed by the sub-postmaster or assistant on the Horizon terminals, on the computer system.

Q: Why would there be a difference between the figure on the big sheet of

H

paper and the figure on page 2979?

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A: I cannot afford an explanation why there are differences between the figures on the two pieces of paper. (Inaudible) the persons actually entering these figures into the system I would not be able to glean that.

HIS HONOUR JUDGE HAVERY: Just a moment, other than the persons entering the figures. Both of these figures have been entered manually. Is that right?

A: To make a remittance out transaction you would go into the appropriate screen and key that particular figure.

HIS HONOUR JUDGE HAVERY: So remittances out are keyed in and the cheque figure, is that keyed in or not? Now I am back to page 2979. Is that keyed in, or what?

A: This figure here would be the sum of the cheque transactions that the system had recorded during the time window that that particular account was taken (inaudible).

HIS HONOUR JUDGE HAVERY: So the figure of £3,533 would be calculated, would it, by the computer as a sum of a whole lot of entries that have been made at a certain period of time. Is that right?

A: It would. When a transaction is being processed the operator would settle that transaction to a number of sources (inaudible) settle to cheque, to cash, to a combination of cash and cheque or it may settle it to debit card, depending upon the type of transaction we were doing. So the accuracy of the figures that sit in there in terms of transactions that have been performed is down to the accuracy of the operator of the Horizon system to correctly record that transaction as a cheque, as a mixture of cash and cheque, because some customers pay part cash, part cheque, or total cash. So one would be looking at the accuracy of the operator to derive that particular figure.

HIS HONOUR JUDGE HAVERY: So when this thing the next morning on the big piece of paper shows remittances out, first of all, is that entirely cheques? Mr Castleton has said (inaudible) cheques Data Central.

A: Data Central is the place within Post Office Limited where we process all our cheques. So that is on the correct line that has been remitted out to the correct source to process cheques.

HIS HONOUR JUDGE HAVERY: I see. So there are two conceivable explanations for this discrepancy. One is that somewhere there was a mistake in entering a cheque figure which is part of this total of £3,533 at page 2979, which was corrected when the postmaster typed in the remittances out. Is that one possible explanation?

A: That is a possible explanation, yes.

HIS HONOUR JUDGE HAVERY: The other possible explanation is that the computer has added these figures up wrong to £3,533.

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A: I would not suggest that is an explanation that I have seen before.

A HIS HONOUR JUDGE HAVERY: No. I must admit I have never heard of a computer actually adding things up wrong. I dare say they do sometimes. Indeed, somebody discovered that they could not do long multiplication several years ago. I am sure that has been corrected by now. There was some error (inaudible). Is there any other explanation you can think of?

A: There is no explanation I can think of for a difference between those two
B amounts.

HIS HONOUR JUDGE HAVERY: No. Thank you

A: To be fair, I am not the person entering these figures, I am just giving an explanation.

C HIS HONOUR JUDGE HAVERY: Yes, thank you.

MR MORGAN: What effect does a sales report have in the Horizon system?

A: The sales report provides a postmaster with potentially the volume of business that that branch transacted that day or that week.

D Q: What effect does it have on the final balance?

A: If that sales report is taken after the final transaction, the final balance, has taken place, it should not have any effect on it. It is merely the sales report is providing the postmaster with information on the volume of business that he or she has transacted that week to ascertain the amount of money that potentially they can calculate forward that they are going to earn that month.

E

Q: When a sales report is produced, what impact does it have on the final balance?

A: None whatsoever.

Q: None whatsoever?

F

A: None whatsoever. It is purely an indicative view of the transactions that have taken place in that branch on that particular trading week.

Q: So of the two, which is determinative of the stock and trading position of the branch? Is it the sales report or is it the final balance?

G A: The final balance.

MR MORGAN: Mr Jones, if you would like to stay there, please, Mr Castleton will have some questions for you.

HIS HONOUR JUDGE HAVERY: This document I am going to mark X2.

H MR MORGAN: My Lord, I am grateful. I will mark mine similarly and

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hand it to your Lordship's clerk. (Pause). My Lord, I apologise, I am just trying to help Mr Castleton (inaudible). I do not criticise Mr Castleton because there has been some confusion between him and his solicitors about where original documents have gone. It is not an original document I have seen before.

HIS HONOUR JUDGE HAVERY: (Inaudible) one the other day then?

MR MORGAN: My Lord, no.

THE DEFENDANT: This is actual remittances and cheque listings, my Lord, that was part of disclosure. It has not been listed in the book (inaudible) all the office details.

HIS HONOUR JUDGE HAVERY: We had better have them copied if you are going to put them to (inaudible) so we all have copies. I will rise for five minutes.

MR MORGAN: Thank you, my Lord, I am grateful.

(A short break)

HIS HONOUR JUDGE HAVERY: I have marked it X3, this (inaudible).

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Mr Jones, can I ask you to look at bundle 11B, pages 3830 and 3829. If you start off with page 3829, about midway down you will see RODC, which is about the middle column.

HIS HONOUR JUDGE HAVERY: Can you give the witness the precise time? That would help.

THE DEFENDANT: Certainly, my Lord, it is 16.37.

HIS HONOUR JUDGE HAVERY: How many seconds?

THE DEFENDANT: It is 44 seconds, my Lord.

HIS HONOUR JUDGE HAVERY: It is the RODC.

THE DEFENDANT: And if you cross-reference that with the top cover of the new document there you will see that on that particular day at that particular time £211.22 was remmed out to Data Central, which is the cheque depository. That is confirmed on the front page of the new exhibit, my Lord.

HIS HONOUR JUDGE HAVERY: You are putting this to the witness as well, of course.

THE DEFENDANT: Mr Jones, could you continue down from that --

HIS HONOUR JUDGE HAVERY: Just a minute. Mr Jones, are you with

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us? There is a figure of £211 on page 3829 against a time of 16.37.44. Do you see that entry?

A: I do.

HIS HONOUR JUDGE HAVERY: It is marked RODC under the mode, whatever that means. Then the same figure of £211.22 appears at the top right of (inaudible).

A: Yes.

HIS HONOUR JUDGE HAVERY: So what was the question?

THE DEFENDANT: Could you confirm for me that on X3 the three pieces of information down the right-hand side column is the correct (inaudible) that you would expect to see cheques and listings, the remittance out and (inaudible) listing office copy to be printed?

A: That would appear to be correct.

Q: So on that day, which was 3 March, do you agree that £211 out (inaudible) effectively sent away to cheque processing? Do you agree?

A: That is what the document says.

Q: If we then refer back to page 3829, looking at the (inaudible), next to that is product number. You will see that in the first arrowed DC the product number is 2. That is the definition of cheques, my Lord. 1 is cash, 2 is cheques.

HIS HONOUR JUDGE HAVERY: Do you agree with that, Mr Jones?

THE DEFENDANT: Do you agree with that?

A: Yes.

Q: If you then continue down that column, can you find for me any further cheques up until the final balance at 09.00 the following day at column (inaudible) on 3830?

HIS HONOUR JUDGE HAVERY: You are now on 3830. Which particular entry? You are putting to the witness there are not any other entries (inaudible)?

THE DEFENDANT: Not for the rest of that day, my Lord.

HIS HONOUR JUDGE HAVERY: And the product number.

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: Yes, I understand.

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THE DEFENDANT: That would finish at 09.00.26 on 4 March. Do you agree with that, Mr Jones?

A

A: There are no other transactions that are listed as being served by (inaudible) cheque or paid for by cheque.

Q: If there were to be, they would be listed there. Is that correct?

A: Not necessarily.

B

Q: Could you explain to me why then, please?

A: If the operator (inaudible) the transaction to cash then the system would expect a cash figure to be in the residual columns (inaudible) the cash, as opposed to being a cheque.

C

Q: Then what would have to occur in order to bring the balance back to 3590 for the final rem out?

A: As and when the cheques needed to be remmed out (inaudible) the cheques in the Post Office, then those would have to be entered out as the cheque out and you would adjust the cash.

D

Q: So you would make a stock adjustment.

A: There would be a cash adjustment.

Q: Through which system? How would you adjust that cash?

E

A: On the stock and (inaudible) they would be changed to reflect cheques being paid out and then when you came to do a balance or snapshot, or whatever, you would change the cheque figure back to zero.

Q: If that had occurred in that period in between the remming out, RODC, on page 3829 at 16.37.44 and 4 March 09.00.47, that would be depicted by an SAP or an SAN. Is that correct? Stock adjustment positive or stock adjustment negative. Is that correct?

F

A: That would be the normal process to adjust.

Q: So in order for that cheque to appear different at the end of the day on that particular week, that stock adjustment would have to have been made, is that correct, in order for the cash account still to read £3,519?

G

A: Quite possibly it would have to be changed.

Q: Is it incorrect or not? Are you saying it is not?

A: The cheques that you are presenting here quite clearly have been remmed out.

H

Q: So in order for that sales report to depict a different figure it would have

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to have had a stock adjustment, which is what you have just told the court.

A: The final balance would have to have a stock adjustment.

Q: Are there any in that period of time?

A: We can see there is a stock adjustment positive, it is (inaudible) in 21.

Q: Are there any for a positive or a negative adjustment of number 2, which is cheques? Are there any there?

A: There do not appear to be, no.

Q: So you are saying no?

A: There do not appear to be any (inaudible).

Q: So there was not any. Is that correct?

A: They do not appear to be (inaudible).

Q: So that is a no then. In actual fact then the sales report itself contradicts the cash account but there is no reason for that to have (inaudible) on the transaction on the paperwork. Is that correct?

A: I cannot answer that question.

MR MORGAN: My Lord, I think Mr Castleton is being slightly imprecise with his language. He has not taken the witness to the cash account. I think Mr Castleton said it is referring to the balance, the final balance.

THE DEFENDANT: I am sorry, yes.

MR MORGAN: It is simply for the purposes of the transcript.

HIS HONOUR JUDGE HAVERY: I see, yes.

THE DEFENDANT: I apologise. So to have £3,519 in the cheques remmed out figure you would have to have processed to change that figure a cheque in that time. Is that correct?

A: Or made an adjustment (inaudible) one that was not processed correctly.

Q: We have looked at both of those scenarios from that period of time to the end of that day and that has not occurred. Is that correct?

A: That would be the case.

Q: And there is no other reason that that could have occurred?

A: Not that I am aware of.

Q: So in actual fact the depiction on the sales report compared to the cash

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account and the final balance both display £3,519 is incorrect. Is that true?

A: The sales report and the final cash account are two separate entities.

Q: I agree, but they both depict the same -- sorry, I apologise. The cash account itself depicts a listing of the cheques in total that have been checked on a daily basis and have been remmed out that concurs to the physical --

HIS HONOUR JUDGE HAVERY: The final balance.

THE DEFENDANT: It is the final balance, sorry, my Lord.

HIS HONOUR JUDGE HAVERY: You had better put the question again (inaudible).

THE DEFENDANT: So the final balance itself depicts a different amount of physical cheques to the sales report. Is that true?

A: From the two documentations that you have shown me, yes, but they are separate documents.

Q: I appreciate that entirely. You have stated to the court that the sales report itself had no bearing on the cash stock and (inaudible) figure. Is that also correct?

A: That is my understanding.

Q: Could you explain that understanding for me, please?

A: The cash and stock, when one performs the final balance the postmaster has to physically enter the cash that is in the branch, they have to physically enter the stock and confirm the stock that is there. All of the reports that are produced in the intervening period, whether they be snapshots or other reports, are part of the Horizon system which makes an assumption that the cash and stock is there as if (inaudible) those transactions take place. So the only document that shows the true picture of a branch's trading position is the final account.

Q: So in that case the Horizon system from the sales report itself believes that £3,533 worth of cheques have been instigated through that system in order for it to then produce a sales report. Is that true?

A: The sales report reflects the snapshot in time it was taken at.

Q: I believe we agreed that nothing else had occurred in that particular part of the sales throughout the rest of that day through to the final balance. Is that true?

A: From the documents 3829 to 3830 that you showed me.

Q: And you agree with that?

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A: That would appear to be the case.

A Q: So there is no reason then why those should differ. Is that true?

A: As I have said before, the final balance is a separate document to the sales report. You really need to speak to somebody from Fujitsu to ascertain what is (inaudible) on the sales report. We do not recognise the sales report as any form of accounting verification. It is purely used to ascertain the numbers of transactions so that a postmaster can see the level of business he B has undertaken.

Q: How could that possibly be the case in the volumes of business if you have just told me that that particular document is not used for accountancy purposes?

A: It is not used by the Post Office as a declaration of the final accounts.

C

Q: I appreciate it is not used by the Post Office as a declaration of the final accounts, but surely, and I am sure you will agree, its very production should match the figures that are contained in that final account if there is no other reason or no other changes (inaudible).

A: It depends when the two documents are taken. If the two documents are D taken simultaneously and produced one after the other with no other transactions taking place between them, then one would assume they are. But one would need to speak to Fujitsu to ascertain absolute confirmation. I cannot give you absolute confirmation.

Q: But you do confirm that no other transactions had taken place in that E period.

A: From these records there appear to be no other cheque transactions taking place.

HIS HONOUR JUDGE HAVERY: What is this document at 3829 and 3830, Mr Castleton?

F

THE DEFENDANT: It is the transaction log from the office, from the Marine Road branch.

HIS HONOUR JUDGE HAVERY: It is a printout of all the things that have been fed into the computer in effect?

G THE DEFENDANT: Not in the office part, my Lord, it is in the receipt half of Chesterfield.

HIS HONOUR JUDGE HAVERY: I see. Could you give me the name of the document again?

THE DEFENDANT: It is the transaction log.

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HIS HONOUR JUDGE HAVERY: The transaction log which is transmitted

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from your computer in your Post Office to Chesterfield. Is that right?

A THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: It is not something that you would normally see. Is that right?

THE DEFENDANT: We can actually ask for that copy, but it does take a long time for it to be produced, my Lord.

B HIS HONOUR JUDGE HAVERY: There are two questions that I would like to ask you, Mr Jones, arising out of this. The first is this: if you turn to page 3829, immediately below the entry to which you have been referred is another entry which says "RODC, product number 11205, quantity minus 1, sale value minus £211.22". Can you throw any light on that?

C A: The way the accounting system functions is the branch will have situated within its accounting tables £211.22 of cheques and then when they are remitted out it produces the minus entry which (inaudible) out of the account. So they are no longer there for accounting purposes (inaudible) element of the accounts and they would then be remitted out to Data Central.

D HIS HONOUR JUDGE HAVERY: Thank you. The other question, if you go back to X3, that is the copy document that has just been produced, this total of £211.22 is two cheques, is that right?

A: It would appear that there are two cheques there. The TXN number, that is the transaction number for which the two transactions were placed at the branch, one for £38.33 and one for (inaudible) and that is the total of the cheques that were on hand for that particular transaction.

E HIS HONOUR JUDGE HAVERY: I see. So the £211 on page 3829 is in fact a total of two cheques.

A: (Inaudible).

F HIS HONOUR JUDGE HAVERY: I see. So where it says "quantity 1" it just means it has been entered as a single entry.

A: It says there are two separate transactions.

HIS HONOUR JUDGE HAVERY: But the figure 1 at page 3829 in the column under "quantity", that simply means that it has just been entered as

G a single entity.

A: That just means it has been entered as a single entity, yes.

HIS HONOUR JUDGE HAVERY: Thank you.

THE DEFENDANT: During the process of actually transacting business, as

H a customer would come in to the Post Office branch and as an instance would, say, pay a gas bill and that process was paid by cash, how would that

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be entered on the system?

A: When the customer, irrespective of whether it is a barcoded or a money (inaudible) transaction, the operator has the opportunity to clear the transaction. So what happens is the transactions stack up on the screen and then an amount becomes due. So if it is a single transaction then before the clerk can progress to the next transaction they have to settle the transaction itself. So to settle to cash there are (inaudible) work rounds which is (inaudible). There is a function called fast cash which clears it straight away. They can settle to cheque, they can settle to a combination of cash and cheque and then maybe it will settle to saving stamps or debit card. Occasionally operating mistakes happen and they are settled under the wrong method of payment, but that is adjusted when they produce their cheque listing or balance.

Q: So throughout the transactions that are placed in the office, would you help me please, the accumulation of Giro in payments would be made up of what as in the physicality of that, either monies, cheques, debit cards?

A: What type of Giro? Are you talking basic bill payments?

Q: The actual listings on the cash account as Giro in payments.

A: Giro in payments can range from basic bill payments where (inaudible) or a company has a contract with (inaudible) as to Giro (inaudible) corporate money that can be deposited into the account or processed to (inaudible).

Q: That would be made up of only cash or --

A: It can be made up of cash, it can be made up of debit card, it can be made up of coin, it can be made up of any tenderable item that we accept as payment.

Q: All right. In those tenderable items, I presume that one of those particular items would be a cheque.

A: If the said transaction allows a cheque to be processed against that particular product.

Q: So in particular in the case of, say, a British Gas bill, would that be the case?

A: I cannot recall whether cheques are still acceptable for British Gas. Should they be acceptable for British Gas, then quite possibly you may have a cheque transaction against British Gas.

Q: And that would build into a final total of all of the receipts for that week.

A: Yes. No, the cheque would go into your stock and mops when you cash your cheques, but the value of the actual transaction would go into your daily Giros that you would account for on a daily basis.

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Q: Would that be the same scenario for, say, personal banking? Could that be afforded by cash, cheques, direct card payments?

A: Personal banking from Alliance and Leicester Giro.

Q: If you want to take that instance, yes.

A: If an Alliance and Leicester Giro (inaudible) still wishes to make a withdrawal, then they --

Q: Sorry, I apologise, just to clarify, it is in payments.

A: Yes. If a customer pays into their account with a personal deposit slip, then that I believe would go into that Girobank (inaudible).

Q: Could you turn to page 525 of your statement for me, please. It is bundle 3, tab 6.

HIS HONOUR JUDGE HAVERY: My copy is unfortunately missing. I suppose I must have misfiled it or something. I go straight from 524 to 527. You had better go on, Mr Castleton, although I do not have the document in front of me at the moment.

THE DEFENDANT: (Inaudible).

HIS HONOUR JUDGE HAVERY: Thank you very much.

THE DEFENDANT: This is a spreadsheet that you have produced with reference to large cash movements in the office at Marine Drive. Is that correct?

A: No.

Q: I am sorry, I apologise.

A: It is an analysis I undertook when I first received the appeal file to ascertain a number of points, yes to look at cash movements, average values of transactions, looking for anomalies. There were odd transactions taking place, for example, the pre-order foreign currency transaction. There is just one of those in week 41 and there are a couple in weeks 50 and 51, looking for potential areas that may have shown a larger or shorter variance in the mean average of different transactions that may give me an opportunity to make further inquiries as to why there were differences and try and explain the shortages that were occurring at the branch. Part of my overall start point in hearing the appeal was to draw down figures from the cash accounts just to try and ascertain what was the headline (inaudible) at the branch.

Q: You produced and maintain in your statement, I believe it is paragraph 21, that over this period the requirement of cash was ordered in the branch, and it is page 486, paragraph 21. I realise that originally there was a typographical error in there and it has now been corrected. It is tab 6.

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A: Yes.

A Q: Do you still maintain that the requirement for the cash within the office was between £200,000 and £265,000 for that period 42 to 51?

A: That is my belief from ascertaining the movement of transactions, the headline movements that were available from the initial cash accounts that I examined.

B Q: Could you tell me what the total receipts in that period is, please?

A: Off this piece of paper?

Q: I presume that you put all the (inaudible) workings in --

A: No, I was looking purely at the average mean values of the transactions
C week by week (inaudible) any movement and average value transactions that are taking place at the Marine Drive branch.

Q: So you never placed any totals in there? Because obviously, in my opinion, and I would hope you would agree, in order for you to formulate the process of these transactions you would have to have in essence had a total figure for the period to gauge between the two what the necessity of the cash
D requirement would have been.

Q: Indeed, I was looking at the movements of various -- the in payments and the receipts. Again, these are for headline figures.

Q: Yes, I appreciate that.

E A: They are not the totality of the cash account.

Q: No. In these particular figures, obviously there is, as we have just been speaking about, the cheque parts of the payment system. Is that true?

A: In these figures?

F Q: Yes. In the receipts.

HIS HONOUR JUDGE HAVERY: We are back at page 525 now, are we?

THE DEFENDANT: Yes, my Lord.

A: Can you repeat the question?

G

Q: In terms of these in payments, ie say there is a particular one, week 42's Giro in payment. You have listed it as £56,596.02. Is that correct.

A: It is £56,596.02.

Q: That is a replication of the actual Giro account.

H

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A: Correct, yes.

HIS HONOUR JUDGE HAVERY: (Several inaudible words)?

THE DEFENDANT: It is £56,596, my Lord, it is Giro (inaudible) payments, the fourth column from the left, week 42.

HIS HONOUR JUDGE HAVERY: I see, thank you.

THE DEFENDANT: I believe we have just established that that also incurs the cheque payments into the office. Is that correct?

A: It may do. If one looks at that particular week, week 42, there is Giro in payments of £56,596 of which remmed to the Data Central was £525.52 in cheques.

HIS HONOUR JUDGE HAVERY: Where do you find that figure?

A: Sorry, my Lord, that is rems to ADC.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: The second column from the bottom, my Lord.

HIS HONOUR JUDGE HAVERY: That is very different from the in payments. So what is the point you are making, Mr Jones?

A: I was just explaining -- Mr Castleton was referring to do I take into consideration cheques as part of the method of payment? Yes, I do because the cheques they go and sit in the (inaudible).

THE DEFENDANT: All of this period, which I will afford you a calculator if you wish, the total receipts of the office, including the rems in, the cash actually delivered to the office, is £838,906.62. Would you like to confirm that with a calculator or are you happy to go ahead (inaudible)?

A: You would need to add up every single cash account.

Q: It is up to you. I can do that if you wish.

A: I am not sure of the point of the question.

Q: I will get to the point, it depends which way you want to deal with this really. It is entirely up to you. Do you want to work off these sheets or (inaudible) work off cash accounts?

A: I am happy to work off these sheets.

Q: Fine. Would you like a calculator in order to confirm the figures that I have found or would you like a copy of my figures to compare with the figures that you have there?

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A: I am happy to take a copy of your figures.

A HIS HONOUR JUDGE HAVERY: We had better have this copied as well.

THE DEFENDANT: I apologise.

HIS HONOUR JUDGE HAVERY: I had better rise again for another five minutes. Everything must be copied and sufficient copies for the use of everyone in court.

B THE DEFENDANT: I apologise, my Lord.

MR MORGAN: Also, we are in some difficulty because we are unable to check any of this.

HIS HONOUR JUDGE HAVERY: I understand that. We will have to do
C the best we can and you will not be prejudiced.

MR MORGAN: My Lord, yes. Part of the reason for having an accountancy expert is so that this sort of exercise can be undertaken at the parties' expense rather than the public purse. I am in your Lordship's hands. It is obviously a case management decision as to how your Lordship takes this case forward, but we do think it is --

D HIS HONOUR JUDGE HAVERY: How many more documents are you going to put to witnesses, Mr Castleton?

THE DEFENDANT: There is a further one more document for Mr Jones.

HIS HONOUR JUDGE HAVERY: (Inaudible) is there anything for
E anybody else?

THE DEFENDANT: No, my Lord.

HIS HONOUR JUDGE HAVERY: There is nothing else?

THE DEFENDANT: No, my Lord. I do apologise.

F HIS HONOUR JUDGE HAVERY: It is all right. The two that you need, we will have them both copied now.

THE DEFENDANT: My Lord, may I just point out that these are documents created by Mr Jones.

G HIS HONOUR JUDGE HAVERY: That is all right. Let us have them copied and I will rise for another five minutes.

THE DEFENDANT: Yes, my Lord.

(A short break)

H HIS HONOUR JUDGE HAVERY: My two copies are stapled together so I

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will call them X4, pages 1 and 2, and my top page is this one.

A THE DEFENDANT: We need the other one, my Lord, (inaudible) page 2.

HIS HONOUR JUDGE HAVERY: I will call it pages 1 and 2 (inaudible) you are just going to start with page 2.

THE DEFENDANT: Certainly, my Lord.

B HIS HONOUR JUDGE HAVERY: So it is X4, page 2, yes?

THE DEFENDANT: Yes, my Lord. If you just have a look through there, Mr Jones, just to make sure that I have not changed any of the figures from your copy to the other copy, please.

A: They would appear to be the same.

C Q: Are you happy with the totalling or would you like to check that?

HIS HONOUR JUDGE HAVERY: Your total is 42 to 49, is it, or to 51?

THE DEFENDANT: To 51, my Lord.

D A: What are the actual totals?

Q: Literally across the columns there, Mr Jones.

HIS HONOUR JUDGE HAVERY: But which weeks?

THE DEFENDANT: From 42 to 51, my Lord.

E A: No, I am talking about the vertical columns.

Q: At the bottom you mean?

A: Yes.

F Q: The black writing. They are the daily totals with everything apart from rems from ADC. But I am not going to visit those totals anyway, it is just these latter, the final totals, that I would like to visit, if that is all right with you.

HIS HONOUR JUDGE HAVERY: It is going to take time to see whether these figures are right. I think what we had better do is assume they are
G correct for the moment and then maybe someone can check them during the short adjournment. So can we just assume for the moment these totals are correct?

THE DEFENDANT: Indeed, my Lord.

H HIS HONOUR JUDGE HAVERY: The ones on the right-hand side where you have blanked out the typescript, they are horizontal totals for weeks 42 to

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51. Is that right?

A THE DEFENDANT: That is right, my Lord.

HIS HONOUR JUDGE HAVERY: And the ones at the bottom of the page I am not so clear about. Can you explain those?

THE DEFENDANT: The ones across where it says "movement and rem", my Lord, they are something that I will come to in a later (inaudible), but
B they actually show the remittances, the receipt of cash, into the office and the outflow of cash, which is the difference between the receipts and payments, my Lord.

HIS HONOUR JUDGE HAVERY: So they are not totals, is that right, or are they?

C THE DEFENDANT: They are, my Lord.

HIS HONOUR JUDGE HAVERY: They are totals?

THE DEFENDANT: They are totals. In the upper line, to take the first figure, on week 42 there is an outflow in the office of £14,507.92, whereas we received £51,520 in cash, my Lord.

D

HIS HONOUR JUDGE HAVERY: What is the £68,000 you have written below that last figure?

THE DEFENDANT: Below?

HIS HONOUR JUDGE HAVERY: Below the £51,520 you have written in
E £68,510.79.

THE DEFENDANT: In the midway of column 42, my Lord?

HIS HONOUR JUDGE HAVERY: That is right.

THE DEFENDANT: That is the vertical addition but I am not going to visit
F those figures, my Lord.

HIS HONOUR JUDGE HAVERY: So I can ignore all those.

THE DEFENDANT: You can certainly, my Lord.

HIS HONOUR JUDGE HAVERY: Now put your questions. We will just
G assume the figures are correct for the moment.

THE DEFENDANT: All right, my Lord. So throughout the period from week 42 to 51 the office received in total, including remittances from ADC, the cash requirement, my Lord, £838,906.62, and over the very same period the payments out, which must include the cheques because we have already
H established, have we not, Mr Jones, that the cheques are incumbent to the in payments. Is that true?

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A: They may be part of that in payment, yes.

Q: Are you happy with the fact that --

A: Yes, (inaudible) included.

Q: Because we can actually revisit the cash accounts if you wish to clarify whether they are or they are not in these particular cases.

A: I accept that the cheques in there are part of the transactions and the receipts.

Q: So the cash requirement to meet the cash payments over the very same period is £848,147.33. This does include the return of £35,925.60 which was unusable notes, also extra cash that was not required in that particular week and all returns of cash items such as change and unusable notes to the cash handling processing centre. Do you agree with that, Mr Jones?

A: I do, yes.

Q: So, therefore, would you agree that the cash requirement as you state in your paragraph 21 for the office is in actual fact £288,000, not £200,000 to £265,000. Would you agree with that?

A: I stick with my original statement.

Q: You stick with your original statement.

A: I do indeed.

Q: All right. So in order for the court to understand your original statement, could you explain to me, given that £848,147.33 actually left the office in payments over that period, how only £200,000 to £265,000 would have been required to maintain that?

A: What I am looking at is the main usage of cash against the cash (inaudible) transactions that you have got in that particular branch and I was using this particular document to track potential unusual movements of Girobank business cash being procured from the rem centre and identifying any other particular areas that may lead me to conduct further inquiries, which I so did at your branch to confirm the said arithmetically correct documents that relate to all the Girobank transactions and the other (inaudible) that were available at your branch to ensure that the figures were arithmetically correct and I use this as a trend analysis to ascertain movement within that.

Q: So you are telling the court that over this period, using the trend and movements of cash, that the receipts and payments served by the customers in Marine Drive would not have required any more monies than £200,000 to £265,000 over that period?

A: That is the ordering period of cash, yes.

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Q: All right. So if we move down into the very bottom column --

A: Because if you read my statement, my statement does not say that this is the total cash used, this is the cash required.

Q: All right.

A: The cash required is what the postmaster physically orders from our cash centre.

Q: So by saying that you are saying that over that period between £200,000 and £265,000 would be required to service the transactions in the payments.

A: That is what I believe was necessary to be ordered from our rem centres to service those transactions.

Q: So over that period £848,147.33 was actually paid by this office. Is that correct?

A: That is paid, yes, but you have also receipted, you have a constant movement and the table (inaudible) in terms of my deduction from that is what is needed to service that business.

Q: Surely you are not telling me that over this period, given that there is a negative movement in cash, ie over the whole period £9,260 left the office more than was receipted, that your figures can possibly be correct.

A: I accept my figures as part of the mean average value of the transactions that were appertaining at the Marine Drive branch.

Q: So you do not accept that in order to service the receipts and payments required and depicted in your own spreadsheet that over that period the cash required to service the payments would have to have been £848,147 or are you saying to me that it would have been less than that, that the payments in actual fact are wrong?

A: No. I am looking at the mean value, average cash value, that this particular spreadsheet was created for. The absolute total over that period, you are looking at the mean value that I believe was necessary to service that.

Q: So surely in order to service that requirement of payments you cannot really expect the court to believe that only £200,000 would be required when the actual requirement to be made through the business itself is £288,000. Where would the other £88,000 have come from, Mr Jones, through that period? Where, if anywhere, would it have been possible for the Marine Drive branch to have run that office with £88,000? It is not a small figure. Would it have been possible for this branch to have maintained that business level throughout that period without having that amount of cash?

A: In terms of your question, I am not quite sure what you are referring to.

HIS HONOUR JUDGE HAVERY: First of all, can you help me,

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Mr Castleton? How do you arrive at the figure of £288,000?

A THE DEFENDANT: My Lord, £316,590 was actually ordered in cash from the rems ADC. You can see that depicted.

HIS HONOUR JUDGE HAVERY: I see that, yes.

THE DEFENDANT: Over the very same period £35,925.60, which is shown in the payments column, was actually returned to ADC, which gives you
B a difference of £280,000-odd. But the actual difference between receipts if you take those figures away is £288,000, hence the reason why the cash depletes by £9,000-odd.

HIS HONOUR JUDGE HAVERY: Where is the other £8,000 coming in?

THE DEFENDANT: It is actually depicted in the difference between the
C cash declared, cash on hand, in week 41 and the cash declared at the end of week 51.

HIS HONOUR JUDGE HAVERY: Where do I find those figures?

THE DEFENDANT: It is five columns from the bottom. The difference is £4,751.

D

HIS HONOUR JUDGE HAVERY: Cash on hand, is that what it is?

THE DEFENDANT: It is, my Lord.

HIS HONOUR JUDGE HAVERY: It is the difference then between 43 --

E THE DEFENDANT: Between £43,757.92 and £39,028.77. So that would give you £4,700. But for the purposes we have always been talking about cash, so in Mr Jones' spreadsheet he has not included stock, my Lord. Because there are stock sales, obviously, which would be incumbent to those figures, but we are talking purely on a cash basis. So Mr Jones chose not to include those figures with his spreadsheet.

F A: Actually, Mr Castleton, I have already explained, this is not --

Q: No, I appreciate, I am just explaining to the court, Mr Jones.

A: The figure entries that have been used here are used to ascertain variances between the weekly transactions to obtain a weekly average of
G particular types of transaction that go through the branch that were utilised as part of further inquiries that was undertaken to identify potential discrepancies, maybe discrepancies, transactions that potentially could be missing, as part of my appeal inquiries. So (inaudible) not the total end to end accounts of the Marine Drive branch, only to do that and to do that accurately you would need to add the entire cash accounts up (inaudible).

H Q: But none of these figures are incorrect, are they?

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A: I do not believe that they are.

A Q: Then the question that would be begged from that position, Mr Jones, is that the actual facts of the matter are that over this period there is actually no cash missing. The requirement, it is plain to see, the receipts themselves total £838,906.62.

A: Have I said that there is cash missing? You just said that I said cash is missing.

B HIS HONOUR JUDGE HAVERY: Are you saying there is any cash missing or not?

A: I have not said that.

HIS HONOUR JUDGE HAVERY: Are you saying it now or not?

C A: No, Mr Castleton has said --

HIS HONOUR JUDGE HAVERY: I am asking the question whether in your opinion any cash is missing.

A: From this Mr Castleton (inaudible) that I was using this to say cash was D missing.

HIS HONOUR JUDGE HAVERY: Yes.

A: I was not referring to this document to say cash was missing.

HIS HONOUR JUDGE HAVERY: Something is missing, is it not? E (Inaudible) £25,000.

A: Indeed, there are losses in the branch to that effect. But Mr Castleton was inferring that I was utilising this document to say cash was missing from the branch. That was my interpretation of (inaudible).

HIS HONOUR JUDGE HAVERY: If cash is not missing, what is this loss of F £25,000? It is other things that are missing?

A: Sorry, my Lord, I took Mr Castleton's statement out of context if he is saying to me that I am using this document to show that there is £25,000 short, or whatever the figure was. I am simply not. This document was used as part of my pre-appeal inquiries to look at various trends within the branch.

G HIS HONOUR JUDGE HAVERY: I see your point, yes.

THE DEFENDANT: Can we then refer back, Mr Jones, to page 486 of your first statement, please, paragraph 23 and then paragraph 24 also. (Pause).

HIS HONOUR JUDGE HAVERY: We have turned to the page and you H have read it. What is the question?

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THE DEFENDANT: I am sorry, my Lord. In your assertion in those paragraphs that the theoretical, as you call it, cash (inaudible) that I refer to myself, if we then, bearing that in mind, reassert the figures that you display in your spreadsheet, how can those cash losses not be theoretical?

A: If one looks at the start point of week 47, when one locks up the £33,000 on hand with 46, ordering £70,000 inbound cash is significantly outside the norm that that branch would have normally obtained and indeed it locks up at the close of play £81,000. Again, a significantly higher cash figure than is the norm.

Q: Can you then explain to me what happened in week 48 with respect to returned cash?

A: £20,000 of cash, one does not know what the coin is, I have not deduced what the coin is.

Q: It is still cash though, is it not, Mr Jones?

A: It is still in the cash figure. Then again a further £60,000 was ordered in week 49.

Q: Again, what is the occurrence from week 49 through to 51, what is the actual order of cash in the following week?

A: There are two, one is a coin order of £2,740 followed by a £25,000 cash order made in week 51.

Q: So could you tell court where Marine Drive is positioned with respect to Bridlington, as in what kind of area is it?

A: The Marine Drive branch, from my recollection, is possibly on the outskirts of the town.

Q: It is on the sea front. Can you remember the (inaudible) front?

A: I did not (inaudible), I must admit.

Q: It is by the harbour on the sea front. The reasons, as have been explained to the Post Office previously, for these requirements of cash and then the subsequent adjustments after, purely seasonal trend (inaudible), we are based on a sea front and we do have, as you can see in the pensions and incomes, Inland Revenue, various changes. We also have, as we have spoken about previously, large --

MR MORGAN: I hesitate to rise, but this is Mr Castleton giving evidence.

THE DEFENDANT: I am only explaining the reason why I am going to ask the next question, my Lord.

HIS HONOUR JUDGE HAVERY: You are not disagreeing with that description of the premises, are you? Or are you, Mr Jones?

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A: I would certainly disagree with the seasonal trends. The seasonal periods are in the middle of winter, the average (inaudible) transaction moves by circa £2,000 to £3,000 and then starts to decline towards the end of 51.

HIS HONOUR JUDGE HAVERY: Thank you.

THE DEFENDANT: So your trends (inaudible) down in the bottom column. In week 42 --

HIS HONOUR JUDGE HAVERY: Just a minute, you cannot have a bottom column.

THE DEFENDANT: I am sorry, the very base of the document, my Lord.

HIS HONOUR JUDGE HAVERY: Yes.

THE DEFENDANT: Week 42, we received £51,520, is that correct, from ADC?

A: Yes.

Q: What happened in the following week?

A: There was an order of 30 followed by 27 followed by 40.

Q: What went out in the following week?

A: In terms of the (inaudible) went out?

Q: It is the difference between receipt and payments which is shown by the movement figure.

HIS HONOUR JUDGE HAVERY: You did not actually explain (inaudible). Can you tell me what the figure, going to the first one, £14,507.92, what is that figure?

THE DEFENDANT: The £14,507.92, my Lord, is the difference between the receipts on that day and the payments on that day -- that week, sorry.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: And that continues throughout the whole of the weeks.

HIS HONOUR JUDGE HAVERY: So now will you put your question to Mr Jones again, please.

THE DEFENDANT: Do you know what day our rem was received, Mr Jones?

A: I believe your remittance was received on a Wednesday.

Q: I am afraid that is not correct, it was a Thursday.

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HIS HONOUR JUDGE HAVERY: It was ordered on a Wednesday.

THE DEFENDANT: Received on Thursday.

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: Just to make this clear, we accept it was received on Thursday (inaudible).

THE DEFENDANT: So we would have been obviously pre-empting the requirement for the cash for the following week and our order for that week would have been received the following day, which is in fact in the following (inaudible), is it not? It is actually received in the first day in the following week.

A: Yes, but you place an order based upon your known requirements.

Q: I agree.

A: And the branch is a small branch that does not have huge variances as to operational movements.

Q: We do not have huge variances as to operational movement. Again, obviously, I cannot question your opinion. I do not believe that myself, but in order for clarification for court, in week 42, £51,520 was ordered on the Wednesday. Is that correct? And then received on the Thursday. Is that correct?

A: You placed the order. I believe you placed it on Wednesday.

Q: So that actually corresponds to £52,851.72 going out of the office in the following week. Is that not true?

A: Probably on these figures here, but this is not the total snapshot of your entire account.

Q: I appreciate that, but from these figures here that you produced yourself.

A: They are produced and I have already explained the purpose they are there, to look at trends within the --

Q: These are the trends we are looking at, are they not?

A: No, I am looking at the total trends of the branch. We are looking for anomalies that were part of my pre-appeal inquiries.

Q: So if we then move back to the total figures, over this whole period of week 42 to 51, from your own spreadsheet, the cash requirement for this office would have been £848,147.33 and that is what you have based your figures upon. Is that true?

A: These are the figures that I have extracted from the (inaudible).

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Q: Is anything different in there that is not depicted in the cash account? These are cash figures, are they not?

A: These are figures extracted from the cash account.

Q: Right. You have based your opinion of the £200,000 requirement for cash on these figures. Is that true?

A: That is my --

Q: Opinion.

A: -- deduction, yes.

Q: Whereas over this whole period the receipts themselves, the actual cash order, comes to £838,906.62, which would (inaudible) again that what has been received in the office has been (inaudible) by the office. Would you agree with that?

A: You have taken a snapshot figure from these figures. One looks at the figures you have, like I said, these figures actually show the movements and trends (inaudible) my pre-appeal inquiries.

Q: These are the figures that you produced to make your trend movement requirement of £200,000 to £265,000.

A: That is what I believe that the branch needed.

Q: So over this period, using your own figures, the two totals prove, on the basis again of your own figures, that whilst you have an opinion that only £200,000 to £265,000 was required by the office, the actual payments out by the office required £288,000. Is that true?

A: I cannot comment on that.

Q: They are your figures, Mr Jones, why can you not comment? I will just carry on asking the question.

A: My assumptions were made, as I have already stated, that I believe that was the (inaudible) amount that the branch needed.

HIS HONOUR JUDGE HAVERY: It is now time to break off. I hope there will be those on both sides of the court who will be able check this arithmetic and agree it, although I do notice one error myself, the £9,260.71 should read £9,240.71. It is a small discrepancy. I hope that can be agreed. The other thing that I would certainly want to know, it may be somewhere in your evidence, Mr Jones, how your figure of £200,000 or £265,000 was arrived at (inaudible) I will leave it at that at the moment.

MR MORGAN: My Lord, may I just indicate and remind your Lordship that this did not form any part of my opening and it did not form any part of my case.

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HIS HONOUR JUDGE HAVERY: I think I would like these figures checked.

A

MR MORGAN: My Lord, we will check this over the adjournment.

HIS HONOUR JUDGE HAVERY: I do not know what the other page is. I do not know if we need any checking there as well. Probably we do, if you can tell what they are. I think it would help just to have (inaudible). You are going to use page 1, are you, in due course?

B

THE DEFENDANT: Certainly, my Lord.

HIS HONOUR JUDGE HAVERY: I think it would be a good idea to have those figures agreed.

MR MORGAN: My Lord, yes, we will (inaudible) the short adjournment.

C

HIS HONOUR JUDGE HAVERY: I will rise now and sit at 2.05pm and, Mr Jones, you must not talk to anyone about your evidence until we have finished hearing it.

(The short adjournment)

D

MR MORGAN: My Lord, over the short adjournment we have checked the figures. Subject to one or two minor points in the region of 20 pence here or there, which I do not think is going to make any difference between us, we are content for them to go forward, subject to a right if there were something that suddenly cropped up to draw it to your Lordship's attention.

HIS HONOUR JUDGE HAVERY: Yes, thank you.

E

MR MORGAN: I am grateful.

THE DEFENDANT: My Lord, the Lottery receipts that were received today on Marine Drive with respect to the statement made by Mrs Simpson yesterday, you asked to have sight of them. May I pass them to my Lord?

F

MR MORGAN: My Lord, we are content to have them copied and produced tomorrow. They do not go to any witnesses today.

HIS HONOUR JUDGE HAVERY: Yes. Do you have some more questions?

G

THE DEFENDANT: Yes, I do, my Lord. Mr Jones, can you tell me the address of the branch in question?

A: Marine Drive. I cannot recite the full address of the branch.

Q: The question would be: Marine Drive being obviously by the sea.

H

A: I do not think that is a correct title. Marine Drive is the title we know the Post Office branch as.

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Q: Marine Drive.

A: Marine Drive is how it is logged on our database.

Q: I just wanted to clarify your assertion (inaudible) a suburban branch.

A: Marine Drive is an urban Post Office branch in our network.

Q: If we can go back to the figures --

HIS HONOUR JUDGE HAVERY: Just for the sake of the transcript, we are still looking at X4, page 2. Is that right?

THE DEFENDANT: Yes, my Lord. Again, throughout this period £838,906.62 was (inaudible) by the office and payments were made to the effect of £848,147.33, which is what we agreed prior to the adjournment. Is that correct?

A: Mr Castleton, you have asked me to quantify my statement, which was around paragraphs 23 and 24, I believe.

Q: Can you give me the page reference?

A: Sorry, it is page 487.

Q: Paragraphs 23 and 24.

A: Yes. The deduction utilising the cash that was in the branch, ie the differential between those transactions that are cash generated and those that are cheque generated, was basically taking the following lines as part of the calculation. If one looks at week 42, one starts at National Savings deposits, (inaudible) payments, AP personal banking and Lottery. One does not include the rems.

HIS HONOUR JUDGE HAVERY: What did you say about rems?

A: I discount the rems. I am looking at the differential between receipts and payments and I purposely excluded the rems in terms of defining my analysis. In terms of the payments, if one looks at the savings bank withdrawals, pension allowance, IR tax, credits, green Giros, Giro out, lottery prizes, cheques to CHEC, card account and (inaudible) withdrawals. So your differential then that was taken on each of those subsequent weeks, and I made an allowance on weeks 43, you have a rather large cheque in there for (inaudible), I substituted an average of £6,000 for your average cheque weeks. That derives an average differential between the receipts and your payments of circa £26,500 per week. That thereby demonstrates over the ten-week period the cash differential between those movements is £265,000. Just to give you clarity of how I derived that figure.

Q: So you derived that figure from an average (inaudible).

A: I am looking at the average movements week by week for that period.

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Q: So by stating that figure as an average, which it does not state as how (inaudible) --

A: £265,000 is the total if one adds those up and adds them vertically and then horizontally (inaudible) you will find the differential between those lines (inaudible) £265,000.

HIS HONOUR JUDGE HAVERY: Just to help me, assuming the arithmetic is correct, can I just ask you whether what you are saying is this: if you look at the manuscript figures towards the right-hand end of the page, what you are saying is on the one hand you are adding up four figures beginning with £15,709 and ending with £17,335. Is that right?

A: £15,709.82, I discount though in there the remittance figure of £3,165.90, rems ADC, because I am looking at the cash movements week by week.

HIS HONOUR JUDGE HAVERY: I was just putting those four figures. As I understood it, the first part of your calculation was to take the sum of the first four figures there. Is that right? Not the £316, that is the fifth figure.

A: That is correct.

HIS HONOUR JUDGE HAVERY: So you take those four, that is stage 1.

A: Yes.

HIS HONOUR JUDGE HAVERY: Now stage 2, can you just, please, identify to me which ones you are taking there?

A: Assuming counsel is correct, £15,414.22, £608,396.39, £17,000, £55,621.01, £9,883.90, £5,031.00, £63,036.96, of which I made an allowance out for £22,000. There is a large cheque in there which skewed -- I am trying to ascertain the cash movements and there is a large cheque that sits in that.

HIS HONOUR JUDGE HAVERY: So you took an average instead of £22,573.

A: Yes, the average cheque figure is £6,000 and I substituted £22,000 with £6,000. It is a large cheque figure and I am trying to ascertain what cash is moving. The final figure (inaudible) in there is £3,524.37 and £2,713.

HIS HONOUR JUDGE HAVERY: You said £3,524, it is £35,124.57, I think. But anyway you put that in, did you?

A: Indeed, yes. The cash (inaudible), indeed.

HIS HONOUR JUDGE HAVERY: So it is those nine figures that you took. Thank you very much.

A: That is, for clarity, how I deduced the difference between the daily cash usage to derive the £265,000.

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HIS HONOUR JUDGE HAVERY: Yes, thank you.

A THE DEFENDANT: So with that deduction that you made, how did you allow for cheques and receipts in this?

A: The cheques are included, as I have already stated, except that there is an amendment in there because, as you have said before, cheques could (inaudible) be part of that top figure. Therefore, if one wanted to go to the Nth degree one would have taken out the cheque because I cannot correlate B the cheques to specific transactions and I am being selective in the transactions I am taking. If one wished to be pedantic one could deduct the cheques from that (inaudible) but there may be other transactions a cheque could be (inaudible) that are not on (inaudible). So I have included the cheques on the assumption that they would be largely for Giro in payments or National Savings Bank deposits. So I have allowed for that cheque figure. I C have not taken that cheque figure out.

Q: By doing so, by averaging --

A: I am trying to ascertain cash movements from a position that I have started my pre-appeal inquiries.

D Q: Even post-appeal these are still (inaudible) even now complete figures in your statement as being a reason why the cash requirement at the office is lower than the cash forwarded. Is that not true?

A: The cash requirement on the analysis that I have undertaken in those areas where we can demonstrate that we have cash movements and cash transactions, then the £265,000 is the figure that I have derived between those E two movements. And I have put the caveat and I have stripped out the £20,000, whatever the cheque was, and I am not sure what transaction (inaudible).

Q: If you then break that down between those averages it then produces a figure that does not include cheques (inaudible) payments.

F A: Sorry?

Q: In order to produce a £265,000 average.

A: The £265,000 figure includes cheques to CHEC in my calculations.

Q: And you have no breakdown of that calculation in evidence or anywhere G else?

A: I have on a laptop computer which just shows you the difference between the figure that you have deduced at £68,500 (inaudible) other line entries and ascertained a figure from the cash movement and then extrapolated that line by line across that. So I have looked at the week by week movements between the two columns.

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Q: Without ordering £316,590 would the office have been able to maintain the payments that were actually made?

A: You could determine that question in two ways. One could say that the cash holdings were higher than would be required for that, therefore there is sufficient cash in there. So you could present an argument to say you may not need to order as much cash.

Q: Mr Jones, if we were to remove £200,000 (inaudible) you thought to be the requirement through that period from the cash, would we not have run out of cash physically in week 48?

A: I indicated there was not a need to order more than £265,000.

Q: Between £200,000 and £265,000, I believe that is the statement, is it not?

A: Not more than £265,000 because we have some very large cash on hand figures that also indicate that the branch is holding considerably more than one needs to hold. If I can demonstrate, at week 47 one holds £81,000, where if one is having an average figure of £26,500 usage between the two --

Q: This is something that you have produced without respect in actual fact to the factual figures, is it not?

A: No, it is what I have produced using the figures. Then you have at week 49, £72,000.

Q: You have already said you discounted (inaudible).

A: I have discounted cheques because I am trying to look at cash usage.

Q: For my own understanding of what you are saying, prior to that question you told me that you did not discount cheques.

A: I discounted the £20,000 cheque, which I have just given you the caveat to explain that, and substituted an average, just purely of that specific (inaudible).

Q: But prior to that question you said that you had incorporated the cheques as an average, which I appreciate the reason why --

A: I incorporated the actual cheques that are there with the exception of week 43, which was the large cheque which skewed the --

Q: But that would have been incorporated in week 43's figures as a receipt, or are you saying that --

A: I am not sure. I am not sure because in terms of other transactions, I am looking at the cash usage so I am trying to deduce from those figures a base and, as I say, that figure I discounted because it is exceptionally outside your average cheque figure. Your normal cheque figure is between £5,000 and £6,000 across that (inaudible).

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Q: On that basis to then draw conclusions of £200,000 being the required cash amount --

A: No more than £265,000.

Q: Having stated £200,000 to £265,000 then, the office would have actually physically run out of cash to service the payments over this period, would it not?

A: I do not believe it would, no, because I can refer to the cash on hand holdings. If one is looking at a usage of circa £26,500, one is holding £81,000 in week 47 and in week 49, £72,000.

Q: Having said that, what I am finding difficult to break down with you, Mr Jones, and I am finding very difficult to appreciate is that at no point throughout this whole breakdown of the figures that you have done have you taken into consideration the amount of payments being made with respect to the requirements of the cash to service the payments.

A: Of course I have. My explanation, I am taking the largest cash payments you have within the transaction portfolio at your branch, namely, the largest (inaudible) is pension allowance. I am trying to deduce cash movements and that is what I have stated.

Q: But over this ten-week period, you have clearly said to the court, that you took an average of £26,500 as being --

A: That is what it averages out at.

Q: Why would you then state £20,000 as an average then?

A: Sorry?

Q: Because obviously you have stated between £200,000 to £265,000.

A: I have not stated £20,000 as an average.

Q: That would be the average between the two, would it not? Between the £200,000 that you claim would have been (inaudible).

A: I said not more than £265,000.

Q: I appreciate that, but in your statement it actually says between £200,000 and £265,000, does it not?

A: Indeed, and also one then looks at the cash you have physically in branch on hand, which is in excess, significantly in excess, of what is needed to perform the transactions at that branch. If one is holding £81,000 and one has a differential of £26,000 between payments and receipts in the cash usage, that is clearly in excess of what is needed.

Q: So are you saying from that that cash is missing?

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A: No. What I am saying to you is, and it is part of what I have said in my statement, that is the figure that I believe was necessary to service the needs of Marine Drive branch.

Q: Are you saying to me that there is no cash missing?

A: Quite clearly we have cash discrepancies that are included in the cash accounts that you have declared.

Q: From your own spreadsheet, Mr Jones, in totalling that spreadsheet you have proven to yourself that cash requirements to service over the period of £838,906.62 receipts and £848,147.33, that the office to service that need, in your own terms, did not require the cash, but then on the balance of that statement are you telling me now that throughout this period there is no cash missing?

A: I am not telling you that there is no cash missing, Mr Castleton, what I am saying is I am giving an explanation of how I have derived the figure of £265,000 in terms of the cash usage from those said transaction lines that I have indicated.

Q: But on your transaction lines that you have indicated the totals would lead me to believe that there is no cash missing. Is that where you believe the state of play to be?

A: I have given you an explanation of how I have derived the £265,000 cash that I believe the branch needed against what cash was ordered. There is clearly a rolling series of discrepancies. That is why we are here.

Q: I appreciate why we are here. My question to you, again, is: on those figures that you have produced is there a cash discrepancy?

A: Could you define cash discrepancy?

Q: The transactions that you have placed into your spreadsheet between week 42 and 51, when added up, show a movement out of the office of £9,240.71 and on the basis of those figures are you now saying that there should have been a further £25,000 --

A: No, what I am saying, Mr Castleton, is from the analysis that I have taken there should have been a maximum needed of £265,000 in my opinion, however, it is clear over the same period £316,000 was ordered.

Q: What was the requirement in total to service the £838,906.62?

A: From the analysis that I have explained to you, how that analysis has been conducted to generate the difference between the cash usage on a weekly basis.

Q: Using an average?

A: No. There is only one week, that I have already explained to you, week

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43 --

Q: Yes, we will visit that in a moment.

A: -- I have substituted a large cheque figure and I have included those cheque figures in there as part of that calculation.

Q: Can you answer the question, please: on your figures do they show a cash deficit?

A: From the analysis I undertook as part of the statement I have deduced that the branch needed £265,000 circa in cash and £316,000 was ordered.

Q: I ask again: from your figures, can you tell me if your figures provide evidence of a cash loss of £25,000?

A: My figures are not intended to demonstrate any form of cash loss, Mr Castleton, they are there to demonstrate cash usage.

HIS HONOUR JUDGE HAVERY: Is the position this: what the figures show is that, having regard to the total amount of cash and stock at the beginning of the period and at the end of the period, there is a discrepancy (and you cannot say whether it is cash or stock or how it is divided up) of £265,000?

A: The £265,000 is what I believe the branch needed.

HIS HONOUR JUDGE HAVERY: I am sorry, the discrepancy of about (inaudible) thousand, I think. Actually, the discrepancy that is claimed is £25,700, is it not?

A: Indeed.

HIS HONOUR JUDGE HAVERY: What you are saying is that you cannot divide that up, or perhaps you could, but at any rate you are not in fact dividing it up as between cash and stock. Is that your point?

A: Indeed, because I am not trying to demonstrate with the usage of these figures that this has caused a cash discrepancy in the branch, I am merely using these figures to show the cash usage. What has been declared in the branch is a totally separate matter because that involves the cash on hand.

MR MORGAN: My Lord, might I just mention one thing at this instant, and I apologise for interrupting Mr Castleton. Mr Jones comes here to give evidence, not as an expert witness, but to explain historically what went on in the course of his investigations on the appeal.

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: It seems that Mr Castleton assumes that Mr Jones is here to give expert evidence, which he is not.

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HIS HONOUR JUDGE HAVERY: He has prepared a lot of figures. He has only been asked questions on his figures. My real complaint, Mr Castleton, is that you have asked the same question several times, which is a bit of a waste of time really.

THE DEFENDANT: I appreciate that, my Lord. I am very sorry that I do not have the ability to change my questioning in order to further this.

HIS HONOUR JUDGE HAVERY: It is all right. Yes, but I do not think you will get any further with that question. I should move on to something else.

THE DEFENDANT: With respect to the £200,000 to £265,000 figure that you state is the cash requirement for the office to service the needs of the office, throughout the period certainly we had the appeals and various other actions, and even to this day the assertion is that £25,000 worth of cash is deficit in the accounts. Using your analysis and the breakdown of that analysis you have taken into account the cheques as an average on the payment side --

A: Only on one week.

Q: How did you account for that in the one week on the receipts side?

A: I did not because I was trying to ascertain exactly what that cheque was for. So in terms of the receipts side the figure stays in.

Q: So to ascertain that cheque and how it occurred, is that not contained in the cash account that these very figures have been taken from?

A: I could not deduce exactly where that came from.

Q: So you made no allowances on the receipt side for that cheque?

A: No. With hindsight I could have taken cheques off both. I could have deduced the cheques from that side and taken them off the Girobank in payments and had an equally different figure. But the cash usage, if you had taken one off the other, you would have still derived to the same average cash usage of £26,000 over the period 42 to 51. Take that off both sides.

Q: I appreciate that. So again, having not allowed for that on the top line in the receipts and having taken into account --

A: No, I have allowed for it on the top line because I cannot deduce where it is. But I have taken it out as an average on the base line because it could be for another transaction, I am not sure where it is.

Q: So again looking at the movements in and out and knowing that the rem will be delivered on a Thursday and ordered on a Wednesday, which would indicate the start of a week, the average usage over the period, using your own figures of £26,500, if I were to order £26,500 as an average, how would I have serviced week 43?

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A: In week 43, I do not actually have the figures in front of me. I think week 42, from memory, you have a cash usage of circa £16,000, which I believe then goes up to around £30,000.

Q: The rem was £30,000.

A: Yes, in terms of the cash, the analysis I have already explained to you, I have not put the rems in there because I am looking then to see exactly where rems have been ordered against usage.

Q: In terms of movement, by the third week, week 44, or even the second week, if I had only ordered in the rem £52,000 over the two weeks I would have been in deficit of £16,000, which would then increase again the following week to a further £24,000. Each time would that depict or would that be a situation where the office would have maintained any cash?

A: The question you are posing is a hypothetical question because at the start of the period the inbound cash is £51,220. So if one is saying: if I ordered this each week, it is a hypothetical situation. I am just going on the factual figures that appear on your account.

Q: But again, you have gone on averages in those factual figures, have you not?

A: No, I have used actual figures. The only figure I have used as an average, I have already said, is the cheque --

Q: But to use the actual figures, Mr Jones, then there is no deficit in these accounts.

A: There is a deficit, Mr Castleton, it is in the books.

Q: It is certainly not on this spreadsheet, Mr Jones.

HIS HONOUR JUDGE HAVERY: Why do you say that? What are the actual figures?

THE DEFENDANT: My Lord, we made payments of £848,147.33 and we received only £838,906.62.

HIS HONOUR JUDGE HAVERY: Yes.

THE DEFENDANT: On the basis of that, by taking one from the other, the cash would have reduced by £9,240. Throughout this period in order for the £25,000 worth of losses to have occurred then those figures would have -- the actual change of cash would have had to increase our week 51 balance figure at £39,028.77 to circa £60,000, my Lord.

HIS HONOUR JUDGE HAVERY: Why do you say that?

THE DEFENDANT: Because over that period the computer was producing these losses in the accounts but the actual transactions that Mr Jones has

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depicted in these figures proves that to service that need, to service that requirement of payments we required £288,000 and in order to do that we ordered £316,590 but sent back £35,925, my Lord. So by using these very same figures it shows that the cash declared, £39,028.77, on week 51 has moved by £4,000 but in order to have had a deficit of £25,000 it would have had to have moved significantly more or there would have to be more transactions involved in this process in order for these figures to produce that loss.

HIS HONOUR JUDGE HAVERY: You are talking cash alone.

THE DEFENDANT: Throughout the whole period, my Lord, we ordered just in stock £17,000 and we sold £16,000. But just on these cash figures, which the loss which has been repeatedly asked for in reflection of the accounts of Marine Drive is a cash figure.

HIS HONOUR JUDGE HAVERY: Mr Castleton, at the start of the period in question the cash in hand was £43,700. Am I right about that?

THE DEFENDANT: Correct, my Lord.

HIS HONOUR JUDGE HAVERY: So it has gone down about £4,700. Is that right? The cash on hand as gone down about £4,700.

THE DEFENDANT: That is correct, my Lord, yes.

HIS HONOUR JUDGE HAVERY: The total difference between the selected receipts and expenditure in the relevant period is £9,240. Is that right?

THE DEFENDANT: Outgoing, my Lord, yes, a minus.

HIS HONOUR JUDGE HAVERY: What does that prove?

THE DEFENDANT: It proves, my Lord, that the cash shown in these accounts, this breakdown of this account, has reduced or should have reduced on the balance of payments that were made in this spreadsheet by £9,240, my Lord.

HIS HONOUR JUDGE HAVERY: Why is that? There has been cash in and cash out and other things in and other things out.

THE DEFENDANT: Yes, my Lord, but over the whole total period £838,906.62 were the total receipts and that is including the cash coming in from rem. And the cash going out was £848,147.33. So we actually paid out £9,240 more than we had in.

MR MORGAN: So what you are saying is the £43,700, if this had been right, should have gone down to about £33,000-odd or £34,000 --

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: -- and therefore you were £5,000 better

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off, far from having a loss of £25,000 --

THE DEFENDANT: Just in the cash (inaudible), my Lord.

HIS HONOUR JUDGE HAVERY: -- you gained £5,000. Is that what you are saying?

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: I think that is what Mr Castleton is putting to you. What do you say about that, Mr Jones?

A: The spreadsheet I have used and the answers I have used is to look at the cash usage across those said lines. To get a true picture of everything one needs to take the entire cash account. I have just tried to use the cash usage of transactions that generate cash usage within branch for that purpose between 42 and 51.

THE DEFENDANT: My Lord, may I just say that in doing so Mr Jones has used, as he says, the cash usage and the very question raised in the claim against me is for cash and the cash itself on the balance of these figures shows that there is a £4,000 surplus in that cash, my Lord.

HIS HONOUR JUDGE HAVERY: Am I right in saying this: during the relevant period you have received £316,590 cash? Is that right?

THE DEFENDANT: That is from the rems office, my Lord, to make up the --

HIS HONOUR JUDGE HAVERY: Obviously you need cash at the Post Office --

THE DEFENDANT: Absolutely, my Lord, because (inaudible) customers.

HIS HONOUR JUDGE HAVERY: -- and that is delivered to you in a bag.

THE DEFENDANT: Yes.

HIS HONOUR JUDGE HAVERY: That comes to £316,590.

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: What is being said is that is more than you needed, or should have been (inaudible) the accounts.

THE DEFENDANT: I appreciate what Mr Jones is saying, but he has used an average figure, my Lord, and he also said --

HIS HONOUR JUDGE HAVERY: What he has done is knocked about £16,000 off the cheques to CHEC in week 43, I think. Is that right?

THE DEFENDANT: That is correct, my Lord.

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A: That is correct, my Lord.

HIS HONOUR JUDGE HAVERY: So if he had not knocked it off that £848,000 would be £864,000. Is that right?

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: Then the change would obviously be something like £25,000.

THE DEFENDANT: My Lord, if you add that £18,000 to the £265,000 that Mr Jones says in his average figures would be required, we actually had ordered into the office £316,590 and if you take away then the £35,925.60 what we sent back (that was either unusable or for whatever reason) my Lord, that would leave you with £288,000. So even on his average figures we have --

A: It is only one week that is average, Mr Castleton.

Q: No, I appreciate that, but you have to take into account that average would have been (inaudible).

HIS HONOUR JUDGE HAVERY: What you are saying is adding the £16,000 to (inaudible).

THE DEFENDANT: Yes, my Lord. So if you add that £16,000 to the £265,000 that Mr Jones believes we would have required, it takes us over.

HIS HONOUR JUDGE HAVERY: Putting it another way, if you add the £16,000 to the (inaudible), the change instead of being minus £9,000 is minus £25,000.

THE DEFENDANT: Yes, my Lord. In fact (inaudible) only changed by £4,000.

HIS HONOUR JUDGE HAVERY: Is that coincidental, is it, that it matches the alleged deficit? Or is there a good reason for that?

THE DEFENDANT: No, my Lord, if the cash has only moved by £4,000 and if you add that figure to the £9,000 in the base, £18,000, it gives you £27,000, then it would suggest to me that in actual fact there is no cash missing, my Lord, because the actual cash -- if the average of the cheque is taken away and added into the change, the negative change, you would have a balance at the end of that week of £22,000 a week declared, substantially more than that.

HIS HONOUR JUDGE HAVERY: It has not actually been said there is cash missing, but I see the point you are making. What is actually said is that you required too much cash, more cash than you should have needed for the figures that have been (inaudible).

THE DEFENDANT: I appreciate Mr Jones obviously has not levelled

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(inaudible) cash missing to myself --

A: No, I am looking at the actual transactions.

Q: I appreciate that, Mr Jones.

A: The bottom line is that it is all part of the production of these figures to try and ascertain movement as one facet of the appeal inquiry.

Q: My question from there, my Lord, would be: if those figures were taken into account as I have just explained, then surely the claim against myself is that this cash is missing. Is that correct?

A: It is taken out of context. You are taking that figure out of context of the total account, Mr Castleton. All I have done with this is taken selective figures from the cash accounts and I have repeatedly said what it has been used for. I am not there --

Q: I appreciate, you have explained this.

A: -- illustrating whether there is cash discrepancy or anything of the sort, I am simply demonstrating how I have derived at the figures that appear in my statement.

Q: I appreciate that as well. I do appreciate what you are saying but my --

A: (Inaudible) my explanation as to how those figures are there.

Q: My question from there would be: again these are cash movements that you have depicted in your (inaudible) and from there these totals prove on the cash basis, because you have incorporated the cash basis here on --

A: Cash movements.

Q: -- cash movements, but in order to show the cash movement you have had to incorporate the figures for cash. Is that not true?

A: The majority of the transactions that are cash hungry transactions are predominantly serviced by our customers using cash.

Q: Then that shows by taking payments against receipts that in actual fact there is no cash missing.

A: It does not say that because the figures are not there to use (inaudible), to actually demonstrate whether there is a discrepancy in the total of the cash accounts --

Q: All right, we can leave that.

A: -- which includes payments, which includes a lot of other factors.

HIS HONOUR JUDGE HAVERY: Can I ask just for my clarification, if we

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look at these figures here and take the totals, we have this difference between £838,000-odd and £848,000-odd and if we add back £16,000-odd which you have taken off the cheques for week 43, then the £848,000 becomes about £864,000. Then the difference is about £25,000. Is that just coincidental that it is equal to the amount of the claim or what?

A: That is very possibly coincidental because the usage of these figures is to try and ascertain cash usage, to drill down and ascertain the totality of the balance one would need to bring in every single line entry that sits in the cash account and also you have methods of payment and stock sales within that.

HIS HONOUR JUDGE HAVERY: So these lines that you have here are not complete, they are just a selection, are they?

A: These are an extrapolation from the cash accounts to try and show cash usage within the branch.

HIS HONOUR JUDGE HAVERY: Does that mean there are other items in the actual account which are not comprehended and used for this here?

A: There may be some transactions that are cash transactions, such as the sale of stamps, but customers can purchase those by cheque. So without actually going into the minutiae I was trying to produce a headline snapshot, which is what this is, the cash usage that I believe the branch needed.

HIS HONOUR JUDGE HAVERY: I see, yes.

THE DEFENDANT: My Lord, I think it is a pertinent point that these are derived from cash figures from the cash accounts.

A: They are indeed. And I believe they are accurate.

Q: They are representative of those --

A: Yes.

Q: I believe that they are representative, as Mr Jones has pointed out, of cash figures and therefore, as I said previously, I believe that the coincidence of the £25,000 is not a coincidence, my Lord. It is factual and I believe that, again, as I have said repeatedly, there is no money missing, my Lord. May I move on, my Lord?

HIS HONOUR JUDGE HAVERY: It is up to you. Yes, please do.

THE DEFENDANT: Can we go to page 1 of the exhibit. Again, this is something that you produced, is it not, Mr Jones?

A: It is indeed.

Q: Could we go to tab 46, page --

MR MORGAN: For the sake of the transcript, might Mr Castleton make it

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clear that he is only asking about the typed document and not the manuscript addition?

A

THE DEFENDANT: Sorry, yes. That is my personal additions. I apologise.

HIS HONOUR JUDGE HAVERY: Go on, Mr Castleton.

THE DEFENDANT: If we go to bundle 9, I believe, tab 46, page 2675, this is the final balance from week 46. Can you confirm that for me, Mr Jones, please?

B

A: Yes, correct.

Q: In your first box, the third column, Wednesday, 11 February 2004, is that the same document that you referred to?

C

A: No, these were taken, I believe, from the snapshots.

Q: Is that from a snapshot?

A: I believe that is the case. Sorry, the column --

Q: The Wednesday column.

D

A: Sorry, the Wednesday column. The Tuesday column has been taken from the snapshot.

Q: Yes, I appreciate that, but the Wednesday column.

A: The Wednesday column I believe was taken from your cash accounts that were in the (inaudible).

E

Q: Does the cash account match a final balance on that particular day, Mr Jones?

HIS HONOUR JUDGE HAVERY: Which page are we looking at now?

F

THE DEFENDANT: It is page 263 onwards, my Lord.

A: The stock and (several inaudible words) £33,140 in cash.

Q: Are you happy that that represents the final balance?

A: I have stated yes.

G

Q: May we use the final balance to reproduce the figure in the Wednesday column under total receipts? Are you happy to do that or would you like to do it from the cash accounts?

A: I am perfectly happy to do it from this piece of paper.

H

Q: So the total receipts into the office, could you confirm that figure for me,

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please?

A: On which day?

Q: On Wednesday, 11 February 2004.

A: £83,215.41.

Q: Could you take that as a total for me from the final balance? I believe it is the bottom right-hand of the column.

HIS HONOUR JUDGE HAVERY: Where is the final balance?

THE DEFENDANT: It is page 2675, my Lord, and it is the right-hand column, the very bottom figure.

HIS HONOUR JUDGE HAVERY: £139,785?

THE DEFENDANT: Yes.

HIS HONOUR JUDGE HAVERY: That is the total receipts.

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: What are you asking the witness to do?

THE DEFENDANT: To confirm that that is the figure of the total receipts, my Lord.

A: The total receipts, however, you need to deduct -- that includes balance brought forward. Because a cash account rolls forward, it is the figures that were in the (inaudible).

Q: Do you have a calculator there, Mr Jones?

A: I do not have one, no. (Pause while given calculator).

Q: Could you tell me the figure you have come to there, please?

A: It is £66,959.

Q: Is that the same figure that it came to on that particular day?

A: I cannot recall what that was made up from.

Q: Is it not total receipts?

A: It should be.

Q: Is that the correct figure for that day?

A: That is the correct figure.

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Q: Could you confirm which figure is correct?

A: The correct figure is £66,795.

HIS HONOUR JUDGE HAVERY: I think you said £66,959.

A: Yes, sorry.

HIS HONOUR JUDGE HAVERY: Instead of the £83,215. Is that right? I am now looking at page 1 of X4.

A: It is £66,959.

HIS HONOUR JUDGE HAVERY: So the £83,215 is wrong. Is that right?

A: I cannot recall where I have derived that figure from.

THE DEFENDANT: Is it correct? Are you happy with £66,000?

A: The £66,000 would appear to be the number.

Q: So between the balance snapshot and the Wednesday final balance the £39,012.09 would be wrong also, am I right in stating?

A: I would need to check the snapshot figures.

Q: We can do that. It will be bundle 10, tab 46, page 2906.

HIS HONOUR JUDGE HAVERY: Just a minute, do you not have the wrong day there?

THE DEFENDANT: Sorry, I apologise. No, that is correct, my Lord.

HIS HONOUR JUDGE HAVERY: That is 5.46 on the 10th and the one we have been looking at 2675 is 8.16 on the 12th.

THE DEFENDANT: Yes, my Lord. That is the Wednesday balance. We are comparing the Tuesday to the Wednesday, my Lord.

HIS HONOUR JUDGE HAVERY: I see. What figure do you want to put to the witness? £2,906 is it?

THE DEFENDANT: The witness would like to confirm the £44,203.32, I believe. Is that correct, Mr Jones?

A: That is correct.

Q: So then the £39,012.09 must be wrong. Is that correct?

A: On these figures that would appear so.

Q: Are you happy with those figures?

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A: Yes. As I say, I cannot derive where that figure on Wednesday came from. I cannot recall.

A

Q: Could you give me the actual movement on that day?

A: Circa 22.

Q: So from there, where you state the branch receives £15,300 more in receipts than in payments, is that still the case?

B

A: From these figures that would appear not to be the case.

Q: Are you happy with those figures?

A: I am indeed.

C

Q: So that is factual then, as far as you are aware.

A: As far as I am aware.

HIS HONOUR JUDGE HAVERY: Why do you have under the Tuesday column as payments precisely the figure of receipts for what I think is probably the 11th, this £66,959 that you calculated a moment ago?

D

A: I cannot recall, your Honour.

HIS HONOUR JUDGE HAVERY: What is this thing anyway, Mr Castleton?

THE DEFENDANT: It is something that Mr Jones prepared for the appeals

E

panel where he provided me with proof that cash came into the office but was not in actual fact accounted for. But because of the discrepancies in the figures then the assertion, I believe, is not correct. Do you believe that, Mr Jones?

A: There would appear to be just for 46 a figure that I am not sure where that figure was originally derived from.

F

Q: So you are happy that in week 46 your assertion that £15,000 came into the office but in actual fact was not accounted for is incorrect?

A: The branch receives £15,000 greater than receipts, I would concur that that would appear to be incorrect.

G

HIS HONOUR JUDGE HAVERY: Can you help me, Mr Castleton? Where has this £15,000 come from?

THE DEFENDANT: Prior to changing the figures in the total receipts to the correct figures, my Lord, the difference occurred in the £39,012.09 because the calculation itself --

H

HIS HONOUR JUDGE HAVERY: Where is that?

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THE DEFENDANT: It is the fourth column from the left, my Lord, in the upper part. You will see £39,012.09.

A HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: That has been deemed to be incorrect by Mr Jones because his £83,215.41 was incorrect, my Lord.

HIS HONOUR JUDGE HAVERY: It should be £66,959. Is that right?

B THE DEFENDANT: That is right, my Lord, and that produces circa £22,000 total receipts.

HIS HONOUR JUDGE HAVERY: So the difference, instead of being £39,000 is £22,000.

C A: It is actually £22,077.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: So, as Mr Jones has just clarified, he does not believe that the £15,000 was not accounted for by the Marine Drive branch. Can we move on to 47, please. Again, it is bundle 10, tab 47, page 2696.

D HIS HONOUR JUDGE HAVERY: That will be in volume 9.

THE DEFENDANT: I am sorry, my Lord.

HIS HONOUR JUDGE HAVERY: I think it is probably 2956 or maybe 2955, I do not know.

E THE DEFENDANT: Could we go to page 2696, my Lord.

HIS HONOUR JUDGE HAVERY: In volume 9?

THE DEFENDANT: Yes, please. On there you will find the cash declarations for the week and I believe (inaudible) 17, which shows a cash F declaration on that day of £74,939.85, which is, I believe, depicted in the first column, the third figure from the bottom. Is that correct, Mr Jones?

HIS HONOUR JUDGE HAVERY: I am looking at £74,939 at 2696. Do you want me now to look at something else?

THE DEFENDANT: Back to exhibit 4, page 1.

G HIS HONOUR JUDGE HAVERY: Yes.

A: The figure you are referring to, Mr Castleton, was not taken from these.

THE DEFENDANT: No, it was taken from the balance snapshot, was it?

H A: I am not sure. I can assume it was taken from the balance snapshot.

LCAS0001382

Q: So by saying that the cash in the office on that day, surely you would have looked at the cash declaration.

A: Not if they were not available to me.

Q: Were they not available to you? Or can you not remember?

A: I cannot recall what came (inaudible) the bundle.

Q: Is the cash figure correct?

A: I cannot answer that. I do not know whether what has been keyed into here is correct.

Q: On the cash declaration the figure is £74,939.85, yet that is not depicted on your Tuesday cash summary. Should it not depict the actual cash figure of £74,939.85?

A: I am not sure whether that figure has been derived from that particular document.

Q: If you are not sure --

A: I cannot recall whether that particular entry came from that document you were showing me at page 2696.

Q: On your document in cash account 47 under "cash" should that not read the cash declaration?

A: If that is the final cash declaration that has been done in that branch at that date, then that should be the cash figure.

Q: Which would be?

A: It would be £74,939.

Q: Would that leave a discrepancy in the branch receipt of £4,700?

A: Sorry, Mr Castleton?

Q: You state, using the figures that you have, that the branch --

A: I cannot state with certainty that I took the cash figure from that particular statement.

Q: Is there any other place you could have taken it from?

A: Potentially from the snapshots.

MR MORGAN: Perhaps I might assist Mr Castleton since he has obviously not looked at this. It is in bundle 10 at page 2963 behind divider 47.

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HIS HONOUR JUDGE HAVERY: This is a snapshot, is that right, Mr Morgan?

A

MR MORGAN: My Lord, yes, it is a balance snapshot produced at 17.29 on 17 February, which is the Tuesday referred to in Mr Jones' schedule.

HIS HONOUR JUDGE HAVERY: This, I would guess, shows a discrepancy of £6,776 between the two documents, having regard to the manuscript (inaudible) 2696.

B

A: It is £68,163 is where I have derived that cash figure.

HIS HONOUR JUDGE HAVERY: Where do we find £68,163, Mr Jones?

A: It is on the left-hand side.

C

HIS HONOUR JUDGE HAVERY: I see.

A: Under "cash". There is stock (inaudible) value £68,163.08.

HIS HONOUR JUDGE HAVERY: That is where you have got your figure from?

D

A: That is where I will have derived my figure from.

HIS HONOUR JUDGE HAVERY: Thank you. Can you explain, Mr Jones, why the figure at page 2696 differs from the figure at page 2963? They are both 5.29pm on 17 February 2004. Can you explain that?

A: I cannot, your Honour. I am not an expert in Fujitsu.

E

HIS HONOUR JUDGE HAVERY: Very well, if you cannot, you cannot.

A: All I can deduce from (inaudible) is that potentially -- the snapshot would say what the computer thinks the figure should be. The actual cash declaration (inaudible) the original keys to the accounts. So potentially you could run a report that you could ask the computer to produce that balance

F

snapshot and then potentially immediately produce a cash declaration.

HIS HONOUR JUDGE HAVERY: So you are saying the £68,163 you believe to be calculated by the computer, not directly (inaudible), is that right?

A: Utilising this documentation here was trying to ascertain the movement

G

between cash deposited on a Wednesday from a car auction in Bridlington into the branch. The documentation that (inaudible) would indicate that that figure has been taken from the snapshot.

HIS HONOUR JUDGE HAVERY: My question was, the snapshot being at page 2963, you may not know the answer, but I understood you to say that

H

the £68,163 cash shown on that page is a computer figure, not something actually tapped in by someone at the Post Office.

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A: That is correct, that is what the figure should have been.

HIS HONOUR JUDGE HAVERY: I follow. So when we see the figure of £74,939 that is something which is presumably counted by those present --

A: And keyed into the system.

HIS HONOUR JUDGE HAVERY: So would there be any -- you may not know, perhaps I will not ask you. I was just wondering whether that figure, £74,939, would appear in any of these other documents, but I do not think you would know that, would you?

A: I would not, no.

THE DEFENDANT: So again, from there, it is an incorrect figure. Do you agree?

A: From the information that I have compiled (inaudible) these sheets, I am taking the figure that sits in that. I cannot comment on the accuracy of £74,939, which is somewhere in the region of £6,500 difference, on a snapshot (inaudible) than cash that is either there or not there.

Q: So you are saying the difference is there between the two documents. Is that correct?

A: No, there is an apparent difference between the two documents. I cannot confirm whether that was keyed or not keyed.

Q: That is fine. Again, if we move to tab 50 in bundle 10, page 2748.

HIS HONOUR JUDGE HAVERY: You are looking for the Wednesday figure, is that right, or the Tuesday?

THE DEFENDANT: It is actually the Tuesday figure. We can find it on 3008, weekly cash flow report there. That is the figure at 08.31 on the 9th, which is in the morning. So it is 3009 where at 17.34 we have £37,412.67 but Mr Jones has used £44,937.35 (inaudible).

A: I have not taken that from the cash flow figures. I did not have your cash flow figures when I was doing the report.

Q: I see. Was that taken from the balance snapshot?

A: I would make the assumption it is. I only make reference to documentation that I have and when I am presented with a bundle (inaudible) the appeal. I do not have access to that information or that information was (inaudible).

Q: We now go back to bundle 3, page 502, that is your witness statement. Can you tell me what that document is, please?

A: It is former sub-postmaster account statement (inaudible).

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Q: How is that generated?

A: I am not sure. I believe it would come from Chesterfield, the financial accounting division.

Q: If we look at 17 March there, is that an error notice? We could refer back to page --

A: I would probably (inaudible) there is an automatic product. It does not give a line entry.

Q: No. Could you turn back to page 499, please. Can you tell me what that document is?

A: This is a (inaudible) postmaster errors.

Q: What is it for?

A: I can only assume it is for a TESSA account but the T is missing.

HIS HONOUR JUDGE HAVERY: Just a minute, it cannot be TESSA, can it, it is EASM.

THE DEFENDANT: It is an easy access account, my Lord. Those are the new accounts.

HIS HONOUR JUDGE HAVERY: It does not seem to be very easy access with a 24-digit code.

THE DEFENDANT: It is an error for that amount, yes?

A: £1,256.88.

Q: When was that transacted according to this error notice?

A: The statement (inaudible) this document says it was not put through the automated payment system on 17 March.

Q: So it was not transacted in the office on that day, which then would have generated an error notice. Is that correct?

A: This is a statement of errors which would indicate that that particular transaction did not go through the system on 17 March.

Q: Then if we turn over one more page to 500, can you see the entry at 03.38?

A: I can indeed.

Q: Would you say that was the same transaction?

A: There appears to be an identical reference of (inaudible).

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Q: What day was that transacted?

A: That was 13 May 2004.

Q: In the final two columns, can you tell me the headnotes of those two, please, what the columns are called.

A: Adjusted by RSM, authorised (inaudible).

Q: So would that mean that the account was adjusted on that day?

A: I am not sure. I do not deal with this particular type of document so I could not give you (inaudible).

Q: That is fine, I am just asking your opinion. Having not been transacted in the former page on 17 March and having raised (inaudible) and error notices on page 502 for the same product referring back to 17 March, what day could you confirm for me was the transaction placed, on page 500?

A: The date is 13 May 2004.

Q: Have you ever had any experience of this before?

A: I do not deal with this documentation so I do not (inaudible).

Q: Right. These error notices were presented to me in my appeal, I believe. Is that correct?

A: The discussion I believe I had with you (several inaudible words) the error notices that I had been presented, or the statements of error notices, that had happened in your branch that Chesterfield, the financial accounting division, had supplied me with (inaudible).

Q: Would that have been that document?

A: No. It would not have been that document. It was purely an e-mail detailing (inaudible).

Q: That e-mail would have detailed that same document?

A: No, it would not.

Q: Is there a copy of the e-mail in your statement?

A: I do not have a copy of that e-mail.

Q: When was I suspended from the office, Mr Jones?

HIS HONOUR JUDGE HAVERY: There is no dispute about that, is there?

THE DEFENDANT: No.

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HIS HONOUR JUDGE HAVERY: You know when you were (inaudible). You can tell the witness if you want to and put a question to him about it.

A

THE DEFENDANT: I was suspended from the office on 23 March. But this transaction took place on 13 May, which you have already confirmed to me.

A: The transactions appear to have been adjusted on 13 May.

Q: If we go back to page 499, it says there that (inaudible) has not put through the automated payment system on the 17th. Is that correct?

B

A: 17 March 2004.

Q: Yes, so then the transaction was adjusted, as you correctly say, on 13 May. Is that true?

C

A: That is indicated by this document here, yes.

Q: So that would have caused an adjustment (inaudible) account. Is that true?

A: I am not sure how that would have been adjusted from (inaudible) accounts. I am not sure.

D

Q: No, I appreciate that, I am just asking.

A: I am not sure how that (inaudible).

Q: When presented with this document would you believe that that was adjusted on 13 May?

E

A: It would indicate there has been some adjustment made. It may well have been because it is a (inaudible) account the adjustment was made direct to the customer. Because we would not under normal circumstances ask an interim sub-postmaster or a (inaudible) sub-postmaster to adjust an error in our business. That is most unlikely and I am not aware of any situation where we would do that. We may adjust a customer, ie (inaudible) a cheque

F

or a credit (inaudible) the transaction would be credited. So we may adjust a customer but it is unlikely that that would (inaudible) at that branch.

Q: This says on the top left-hand side of the document this office (several inaudible words) 337. Is that true?

G

A: That is correct.

Q: So that is not (inaudible) to a customer, is it?

A: No, what I am referring to is if a customer has lodged a transaction here that has not been processed through (inaudible), that customer is disadvantaged to the sum of £1,256.88. If we as a company decide to credit

H

that, I am not sure how we would do it, but the accreditation in terms of adjustment would be made to the customer, however the balance due from

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the (inaudible) account is still (inaudible).

A Q: All right, but it is not an accreditation, is it? It is a charge, it says on the previous page.

A: All right, a charge, yes. It is a charge outstanding but we would credit the customer.

B Q: But it is a charge. In this particular document it is a charge to the office, is it not?

A: Yes, we are charging the office (inaudible).

Q: That is fine.

C A: However, if the customer is disadvantaged by that sum we would make a payment to that customer but the figure would still sit in the (inaudible) but you would need to confirm that with Chesterfield.

THE DEFENDANT: No, that is fine. I am happy with that (inaudible). Obviously it is an adjustment on (inaudible). Thank you.

RE-EXAMINATION BY MR MORGAN

D MR MORGAN: Mr Jones, let us try and put this last point to bed first. Can you look, please, at paragraph 8 of your statement at page 482. It is bundle 3, behind divider 60, paragraph 8. Can I ask you to read to yourself to two-thirds down the paragraph. (Pause). Have you done that, Mr Jones?

E A: Indeed.

Q: Could you turn to page 502 now, behind divider 61, and look at the second (inaudible) cashier credits dated 20 January 2005. What does that entry suggest to you?

F A: It suggests all these sums are outstanding, the 20 January one as credits delivered to the branch with the amount from 17 March 2004.

Q: Can you confirm that paragraph 8 of your witness statement is true?

A: I can.

Q: Can we go back, I am taking the points in reverse order.

G HIS HONOUR JUDGE HAVERY: While we are on this point, the purpose of this was to credit the postmaster who then at the material time has succeeded Mr Castleton. Is that right?

MR MORGAN: My Lord, no. If one looks at the name --

H HIS HONOUR JUDGE HAVERY: It is a credit to the customer, is it?

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MR MORGAN: No, if one looks at the top of page 502 Mr Jones will no doubt explain.

A: This is the statement of the former sub-postmaster account. The transaction from 17 March, automated payment, has been credited back in (inaudible) charges being credited back in (inaudible) defines the final outstanding balance from the branch.

HIS HONOUR JUDGE HAVERY: So that is credited back to Mr Castleton - -

A: It is credited back to (inaudible).

HIS HONOUR JUDGE HAVERY: -- (inaudible) in your witness statement (several inaudible words) claim against him. Is that right?

A: Yes.

MR MORGAN: Mr Jones, what does a balance snapshot show?

A: A balance snapshot shows the statement at any one time of the position of the branch, the Horizon computer system automatically generates a cash figure from the transactions that have been undertaken that week that should balance that account, if the cash is there.

Q: By what are the figures produced? Are they produced by a human or by computer?

A: No, it is purely generated by the computer system.

Q: On what does the computer base the generation of its figures?

A: The start point is the rollover of the cash account to define a balance brought forward, which is the total of the cash (inaudible) branch that the postmaster declares on close of play on a Wednesday. Then all transactions that happened in the following cash account week are either added in or deducted, depending on the type of transaction. Therefore the balance snapshot will show a hypothetical position at any one time that you choose to request that from the computer. It does not require you to enter (inaudible) to generate that report.

Q: Sorry to try and summarise it, but I think it might be quicker. It is a reflection of the entries that have been made on the (inaudible) simply totalling them up (inaudible).

A: Yes.

Q: What does a cash declaration show?

A: A cash declaration shows the actual figures that are entered by the operator in the (inaudible).

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Q: Having given that answer, Mr Jones, could you please take, and I hope you can still find it, the piece of paper that we called exhibit 3. This was the cheque rems for week 49. If you take that document and turn to the third page, do you have there a cheque listing of this (inaudible) for 26 February 2004 at 5.05 in the evening?

A: Yes, I do.

Q: Could you please take bundle 11B. Your Lordship has it on the desk. It is one of those bundles where when I was reading the case my heart sank, but if you could turn to page 3692 behind divider (inaudible). Mr Jones, your evidence was that product number 2 was a cheque and product number 11205 was a rem out. Do you remember that?

A: Yes.

Q: Looking at that last page of exhibit 3 and bearing in mind that it is a rem out for £99.77, could you look down the columns on page 3692 and find any rem outs for cheques.

A: There is one rem out (inaudible) Data Central.

Q: That is for what figure, Mr Jones?

A: For £99.77.

Q: Will you bear with me, please. Do you have a pen and a piece of paper?

HIS HONOUR JUDGE HAVERY: This is the one where the time is 17.06.20, is it?

MR MORGAN: Yes, 17.06.20 and 17.06.23.

A: I apologise, I do not have any paper. (Handed paper).

Q: Would you play this game with me? Would you write down the figure of £99.77, please? And would you then turn back in exhibit 3 to the page before and look on the left-hand side and see the cheque listing and the remittance out slip for 27 February. Can you tell the court what figure appears there?

A: In the top right-hand column cheque (inaudible) £1,052.43 and the remittance out is the same, £1,052.43.

Q: Again, would you please turn to page 3699 and would you look down the column of product numbers to look for a 2 and an 11205.

A: Yes.

Q: Would you like to tell the court at what time that is shown on page 3699.

A: It is 16.54.

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Q: Does that correspond with the rem out slip?

A: Yes, it does.

Q: Therefore would you take that figure of £1,052.43 and write it underneath the figure of £99.77. So that was the Thursday and the Friday of week 49. Would you now look in the right-hand column for Monday, 1 March 2004 and could you tell the court what you see there for cheque listings.

A: It is £822.50.

Q: Would you be kind enough to tell the court what time that cheque listing and rem out occurred.

A: The rem out occurred at 17.25 on 1 March.

HIS HONOUR JUDGE HAVERY: Was it not 17.26?

MR MORGAN: It was 17.25, my Lord, I think. Then turn on to pages 381 and 382. Do you see there a figure for rem out?

A: At 08.22.50, yes I do.

Q: That is at the same time as well, is it not?

A: It is, indeed.

Q: Would you be kind enough again to write that figure underneath in the column. We are nearly there, Mr Jones. Would you turn back a page to Tuesday's cheque listing, Tuesday 2 March. Can you tell the court what figure was remmed out on that day?

A: It was £211.22.

Q: That is 2 March?

A: I apologise, it is £1,333.51.

Q: What time was that remmed out, please?

A: That went out at 16.27.

Q: Could you look at page 3821.

A: That was remmed out at 16.27.

Q: Can you include that figure on your list as well, please. Finally from the list of documents --

HIS HONOUR JUDGE HAVERY: Just a moment.

LCAS0001382

MR MORGAN: I beg your Lordship's pardon. If your Lordship looks down the mode column --

A

HIS HONOUR JUDGE HAVERY: I am sorry, I do see it.

MR MORGAN: In fact it is easier to pick it up from the mode definition, which is RODC.

HIS HONOUR JUDGE HAVERY: Thank you.

B

MR MORGAN: This is all as a result of getting these documents to Mr Castleton this morning, we are able to see where it comes out. Finally, the Wednesday cheque listing on 3 March, could you tell the court what figure that is?

A: On 3 March, £211.22.

C

Q: Could you look, please, at page 3829, this is the page you were taken to by Mr Castleton. I think you have already identified the rem out figure at 16.37 (inaudible).

A: Indeed.

D

Q: Could you add that figure to your list and would you be kind enough to perform a little manual labour, with a calculator even. (Pause). Do you have a figure for total remittances out in that week?

A: It is £3,519.43.

HIS HONOUR JUDGE HAVERY: Could you repeat the figure?

E

A: It is £3,519.43.

MR MORGAN: Please take exhibit 2 and look in the right-hand column. Can you tell the court what figure you find in there for remittances out?

HIS HONOUR JUDGE HAVERY: Towards the bottom right I think you

F

will find it.

A: It is £3,519.43.

MR MORGAN: Would that suggest to you how that figure is produced?

A: It would indeed.

G

Q: How would it be produced?

A: It would be produced by the accounts system adding the (inaudible) figures out to remmed (inaudible) together at the end the week and transferring that total to that line entry.

H

Q: Given the explanation you have just given this court about how a balance

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snapshot works, are you able to offer any explanation as to why there might be a difference between the balance snapshot figure for cheques and the remittance out figure for cheques?

A

A: Only that from the snapshot a reversal has taken place to adjust the figure that appears in a final account.

Q: Moving on to exhibit 4, this is your document and some annotations by Mr Castleton. I just want to give you an opportunity to explain to the court what you were doing here. Can you tell the court from where these figures were extracted?

B

HIS HONOUR JUDGE HAVERY: Which page are you looking at?

MR MORGAN: It is both pages, but principally the second, page 2.

C

A: They would have been taken from the documentation I had available to me, which would have been the snapshot or the final figures, from the case file that I was presented with.

Q: What other information could you have included?

A: None really.

D

Q: What were you trying to do?

A: The purpose of the analysis was trying to ascertain the cash that was being declared at the branch at the end of the (inaudible) the differential between the snapshots and the final balance to account for one single transaction that we knew was a cash transaction going into the branch, to derive some analysis to the difference between the snapshots that were happening through the week and the final balance.

E

Q: You have referred on occasion to a statistical analysis of cash usage. Why were you conducting a statistical analysis?

A: I was trying to demonstrate that there was concern in the case papers that the cash being declared at the branch did not match the figures that were previously -- the final figure that is declared at the end of the cash account period did not match the figures that were being generated from the snapshots in the report that I was given that was undertaken by Cath Oglesby as part of the original disciplinary hearing.

F

Q: What difference is there between the exercise that you conducted and that of an audit?

G

A: The difference between what I am conducting, I am trying to demonstrate movements of cash where there may be discrepancies occurring that we could not (inaudible) or there was not a logical explanation for. But an audit is a physical verification of the cash stock in hand on branch when an audit is taking place.

H

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Q: Which is definitive?

A: The audit.

MR MORGAN: Mr Jones, thank you very much. The learned judge may have some questions for you.

HIS HONOUR JUDGE HAVERY: No, I have no further questions. Thank you very much, Mr Jones.

MR MORGAN: My Lord, can Mr Jones be released?

HIS HONOUR JUDGE HAVERY: Yes.

(The witness withdrew)

MR MORGAN: I am grateful. Might I just mention one thing to Mr Castleton?

HIS HONOUR JUDGE HAVERY: Yes, of course. (Pause).

MR MORGAN: My Lord, I am just trying to see whether there are one or two witnesses who might conveniently be fitted in so that they can be released today. (Pause). I hope this might be convenient.

HIS HONOUR JUDGE HAVERY: Yes, it is certainly better to do that if we have time.

MR MORGAN: May I call Andrew Dunks?

HIS HONOUR JUDGE HAVERY: Yes.

MR ANDREW DUNKS (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Please state your full name.

A: Andrew Paul Dunks.

Q: Mr Dunks, please could you confirm to the court your business address.

A: It is (inaudible) Services, Lovelace Road in Bracknell.

Q: I hope somewhere in front of you you will find a bundle with number 3 on the front. I think it might be that open bundle on your right-hand side.

A: Yes.

Q: Could you please turn to divider 52 and could you tell the court what you find there at page 339.

A: The witness statement that I supplied.

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Q: Could you please turn through that witness statement all the way to page 346 and could you tell the court what you find there, please.

A: The end of my statement.

Q: Is there any writing on the --

A: At the bottom it says: "I believe the facts I have stated in this witness statement are true."

Q: Whose signature is that?

A: That is mine.

Q: Have you had a chance to re-read this witness statement?

A: I have, yes.

Q: Are there any corrections that you would like to make to it?

A: No.

Q: Are its contents true?

A: Yes.

Q: Would you like this statement to stand as your evidence-in-chief?

A: Yes.

MR MORGAN: Would you wait there, please, Mr Castleton will have some questions for you.

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: I see from your statement that you wrote down the contents of the (several inaudible words). Is that true?

A: Yes.

Q: That has been done obviously in your own experience from the (inaudible).

A: No, they were not the (inaudible) of the calls, they were cuts in the (inaudible) the data from the calls themselves.

Q: There is just one (inaudible). On 25 February by, you will have to forgive me, (inaudible). Is that correct? Page 344 of your statement. Could you just read through that and refresh your memory, please.

HIS HONOUR JUDGE HAVERY: Which one? Is it paragraph 19?

THE DEFENDANT: I am sorry, it is 25 February, my Lord, paragraph 20.

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HIS HONOUR JUDGE HAVERY: Would you read that please (inaudible).

A: I remember that (inaudible), yes.

THE DEFENDANT: Can you explain to me what a critical event is, please.

A: No, I cannot. It is not my --

Q: It is not your (inaudible). What sort of role do you take within the --

A: I work within the security team within Fujitsu Services. I undertake a number of different roles within that.

Q: Could you, for the purposes of the court, help us to understand what kind of roles you (inaudible).

A: It is to do with (inaudible) key management (inaudible), vulnerability management and virus management and things along those lines.

Q: So on this particular occasion the critical event was not anything to do with a virus or security then.

A: I cannot say. I do not know. I have to say, I had no dealings in any of these calls whatsoever. As it says in my statement, it says that I generated these calls just for the purposes of the court. So for the (inaudible) to see what the wordings in the calls were.

Q: But you do not actually have anything to do with any of the wordings and (inaudible), you just --

A: No, I do not. I think it says in my statement that I have no experience of any of these calls, I think it says that near the (inaudible).

Q: I believe it is paragraph 2 (inaudible).

HIS HONOUR JUDGE HAVERY: At the bottom, yes.

THE DEFENDANT: Do you have anything within your job description to do with (inaudible) contact, (inaudible) knowing whether any computer is connected to the main system or not?

A: No, I do not.

Q: You do not deal with that at all?

A: No.

THE DEFENDANT: That is fine. I have no further questions, my Lord.

HIS HONOUR JUDGE HAVERY: No, thank you very much.

MR MORGAN: My Lord, might this witness be released?

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HIS HONOUR JUDGE HAVERY: Thank you, Mr Dunks. Yes, you may go.

A

(The witness withdrew)

MR MORGAN: My Lord, might I call Greg Booth.

MR GREGORY BOOTH (SWORN)

B

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Please state your full name.

A: Gregory John Booth.

Q: Mr Booth, could you give the court your address, please.

C

A: GRO

Q: Could you look and see if you have bundle 3 open on the desk in front of you. Could you turn, please, to tab 62 in bundle 3 and could you tell the court what you find there, please.

D

A: It is a statement which I gave.

Q: Have you moved since you gave your address as GRO GRO

A: Number 401 Scorby Road is the business address.

E

Q: I am grateful. Could you turn on to page 544 and tell the court what you find at the bottom of that page.

A: It is my signature and date.

Q: Have you had an opportunity to read this statement recently?

F

A: Yes.

Q: Are there any corrections that you would wish to make to it?

A: No.

Q: Are its contents true?

G

A: Yes.

Q: Could you turn on, please, to tab 64 and tell the court what you find at page 610.

A: It is a supplementary statement.

H

Q: Could you please look at page 612 and tell the court what you find at the

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end of that statement.

A: My signature and date.

Q: Again, have you had an opportunity to read this statement recently?

A: Yes.

Q: Are there any corrections you would wish to make to it?

B

A: No.

Q: Taken together are the contents of those two witness statements true?

A: Yes, they are.

C

Q: Do you want those statements to stand as your evidence-in-chief?

A: Yes.

MR MORGAN: Mr Booth, I am grateful. Can you wait there, please, Mr Castleton has some questions.

D

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Could we turn to page 541 of tab 62, please. Could you read, just for your own refreshing, paragraphs 4 and 5, please.

A: Yes.

E

Q: You employed John Train as an assistant. Was that through necessity? Did you require an assistant at that point?

A: Yes. (Inaudible) judgment that the office was too big for one person to run on their own.

Q: Can I ask you why you did not employ Christine Train?

F

A: I was not allowed by the Post Office to do so.

Q: Could you give me a reason for that?

A: As I understand, because she had previously been employed behind the counter at the time the discrepancies arose.

G

Q: Who explained that reason to you?

A: Cath Oglesby.

Q: That was the only reason that was given?

H

A: Yes.

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Q: I notice that you in paragraph 7 go into detail about suspense account payments Mrs Oglesby had asked you to make to prove the system. Is that correct?

A: Yes.

Q: When you went through this scenario of placing a fictitious amount into (inaudible) and then removing it, was that done by yourself?

A: Yes, it was.

Q: Was there any instruction on your behalf by anybody else?

A: From Cath Oglesby.

Q: From Mrs Oglesby?

A: Yes.

Q: Mrs Oglesby instructed you how to use the suspense account, or helped you use the suspense account?

A: She asked me to make the entries concerned.

Q: Was there any discussion as to how those entries needed to be made? Did she instruct you in any way?

A: I cannot remember in detail, but probably she did.

Q: The reports that were printed after that scenario where you actually placed the amount in and then took it back out, was Mrs Oglesby able to read those balances?

A: Yes. From memory, she did have copies of them.

Q: Did she understand those copies?

A: You would have to ask her that.

Q: I already have, yes. In your opinion were you able to discuss the findings of those documents with her?

A: What she said to me was that they indicated that the system was working accurately.

Q: So she gave you that indication?

A: Yes.

Q: Are you familiar with the way the system works with respect to suspense accounts?

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A: It is not something I have used a lot.

A Q: No, I can appreciate that.

A: It actually works slightly differently now, I think, to what it did then.

Q: That is fine. At some point during your tenure at Marine Drive did Mrs Oglesby arrive with respect to my interview in Darlington to take away anything specific in order for her to facilitate that interview?

B A: Not that I can remember.

Q: You cannot remember. She never needed to take anything from the office in order for her to do an investigation?

A: Not whilst I was there, I do not think. There may have been papers she C had probably taken previously.

Q: That is fine. So she never took any documents or papers while you were there.

A: Not (inaudible).

D Q: On page 544 and in paragraph 18 can you refresh your memory with that, please.

A: Yes.

Q: Firstly, whilst I have read it on numerous occasions, I would like to apologise if that is the feeling you had at that time, but, secondly, could we E just touch on the actual reasons for me not wishing you to be placed back in the office. Did I specifically give you any reasons as to why?

A: Not that I can remember.

Q: You cannot remember.

F A: Except to the extent that I do not think you wanted any further changes of personnel there. I think you were of the view that customers were less than happy with change after change.

Q: Over the period that you were in the office you paid me a sum total of how much?

G A: (Inaudible) £255.

Q: And that is over how long a period?

A: Five weeks.

Q: What did that cover?

H

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A: That was just a notional figure for use of the area of the premises occupied by the Post Office.

A Q: Did that include anything else other than the area occupied by the Post Office?

A: Obviously the necessary light and heat (inaudible).

Q: So an all-encompassing payment of gas, electric, the whole (inaudible)
B and everything.

A: Yes.

Q: A sum total of £255 for five weeks. Is that true?

A: Yes.

C Q: In the same paragraph you refer to a telephone conversation with -- if you would like to read through it for yourself for your own -- can I ask you when that took place?

A: That latter conversation with your father-in-law, when I was considering moving back there at Cath Oglesby's request to do so.

D Q: It was my father-in-law that rang you?

A: I certainly had a phone conversation with him.

Q: This was not the barrister then? I am sorry, I took it to mean that the barrister of (several inaudible words). Is that not correct?

E A: (Inaudible).

Q: Or are you saying now that it was actually my father-in-law?

A: In actual fact, my memory is a bit vague on this, but I think (inaudible) the barrister did phone me.

F Q: And a name for that barrister?

A: I do not have a name.

Q: So you cannot remember the conversation at all?

G A: Not in great deal. He did say he was acting for a pension fund.

Q: And no name or anything?

A: No, I do not have a name.

Q: All right. Finally, I would just like to visit some of the figures produced
H in the office over that period. Could we turn to page 571 in the next tab.

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Could you explain to me the box at the top of the (inaudible), please, and what that depicts.

A: That particular one shows a loss found against the (inaudible), the introduction of amounts into the suspense account.

Q: And that would be what you would expect to see for the process that you did.

A: Showing a net discrepancy of £101, give or take a pound or two.

Q: Yes, I think you had a very small running loss at the time. So that would be correct in what you had seen.

A: That is what I would have expected to see.

Q: That is fine. If we leave that open, please, and turn in bundle 9 to page 2724, whilst comparing those two documents, would that be what you would expect to see after a payment has been made into the suspense account?

A: I cannot answer to what was actually done in that particular week.

Q: All right.

A: Therefore I cannot say what should or should not appear at the top of it.

Q: But on your particular document it clearly shows the payment that you made into (inaudible), does it not?

A: Yes, it does.

Q: That is not represented in the payments on the final balance of that particular week.

A: Sorry?

Q: On the week 49, page 2724, that is not reflected in the way that this is depicted.

A: I was not there in week 49. Week 49 shows a discrepancy of £3,500.

Q: If you turn over the page to 2725, there is one column of figures there which is the back half of the final balance. In unclaimed payments, was there a payment made into table 2A?

A: (Inaudible).

HIS HONOUR JUDGE HAVERY: But this witness is not put forward as an expert witness. He was not there on week 49.

THE DEFENDANT: No, but (inaudible) in the comparison to the work that he did and he is a very experience postmaster, my Lord. It will be redressed

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with Mrs Morgan, who I believe is an expert.

A HIS HONOUR JUDGE HAVERY: I think this is the wrong witness to ask questions other than about things that he has personal knowledge of.

THE DEFENDANT: That is fine, thank you.

MR MORGAN: I have no further questions.

B HIS HONOUR JUDGE HAVERY: You have expressed an opinion and I had better ask you about it, Mr Booth. First of all, would you look at your statement in bundle 3 (inaudible) at page 543. At paragraph 14, letter D, you say, starting on the third line of that paragraph:

> "If the card swiper fails to read the card it would not misread and record erroneous information, rather it would simply not read any
C information at all."

My question is: how do you know that?

A: That has always been during my experience.

HIS HONOUR JUDGE HAVERY: Thank you. Then if you turn on to tab
D 64, page 611, and perhaps you would also have a look at page 610, paragraph 4, where you say that you have experienced just one occasion where the computer froze and did not record a transaction that was partially completed. Then in paragraph 6 on page 611 you say that the information was generally not recorded. How do you know that it is generally not recorded? Is that just from one experience you have had?

E A: That is the only experience I have had. At the time I produced my initial statement I had never experienced a problem of that nature.

HIS HONOUR JUDGE HAVERY: I see.

A: But the reason for the supplementary statement was that I did experience the incident described and therefore it seemed necessary to make the
F supplementary statement.

HIS HONOUR JUDGE HAVERY: So when you say generally you are really just referring to a single incidence in your experience. Is that right?

A: Yes.

G HIS HONOUR JUDGE HAVERY: I see. Can you just explain what you do. In paragraph 8B you are referring to a document which tells you how to identify lost transactions, and so on, and it tells you what to do. It then tells you in the second paragraph (inaudible) what you quoted: "As soon as the system is restored you must identify any lost transactions so that they can be recovered correctly." How would you do that?

H A: In actual fact the operations manual to be referred to does not cover this

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particular transaction because this was part of a system introduced after the manual was written. But the way I would identify the fact that it had not been correctly saved, the transaction, by printing out a transaction log covering the period concerned.

HIS HONOUR JUDGE HAVERY: Then you would check that against your own knowledge of what has happened.

A: I obviously knew what the transaction was on which the system had locked up.

HIS HONOUR JUDGE HAVERY: Yes.

A: So I was able to produce a printout and identify that that transaction was not shown there.

HIS HONOUR JUDGE HAVERY: Thank you very much. Any questions arising out of my questions?

RE-EXAMINATION BY MR MORGAN

MR MORGAN: My Lord, perhaps just one point of clarification. When you say when the card swipe did not read it did not record any information at all, what information would the card swipe have been taking off the card?

A: It was a fairly common occurrence. These are mainly cards for payment of bills. The information encoded on the back of the plastic card on a magnetic strip consists purely of the account details to which amounts will be paid.

Q: Or charged in fact, is it not?

A: If it is a bank card they will be charged to that. It depends on the type of card.

Q: Of course. So when you swipe it through the machine you are not expecting it to add or subtract any sum of money to the card, you are expecting to receive the account details. Is that correct?

A: That is right. Any amount concerned has to be put in manually by pressing the keys on the computer.

Q: After that swipe has taken place.

A: After the details have appeared.

MR MORGAN: Thank you, Mr Booth.

HIS HONOUR JUDGE HAVERY: Anything arising out of that last answer?

FURTHER CROSS-EXAMINATION BY MR CASTLETON

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Q. Is this the final balance that you are talking about?

A. Yes.

Q. Do you see there the discrepancy of £1,103.15?

A. No, because (inaudible) in there.

JUDGE HAVERY: Where is this figure (inaudible)?

A. It is in the box, a little bit above your finger there.

MR MORGAN: In the left-hand column at the top?

A. There.

JUDGE HAVERY: Right up there, I see. That is what you are referring to?

A. Yes, my Lord.

MR MORGAN: Yes, my Lord. I am grateful to Mr Castleton, learn something every day.

So where you say £1,103.15 at page 614 of your witness statement?

A. Yes.

Q. In fact the discrepancy is £1,103.60?

A. No.

Q. Maybe I am missing something and I am not trying to split hairs, Mr Castleton?

A. I appreciate that.

Q. Why do you say 15p not 60p?

A. Because on the screens we have a balance screen and if you go through the balance screen it produces a cash and stock deficit accordingly, which then produces a cash amount that is required to make up the balance and on that screen the cash deficit (inaudible) 15p, but it is not printed on here because (inaudible) altogether. I can appreciate your question and I can appreciate why you are saying that is inaccurate, but --

Q. I am not trying to say (inaudible)?

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A. What you have got to understand is the system actually balances separately between cash and stock.

JUDGE HAVERY: (Inaudible)

A. Sorry, my Lord, the system itself has a differential between when you go through the balancing stages at the end of the week it will tell you if the -- you may well in situations if someone has forgotten to place a sale through for a book of stamps or £3.00, you may well have an increase of £3.00 in cash because you have physically taken money from the customer and you may well when you have declared your stock have a £3.00 shortage in stock, so the two will self level, my Lord.

JUDGE HAVERY: What you are telling me is how you can have a discrepancy over of £3.00 and a discrepancy short --

A. In actual fact, my Lord, in this particular occasion I actually had to put £1,103 in of my own money, my Lord.

JUDGE HAVERY: I do not understand this printout at all in that case. If the net discrepancy is only 60p why do you need to put (inaudible)?

A. Because that is what was occasioned by me having to put £1,103 in, my Lord.

JUDGE HAVERY: I see. So this figure that we have been looking at actually reflects the fact that you have paid in (inaudible)?

A. Yes, my Lord.

JUDGE HAVERY: Just one moment, please. (Pause) I am just making a note. This is at the top of page 260, reflect the fact that I have paid in 1103.15, is that right?

A. Actually, my Lord, I paid in £1,103 exactly.

JUDGE HAVERY: I see.

A. I did not (inaudible). I do apologise to the court (inaudible).

MR MORGAN: We do not take any point on that, Mr Castleton.

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JUDGE HAVERY: So the discrepancy over is that money that you paid in to (inaudible). Yes, I see. So we have a third figure now, this is only (inaudible) accuracy of the computer?

A. Absolutely, my Lord.

JUDGE HAVERY: We are concerned with (inaudible) discrepancy.

MR MORGAN: My Lord, yes. Could you look at your witness statement at paragraphs 4 and 5?

A. Yes.

Q. Do you have those on page --

A. I do, sir.

Q. As I understand your evidence you and Christine Train checked all the figures very carefully?

A. Actually during conversation with Horizon help desk.

Q. Presumably you checked the figures against the physical documents?

A. Physical documents as in?

Q. The summaries you had from earlier in the week?

A. Yes.

Q. Presumably they all matched up?

A. As far as I'm aware.

Q. So it was only after all the checking that you decided you had to make up the loss?

A. It was actually --

Q. (Inaudible)?

A. (Inaudible) cheques first of all ourselves with obviously Christine Train's experience she knew exactly where to look and then making a phone call to Horizon help desk

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who had gone through the various (inaudible) checks that we had been through already. I could financially afford to make good so I did.

Q. Do you remember it well?

A. Reasonably.

Q. Nearly three years ago. When did you take the decision to make good the loss?

A. After we have exhausted all avenues of looking for the money.

Q. Did you take the decision to make the loss on the Wednesday evening and I think in fairness to you the suggestion is at the top of page 615 that you decided to leave it overnight and revisit the paperwork the next morning before opening?

A. It was very (inaudible) I can't remember.

Q. Do you think it would have been on the Thursday morning?

A. Possibly, I don't remember.

Q. But you remember making good the loss?

A. Yes.

Q. Did you have to find £1,103 then?

A. Yes.

Q. Did you make it good in cash or with a cheque?

A. In cash.

Q. Did you find it hard to find the cash?

A. Yes.

Q. How was the cash made up?

A. I can't remember my Lord, it's a long time ago now.

Q. Mr Castleton, you remember that you had to make good the loss and you remember that it was hard to find the cash?

A. Yes.

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Q. You must have some recollection of actually doing it. Did you put in notes or did you put in coins, let us start it as basically as that?

A. I can't remember, honestly. We (inaudible), it could have been of anything, any denomination, I can't remember. Surely nobody can expect me to remember what I put in.

JUDGE HAVERY: Let me ask you a question. Did you go to your bank and draw money out?

A. At that time we carried probably £1900 in the float in our safe for our own use for the shop, so it could have been of any denomination, my Lord. It would depend on our balancing and what we had in the safe, whether I needed to get more change.

JUDGE HAVERY: So it could have been your own money out of the safe?

A. Yes.

JUDGE HAVERY: Paid £1,103 in cash in denominations you cannot remember?

A. I cannot remember my Lord, I apologise.

MR MORGAN: Do you think it would have been in coins or do you think some of it would have been notes and some coins?

A. It could have been (inaudible).

Q. Presumably that was before you prepared the cash count final?

A. Yes.

Q. Presumably that was also before you completed the on-line cash declaration?

A. I would have thought so, yes.

Q. Can I now move on to look at the (inaudible) of your case. I am right in thinking that you accept that the audit conducted on 23rd March confirmed that there was a deficiency of £25,758.75?

A. The computer's figures, yes.

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Q. Keep those bundles out and look at Bundle 2, tab 31. Do you have there a copy of the trial balance produced at 17.13 on 23rd March 2004?

A. Yes, I wasn't in the office then; I had been suspended at 1400 hours.

Q. Do you understand this to be the trial balance produced by the auditors?

A. I don't know, I wasn't in the office then. I was suspended and I had no access to the office from 1400 hours.

JUDGE HAVERY: 2 o'clock?

A. 2 o'clock my Lord, yes.

MR MORGAN: Could you look at the bottom of the second page and the figure for net discrepancy?

A. Yes.

Q. Do you accept that this was the discrepancy found by the auditors?

A. I don't know, I wasn't there. I am sure that this discrepancy would appear on a form (inaudible).

Q. (Inaudible)?

A. Your client seems to have lost the one that in actual fact (inaudible) because the certified loss itself has always been in argument, hasn't it?

Q. We accept that you did --

A. Now you are asking me about the paperwork, in actual fact I wasn't present for the actual production of it.

JUDGE HAVERY: Mr Castleton, just a moment (inaudible) certain form, you said you expect the discrepancy should be on form something or other?

A. My Lord, I do actually have a copy of (inaudible) entered into our evidence.

JUDGE HAVERY: I am just asking what you said?

A. P242 my Lord, yes.

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MR MORGAN: My Lord, the Post Office accepts that in the ordinary course a Form P242 would be signed by the (inaudible) postmaster and signed by the incoming postmaster to agree the value transferred.

A. Can we just clarify that please? Is it (inaudible) or a certification? Does it not word certification? Would you like to see a copy, my Lord?

JUDGE HAVERY: I do not think it matters for present purposes.

MR MORGAN: Mr Castleton, can you take Bundle 1 and turn to divider 3. Do you find there at page 7 (inaudible) of your Amended Defence and Counterclaim?

A. Yes.

Q. Do you see in paragraph 2 --

JUDGE HAVERY: You are going too fast. (Inaudible) yes, Bundle 1.

MR MORGAN: Tab 3, page 7, the first page in Mr Castleton's Amended Defence and Counterclaim.

JUDGE HAVERY: Yes.

MR MORGAN: Do you see in paragraph 2 there that you admit that there is an apparent shortfall of £25,758?

A. The key word there is apparent.

Q. Yes.

A. Which has always been and always will be in my belief a computer generated figure. Why would I then certify in a Form P242 that the Post Office agreement that was a real figure. Have I ever at any point not said this was (inaudible) figure?

Q. Mr Castleton, have you had a chance to look at this trial balance produced by the auditors. That is the trial balance back in Bundle 2, tab 31?

A. Yes.

Q. Can you identify any figure that they got wrong?

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A. I wasn't there.

A Q. Can you now identify any figure that they got wrong?

A. I wasn't there.

JUDGE HAVERY: (Inaudible) figures at all is the question, is it not?

A. No, my Lord, I can't because I wasn't there.

B

JUDGE HAVERY: These are figures that the computer produced (inaudible) common ground?

A. Yes, my Lord.

C MR MORGAN: (Inaudible) please correct me if I am wrong, it is produced from entries made by you during the course of the week?

A. No. How can that be?

D Q. Mr Castleton, do you say that the auditors sat down and typed in entries (inaudible)?

A. That's not what I am saying.

Q. No?

E A. No, no, no, no.

JUDGE HAVERY: I am making a note of what you are saying. I don't accept that it was produced from entries produced and entered by me is what you are saying, is that right?

F

A. Yes, my Lord.

MR MORGAN: Do you accept it was compiled from entries produced by you and Christine Train?

G A. I have no way -- without going through a final balance there is no way a trial balance can give you anything.

Q. Mr Castleton, during the week --

H A. Can I just ask you a question?

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JUDGE HAVERY: Well (inaudible) if you do not understand counsel's question, but not otherwise?

A. I apologise.

MR MORGAN: You do not need to apologise. We know each other well enough (inaudible) try to help you where I can?

A. I was only going to point out the very same edit that your client repeatedly told me that our snapshots have no bearing on the outcome of this case and on the outcome of what has actually occurred in the office. (Inaudible) Mrs Ogilvy's very long statement.

JUDGE HAVERY: (Inaudible)?

A. I apologise, my Lord.

JUDGE HAVERY: At the moment (inaudible)?

A. Sorry.

MR MORGAN: Now Mr Castleton, as I understand it each day in Week 52 you completed the paperwork required for Horizon's system up to not including Tuesday, 23rd March?

A. I believe I did, yes.

Q. Those are summaries that have been available to you?

A. I believe they have.

Q. And you could have checked them against the figures in this trial balance?

A. I believe I have seen one of these, I don't believe (inaudible) and also it has no bearing I believe, but continue please.

Q. As you stand here in the court today you are unable -- I am not criticising you, but you are unable to say that there is any figure that the auditors got wrong in this trial balance?

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A. As my Lord said, I am unable to say they have got them all right.

A Q. Indeed. What I hope is that Helen (inaudible) will be able to say that they got them right, but you are unable to say that they got them wrong?

A. My answer to that will have no bearing.

JUDGE HAVERY: The truth is (inaudible)?

B A. No, of course, my Lord.

MR MORGAN: In that case could we go and look at the cash account final for Week 51?

A. Can you tell me where it is?

C Q. It is in Bundle 2 at page 244, behind divider 30. Did this account match the underlying physical documents, the summaries?

A. (Inaudible) our declarations.

D Q. Yes.

A. As far as I'm aware, yes.

Q. So there is no figure that did not match the physical documents or the cash or the stock that was present?

E A. As far as I'm aware.

Q. Mr Castleton, you can put Bundle 2 away for now. I apologise to your Lordship, for some unknown reason the printout I have produced has cut off all the bundle

F references, so if your Lordship will bear with me. If your Lordship takes up Bundle 9 and the witness could do the same. Can you look now at cash account final for Week 50 at tab 50 in Bundle 9?

G A. Yes.

Q. I beg your pardon, I am quite happy for you to take it up again, but the document we have just looked at cash account final for Week 51 that was your signature on it,

H was it?

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A. Yes.

A Q. It is your signature here on cash account for Week 50?

A. Certainly is.

Q. Did this account match the underlying physical documents?

A. As far as I'm aware.

B Q. So you cannot identify any figure that did not match the physical documents?

A. No.

Q. Mr Castleton, just so that you are aware hopefully if all the technology works, I know

C we have an issue about technology, this will be recorded, so ...

A. That's fine.

Q. You cannot identify anything that was wrong?

D A. No, I can't.

Q. Can you now go back to tab 49 of Bundle 9. Do you have that? Can you confirm that is your signature on this?

E A. I can.

Q. Did this account match the underlying physical documents as far as you are aware?

A. As far as I am aware (inaudible).

JUDGE HAVERY: Apart from what you say?

F A. It is just handwritten on there my Lord, it is just where I put it in wrong.

MR MORGAN: Can you identify any (inaudible) not match the physical documents or the cash or stock (inaudible). You identified a figure that was wrong?

G A. Yes.

Q. Can you turn back please to divider 48?

A. Yes.

H Q. Is that your signature?

LCAS0001382

A. It is.

A MR MORGAN: My Lord, would it be convenient if I just repeated the same questions and if Mr Castleton (inaudible).

JUDGE HAVERY: Yes.

A. I have no disagreement to anything down to (inaudible).

B MR MORGAN: So ...

JUDGE HAVERY: (Inaudible) 43 am I right in saying that you do not disagree?

A. I don't.

C MR MORGAN: I am grateful Mr Castleton, that saves us a lot of time. So your answers would be the same to each of the documents?

A. They would.

D MR MORGAN: With that, my Lord, I can safely jump ahead to page 15 of the questions.

JUDGE HAVERY: Right.

MR MORGAN: And Question 94.

E JUDGE HAVERY: Thank you.

MR MORGAN: Mr Castleton, can I now ask you about your method of completing Post Office returns and preparing figures?

A. Yes.

F Q. Can you confirm to the court that before taking up your place you had a few days training on Horizon in a classroom?

A. Yes, nothing to do with balancing though, just parcels and packaging.

G Q. Can you also confirm that you had someone assisting you with Horizon in your first week operating the system?

A. That's true.

H Q. Did they assist with balancing?

LCAS0001382

A. Yes. I would like to say yes.

Q. Can you also confirm that you had copies of the Horizon documentation provided to you at the Marine Drive branch?

A. We did.

Q. Can you confirm that those documents appear in 6A and B and 7A and B?

A. Yes, I can.

Q. Moving on to thinking about remming(?) in. Presumably every time you received a remittance you would check that what was stated as being in the packet was what was actually received?

A. Absolutely.

Q. Presumably you only signed the docket when you were happy with its accuracy?

A. Yes.

Q. Presumably when you remmed in you then checked what appeared on Horizon --

A. You actually have 24 hours (inaudible) so when it is delivered it is delivered (inaudible) it would be impossible, the guys would never get around delivering everything if (inaudible) there and then, so you have a 24 hour window to check everything that's in the rem.

Q. So what happens is they deliver the packet, you put it in the safe for instance, when you get a quiet moment in your operation --

A. (Inaudible) yes.

Q. You would take the packet out of the safe?

A. And check it.

Q. You would scan the bar code in if it was bar coded, you would check it?

A. Yes.

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Q. You would check against the screen that what you had entered corresponded to what you had checked?

A. That's right, yes.

Q. And only once you had done that would you sign off and send back the remittance slip?

A. Yes.

Q. Or whatever the document was called?

A. Yes.

Q. Presumably when you sold something you were also careful in entering up the details of the transaction?

A. Yes, it is not always easy, sometimes customers change their minds or there's various different reasons. You have to do reversals and various other things, but generally.

Q. And again as required by the various manuals, presumably at the end of each day you checked the physical receipts against what was shown on Horizon before sending them off?

A. That's true. I believe there is no error notices (inaudible) to that, is there?

JUDGE HAVERY: I do not think you asked the witness, let me ask in case I did not hear. When you did ring in the information, did you check what the screen showed on Horizon?

A. With this (inaudible) you have a 24 hour window in which to check the physicality of the stock and the screen. You generally would not have time to do it there and then and you have to revisit it.

JUDGE HAVERY: But then it would show (inaudible)?

A. Possibly.

JUDGE HAVERY: Yes, I understand.

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MR MORGAN: I am sorry, Mr Castleton, this may be my (inaudible) it is not part of my case, but I would like to understand how this works. When you rem in, do you enter the figures onto Horizon or are they entered automatically when you scan in?

A. It depends what it is and at the time (inaudible) rems were handled (inaudible) but I can't remember to be honest. I know that now we don't because it is bar coded.

Q. Do you have Bundle 9 there still?

A. Yes.

Q. And I think we were probably looking at 48, do you have that still open?

A. Yes.

Q. For instance, if you turn to page 2700 presumably even if you did rem in and sign off, you would still have an opportunity to check at the end of the week?

A. Yes.

Q. That the remittance has matched what you had signed you accepted?

A. Yes.

Q. As I understand your evidence, please correct me if I am wrong, you do not say that there is a misrecording of remittances which arises?

A. Not what I (inaudible). There again I can only see my end at the time.

Q. Mr Castleton, when you say "I can only see my end" I am going to suggest to you that the Post Office's claim is based upon the figures shown on these accounts?

A. Right.

Q. And I am going to ask you, do you say that the addition of these figures and subtraction of these figures in each account produces a different answer to the answer --

A. Could I have a transaction log to clarify my point for you?

Q. Can I ask the questions?

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A. Of course you can.

A Q. You confirmed the figures in each of these accounts are correct?

A. Right.

Q. Do you say that Horizon has misadded the figures to give, for instance on page 2698, the wrong figure for the shortage?

B A. (Inaudible).

Q. Adding up the figures on the cash account?

A. Right.

C Q. Do you say they are wrong?

A. Can I show you in the transaction (inaudible)?

JUDGE HAVERY: You are not suggesting the arithmetic is wrong, are you, Mr

D Castleton?

A. My Lord, the cash account in general itself is sent back from Chesterfield (inaudible) confirm for me and throughout this period of the problem, my Lord, I can show you

E instances where what the computer in Marine Drive prints as being a reproduction in the office does not match what the cashing account says.

MR MORGAN: But, Mr Castleton, you have produced these cash accounts in the Marine Drive branch?

F A. Yes, but what I am saying to you about this is that I am not responsible for what happens at the other end (inaudible).

Q. Mr Castleton, it is not part of my case that you are responsible for what happens at the

G other end, what I am putting to you is that you produce -- let us take the cash account for Week 48, you produce the cash account for Week 48 in your office?

A. Yes.

H Q. You check the figures against the figure dockets?

LCAS0001382

A. Yes.

A Q. They correspond?

A. Yes.

Q. You could yourself manually add up and subtract all the entries in Week 48?

A. Yes.

B Q. Do you suggest that the final figures produced as a result of that arithmetical exercise differ from those shown on this document?

A. Can I show you a document that shows that?

C Q. Can you answer the question?

A. Can I show you a document that --

JUDGE HAVERY: No, just answer the question. Do you accept, you do not have to say

D yes - you can say yes I do or no I don't, but the question is do you accept --

A. No.

JUDGE HAVERY: You do not?

E A. No, my Lord.

MR MORGAN: So where do you say that the figures shown on the face of these cash accounts do not add up, shown on the face of this -- take cash account 48?

A. Right.

F Q. If we sit here today and spend the next hour adding up and subtracting figures, do you say they will not give a shortage of £3,509.18?

A. That has never been the question here, has it, my Lord?

G JUDGE HAVERY: I wish you would just answer the question.

A. I am sorry my Lord, I apologise.

JUDGE HAVERY: The question is simply (inaudible)?

H A. They will add up to what it says the shortfall is.

LCAS0001382

JUDGE HAVERY: So you are not denying the arithmetic --

A. No, my Lord, it is how it is generated that (inaudible).

JUDGE HAVERY: Right, that is all you are being asked at the moment?

A. Sorry my Lord, I apologise.

JUDGE HAVERY: Yes.

MR MORGAN: I think you accept that you did not receive any errors to suggest the data entered by you on to Horizon was not consistent with the underlying fiscal evidence (inaudible). I think you also accept that as regards Michael John Watson's statement, Gillian Hoyland's statement, Kenneth Crawley's statement and Wendy Smith's statement the physical processes that they describe are the processes you would have gone through each day?

A. The checking of the dockets, yes.

Q. And also Paul Williamson?

A. Yes.

Q. When it got to weekly reports and balancing I think you already said you checked your daily summaries against the Horizon figures as required by the manuals?

A. Yes.

Q. And you never identified a discrepancy?

A. Yes, we did.

Q. When did you identify a discrepancy?

A. Repeatedly, throughout numerous phone calls.

Q. I am sorry, Mr Castle I think we may be talking at cross-purposes. That is a discrepancy between what the balance should have been and the physical amount of cash that you held?

LCAS0001382

A. No, that was never the question that was raised with help line, it is just that they chose to print down the phone calls in the way that they did.

Q. You are saying that all the people who printed out phone calls recording what you were asking misrecorded the phone calls?

A. No, I am saying that all the people that took phone calls reported what they felt was pertinent to the questions that I raised. Some of those phone calls are one hour long. It would be impossible for them to reflect the whole phone call within a box of three inches by two inches, surely you must accept that.

Q. Pick a discrepancy?

A. Okay. Do you have a listing of --

Q. It should be in Bundle 5?

A. Week 49, transaction report.

Q. Mr Castleton, I am not sure what transaction you are referring to --

A. Has anyone found it yet, Week 49.

JUDGE HAVERY: If you have a trial bundle index and tell us what it is you are referring to.

MR MORGAN: Week 49 there does not seem to be a transaction --

A. (Inaudible) document 2977, page (inaudible).

Q. Bundle 10, tab 49, page 2977.

A. It is the one at 2979, I apologise. If you look at the cash account for Week 49, which is 2714 and you look at cheques --

JUDGE HAVERY: Is there a page to this?

A. It is 2718, my Lord.

JUDGE HAVERY: Volume 9 then, is it?

A. It is my Lord, I apologise.

LCAS0001382

JUDGE HAVERY: All right. So we are comparing 2718 with 2979?

A. Yes, my Lord.

JUDGE HAVERY: Very well.

A. If you look at cheques, my Lord, you will see on the cash account which is 2718 it states cheques remitted to (inaudible), which is a processing department are £3,519.43, but if you also look at the completed sales report on the fourth line down the cheques were £3,533. They are both (inaudible) end of business after 17.30 on the same day.

MR MORGAN: Mr Castleton, that is not actually strictly accurate, is it?

A. Why?

Q. If you look at the cash account final?

A. Yes.

Q. That is printed off on 4th March at 7.46 in the morning?

A. Okay.

Q. This is a sales report produced only on the Wednesday evening at 17.45?

A. So we had cheques (inaudible).

Q. Mr Castleton, I do not know what manipulations occurred overnight and I not mean manipulations perjoratively. I apologise that was a lawyers' term for adjustments. I did not mean to cause you any offence?

A. My Lord, 2725.

MR MORGAN: Mr Castleton, can I finish asking a question?

A. I am still answering the last question, aren't I?

JUDGE HAVERY: Yes, I think you are.

A. 2725, final balance cheque to check £3,519.43.

JUDGE HAVERY: Where do I find that, I see --

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A. Yes, my Lord. And yet the sales report says £3,533.30, my Lord.

JUDGE HAVERY: Yes.

A. That is the cheques going out, my Lord. (Inaudible) remittances to client which is date essential (inaudible) my Lord.

JUDGE HAVERY: What is it now referring to?

A. It is 2725 again, my Lord (inaudible) is the actual client that looks after the cheques on behalf of the Post Office.

JUDGE HAVERY: Therefore you say (inaudible) must be cheques and nothing else?

A. It can only be cheques my Lord, that is the only place that looks after cheques. It is date essential, my Lord.

JUDGE HAVERY: It is logical really and it does not look after anything else?

A. No, my Lord.

MR MORGAN: Mr Castleton, I am just a bit surprised by this. First of all, it has never been a point identified by you previously?

A. Yes, it has.

Q. In your case?

A. Yes, it has. That is very unfair. These are all facts from phone calls that we were repeatedly told that this was not the case, this was not a problem with the computer. This has been repeatedly thrown down my throat repeatedly at (inaudible).

Q. I suggest to you that if this was a serious issue it could and it should have been raised earlier?

A. Do you not believe (inaudible).

Q. Mr Castleton, I suggest to you that in material respects these match?

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A. Do they? So now you are telling me that the sales report and the report produced by the office (inaudible) made in the office matches the cash account final produced by the very same office?

Q. Mr Castleton, why did you sign off the cash account final?

A. What did I do on discovering that? What have I done repeatedly and how many times must I do that? I made those phones calls for due care. Those people should have looked after me and helped me through this but you chose or you client chose not to do so and I am beggared belief as to that.

MR MORGAN: Mr Castleton, I suggest to you that you produced this account on the morning of 4th March 2004 --

JUDGE HAVERY: (Inaudible) this account.

MR MORGAN: The account at (inaudible) cash account final.

JUDGE HAVERY: Yes.

MR MORGAN: I suggest to you that you checked the figures and that you signed it off as being an accurate account?

A. Why would I do that having made the phone call to NVSC help line explaining the situation in the office, explaining the repeated calls I have made and explaining that the office paperwork does not match the paperwork produced on the final balance. Why would I do that?

JUDGE HAVERY: You say why would you, you have done it, have you not; you signed it off?

A. No my Lord, I did that on the understanding that they were going to look into the reasons as to why. I was assured repeatedly that investigations would take place, my Lord.

MR MORGAN: So --

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A. In order to continue business one of the stipulations that Post Office make is that this account is sent away signed to Chesterfield, is it not?

Q. Can I ask, the stipulation is that the account has to be checked until it is found to be correct by you?

A. And you are telling me that these were not brought up in phone calls then?

Q. Mr Castleton, I have no record of it and indeed you do not give any primary evidence --

A. I have no primary evidence to a phone call that took place.

Q. -- as to who you called and when and when you made certain statements or statements that you received?

A. Would you like me to go through those phones calls now?

Q. No, Mr Castleton, I would not because it is far too late --

A. It is far too late --

Q. -- on the third day of this trial --

A. Really.

Q. -- for us to try to find --

A. I do not need to find, I can find the phone calls for you right now; they are all listed in your own evidence.

Q. -- the people to rebut this allegation that you now make?

A. This is not an allegation that I now make newly. This has been an allegation from very day one when I repeatedly said the stock and (inaudible) and the daily paperwork does not match the cash account that is produced at the weekend and your company has chosen, or your client has chosen to refute that repeatedly saying that I had no evidence to the fact.

Q. Mr Castleton, I put it to you that you were obliged to check these accounts until they reconciled to the paperwork. Do you accept that?

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A. And I put it to you, sir --

A Q. No, you answer the question?

JUDGE HAVERY: Do you accept it?

A. No.

JUDGE HAVERY: Is the answer no, you do not anticipate it.

B MR MORGAN: So you do not accept that you were obliged to follow the Horizon manual?

A. I don't accept that that is the only reason why I must sign the cash account final. Your C company again owed me a due of care. That care was taken by myself to repeatedly ring help line to explain the situation at Marine Drive Post Office and you took no action, and repeatedly no action.

D JUDGE HAVERY: (Inaudible) the time stated there at the top of the page is 7.37 on 4th March?

A. That's right, my Lord.

E JUDGE HAVERY: Whereas the figure --

A. Because (inaudible) following morning, my Lord.

JUDGE HAVERY: (Inaudible)?

A. I apologise, my Lord.

F JUDGE HAVERY: So the figure of (inaudible) is a figure that purports to be correct (inaudible) at 03.37 on 4th March?

A. Yes, my Lord.

G JUDGE HAVERY: But this figure of (inaudible) is a figure purports to be (inaudible) purports to be a figure at 17.35 on 8th (inaudible)?

A. Because the office closes at 17.30 my Lord, that is when the reports are signed.

H JUDGE HAVERY: What you are saying is -- when does the office open in the morning?

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A. Not until 9 o'clock, my Lord.

JUDGE HAVERY: So what you are saying is they ought to be the same?

A. Yes.

JUDGE HAVERY: Can you offer any explanation why they are different?

A. Because the computer does not work, my Lord.

MR MORGAN: Mr Castleton, I put it to you that you changed a figure to make the remittances out to correspond?

A. After close of business?

Q. And I put it to you that the figure of £3,519.43 is the correct figure. Do you accept that?

A. I (inaudible) is the correct figure; I do believe that because I had (inaudible) with me.

Q. So you believe £3,519.43 is the correct figure?

A. I believe it is.

Q. So all in fact although you take the court to an example where you say the record is wrong --

A. It is wrong.

Q. In the sales report at 2979 you say that in fact by the time it gets into the cash count final it is correct?

A. No.

Q. You just said that the £3,519.43 figure is correct?

A. What I am saying is that the two documents are produced by two separate halves of the computer. One is actually produced in-house, the other one is produced as (inaudible) explaining to you in your own witness statement a combination of workings out through transaction that took place both at Chesterfield and in-house.

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Q. Mr Castleton, let me cut through this. Is it your evidence that the figure shown in the cash count final on page 2718 of cheques to CHEC of £3,519.43 is incorrect?

A. No.

Q. Do you accept that the figure of £3,519.43 cheques to CHEC is the correct figure?

A. From memory (inaudible) cheques that I paid.

Q. So your quibble is not with the cash account final it is with the accuracy of the figure produced in the sales report at 2979?

A. No. My quibble is with the accuracy of the computers that generated the sales report figures.

Q. But you accept that the figure shown in the cash account final is the correct figure?

A. I accept that the figure in the cash account is the final figure, yes.

Q. Do you accept that it is the correct figure?

A. I believe it is.

Q. Do you also accept that when you produce the document at 2979 that was a draft report produced so as to enable you to check the figures before you put them into the final cash account?

A. No, because (inaudible) final cash account. I am sorry, but that is not the case. The cash account generates itself. It is generated from the transaction (inaudible) Chesterfield.

Q. If you take up Bundle 6B --

A. Yes.

Q. I suggest that in fact the cash account is generated by your machine at Marine Drive branch, it is not generated by Chesterfield?

A. If you look at (inaudible) witness statement you will find that the series of checks that the computer does through Marine Drive Post Office branch through Chesterfield

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corresponds; it is not generated in-house. And also you also find me checking these figures now that check to check is not a generated or figure that we actually place into the computer, it is a check has done daily on separate information that the computer then reproduces in the cash account. (Inaudible) we physically count the cash, we physically count the (inaudible), but the computer itself produces all the other figures.

Q. Mr Castleton, I ask you do you check the other figures produced by the computer against your records of the transactions that have occurred that week?

A. We do.

Q. As you stand here today for the cash account finals that you signed, are you now or were you then able to identify a discrepancy between what you checked or what you thought you had done by way of business from the physical records that you had and what was actually in the cash accounts?

A. (Inaudible)

Q. Did the cash accounts correspond to the physical evidence of the transactions that you had undertaken?

A. Not always, no. We need to differentiate between cash account and the daily transaction on the logs and also the stock (inaudible) figures produced by the balanced snapshots.

Q. Let us take a step back?

A. Okay.

Q. You produce a trial balance which goes into the cash account final?

A. Yes.

Q. You check the final account, do you not?

A. We do.

LCAS0001382

Q. And you check each of the figures on the final balance carefully?

A. Yes.

Q. And you check then against the physical records?

A. That's true.

Q. Is there any figure in the cash account final balance that you do not check against fiscal records?

A. No.

Q. So you check all the figures in the final balance against fiscal records?

A. Yes.

Q. And only when you are happy with that do you proceed to print out to cash account final?

A. And if there is anything I don't agree with I make a phone call to help line, which is what we repeatedly did.

Q. If something in the cash account final did not match up with the underlying fiscal transactions, the physical records, do you accept that an error notice would be issued?

A. Not necessarily, no.

Q. Why would an error notice not be issued?

A. Because when you said physical records I presume you mean records like the (inaudible) or are you going to be more definite in the process and where that particular piece of paper comes from. Do you mean the check disclosure (inaudible) closure of cheques?

Q. Yes, that is a list of cheques?

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A. That physically matches what is declared on the cash account, but in this particular case and in other cases the cheques that the computer lists in-house as a sales report does not match, but they should.

Q. Mr Castleton, was there ever an occasion on which the cheques that you recorded as having received did not tally with the figure shown in the cash account final?

A. Yes, there has been occasions where human error has occurred.

Q. So there has been human error?

A. I believe so, yes.

Q. Would an error notice be issued in those circumstances?

A. Yes.

Q. Mr Castleton, I suggest to you that you are a careful man?

A. I am.

Q. And I suggest to you that you did check each week the summaries prepared and produced by you against the figures shown on the final balance in the cash account final?

A. Yes.

Q. And I suggest to you that they corresponded?

A. (Inaudible) yes. But it's not that that we are arguing, is it?

Q. Mr Castleton, you may choose to argue whatever you want, I am putting to you that these cash accounts that you signed off reflected the underlying fiscal documents?

A. I believe that they did, I believe you saw.

Q. The physical documents that you had reflected the actual transactions that you undertook in the branch?

A. (Inaudible)

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Q. I suggest to you that when you received a (inaudible) pension of £50.75 and you put that on your pile of pensions --

A. In that particular case because they are cheques (inaudible).

Q. And I suggest to you that that was the same for each transaction where you had a physical receipt, but it corresponded to the actual transaction that was undertaken in the branch?

A. I would say so, yes.

Q. And I quite accept that sometimes human error occurs and that instead of paying £50.75 you paid £51.20, you give the wrong coins or whatever, but where that error occurs that is a different matter, but the physical (inaudible) of the transaction is what stands in the accounts. Do you accept that?

A. I think so.

Q. Can I turn to something relatively (inaudible) and ask you to pick up Bundle 8 please and turn to divider -- (Pause) Bundle 10, page 3093, tab G at the very back?

A. Right.

Q. Was this document prepared by you?

A. It is a little bit of mine, my Lord, and a little bit of Christine Train.

Q. Who did which bits?

A. We write very similarly, don't we? Various, it is just a case of working through it. It looks to me like I've done both (inaudible).

MR MORGAN: Would I be right in thinking that she then checks and corrects (inaudible)?

A. Yes.

Q. Can you give me an example --

A. If we have made a mistake, then yes.

LCAS0001382

Q. Can you give me an example of where her writing might appear on this?

A. The lower figures usually by looking at this.

Q. You mean (inaudible)?

A. (Inaudible) uppers.

JUDGE HAVERY: When you say the lower figures, oh you the lesser amounts?

A. Yes, it looks to me like she's done the drawers and I've done the safe by the look of it.

MR MORGAN: So if you flick through from here to page 3129 are those principally yours or principally hers?

A. I wouldn't say (inaudible) even split to be honest.

JUDGE HAVERY: It all looks to me in much the same handwriting?

A. Yes, we write very similarly, my Lord.

JUDGE HAVERY: I see.

MR MORGAN: Would you solemnly sit down and count out those denominations and write out the totals on the Wednesday evening?

A. Yes, well the safe is actually down on the floor behind you, so quite often you were kneeling (inaudible) from the safe and work through and then shout it back up to whoever was doing drawers.

Q. How big is the safe?

A. It is quite a size.

Q. Roughly how big, is it as big as one of these?

A. No, bigger than that.

Q. Two of these?

A. It is probably the (inaudible) about that size. It has all different compartments inside because quite often you go in there and you miss a drawer or whatever (inaudible).

Q. Am I right in thinking you prepared this manuscript on the Wednesday evening?

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A. Yes, Wednesday afternoon sometimes I will do the bulk and then continue on from the drawers.

Q. Then would you not enter the stuff on the Thursday morning?

A. No, you make a cash declaration prior to final balance. You go right through to trial balance on a Wednesday evening.

Q. Then you do it again on a Thursday morning?

A. Then you would have lottery obviously to add to that and then you would produce a further cash declaration which would then allow you to roll.

Q. The lottery takings on a Wednesday were about £400?

A. Not necessarily, it depends. It could be any amount.

Q. Then presumably you get a printout from Horizon and check that against your manuscript figures when you made your cash declaration?

A. You can't. I don't understand what you mean, sorry.

Q. You take this manuscript calculation of values and you sit down in front of your Horizon terminal and you enter in figures, is that right?

A. Yes, that is right.

JUDGE HAVERY: (Inaudible) understand this, I do not.

MR MORGAN: I am sorry.

JUDGE HAVERY: I am looking at page 3129, for example -- will you turn to that?

A. I will certainly, my Lord.

JUDGE HAVERY: When the first question is what is all this and I assume it is this, tell me if I am right. You have a heading there saying £50 and a total of 150 and I assume that means there were three £50 found in the safe?

A. Absolutely, my Lord.

JUDGE HAVERY: Similarly, I suppose 19 £20 notes, is that right?

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A. I see yes, my Lord.

JUDGE HAVERY: So that is what these things are?

A. Yes, my Lord.

JUDGE HAVERY: They are what you find in the safe on a Wednesday evening, is that right?

A. That is correct, my Lord.

JUDGE HAVERY: (Inaudible) what happened.

MR MORGAN: Is this a Christine Train document (inaudible) writing looks quite different?

A. Again, some of the small stuff is Christine's, some of the bigger stuff is mine.

Q. For his Lordship's benefit and for the benefit of the record this forms the basis of what you are going to enter into Horizon for your cash declaration?

A. Yes.

Q. So what you do is you take this document and you sit in front of your Horizon screen --

A. On the balance day there actually is not a cash declaration in the system so you provide it with what you feel is a representative figure of the cash, a physicality.

Q. Surely it is not a representative figure, surely it is what you actually have by denomination?

A. That is why I said physicality.

Q. You enter that on to the Horizon system, do you?

A. You do.

Q. And you get a printout?

A. You do.

Q. Which reflect what the machine says you have typed into the system?

A. That's true.

LCAS0001382

Q. And you check that then against the manuscript, do you not?

A. Yes.

Q. If there is a discrepancy between what you counted and what is shown as having been entered, you can correct it?

A. We can.

Q. Now can I ask you to take Bundle 9?

A. Yes.

Q. Can you turn to tab 44, page 2643?

A. Yes.

Q. If you look at Bundle 10 at 3093, which is where we started?

A. There you go.

Q. I think it is cut off, it might say Friday - I take that to be an abbreviation on the manuscript?

A. Okay.

Q. If you look at (inaudible) bottom left-hand 2643, they correspond?

A. Yes.

JUDGE HAVERY: Just a minute, do not go too fast. What am I looking for 180 and 3.48.

MR MORGAN: Usual notes and unusual coins.

JUDGE HAVERY: Hence the word (inaudible).

MR MORGAN: Indeed, yes. Nobody need criticise Mr Castleton for using that?

A. It is not actually me, it is Christine; she does particularly like it.

MR MORGAN: Then your Lordship will see there is a one to one correlation between the amount in manuscript and the amount shown as having been prepared onto Horizon.

JUDGE HAVERY: All these other figures you mean?

LCAS0001382

MR MORGAN: All these other figures.

JUDGE HAVERY: Yes, I see. You say these are all the same.

MR MORGAN: Yes.

JUDGE HAVERY: Very well. I cannot read some of them, but those one can see are the same.

MR MORGAN: Insofar as they have not been totalled, then they do total what is shown.

JUDGE HAVERY: Yes, I see.

MR MORGAN: It you look at the bottom right-hand panel on page 2643 you see a cash declaration for Saturday, 24th January 2004?

A. (Inaudible)

Q. Do you think that corresponds with the manuscript notes in Bundle 10, behind tab 3094?

A. (Inaudible) presume it is right, is it?

Q. In we added it up it would be £365.95?

A. Yes.

Q. So it goes on for Monday and Tuesday. (For the benefit of his Lordship I am moving on now to Question 125, page 22). Can you think of any reason why the figures appearing in your manuscript notes would not be the figures that you entered into Horizon aside from lottery money?

A. Yes, if I made a mistake, could have miscounted or misheard somebody saying something.

Q. So when you say if you have misheard or miscounted that would be a reason why the manuscript would not correspond to the fiscal reality?

A. On what has been put in Horizon as well because (inaudible) re-visit.

Q. May I try and summarise what you are saying?

LCAS0001382

A. Yes.

Q. You would count up and get a manuscript sheet?

A. Yes.

Q. You would enter it onto Horizon?

A. Yes.

Q. And you check that against the manuscript sheet, then you balance --

A. Not necessarily, depends what day it was because there would be a balance snapshot at the end of the day which produce a cash all in together that the computer believes the cash (inaudible) and if that is out by any amount really, then you would revisit and make sure you have not made any mistakes or miscounted.

Q. Sometimes you might go back and recount, but then instead of making a new manuscript you would (inaudible)?

A. It depends or we would scribble out and make it right on the manuscript.

Q. Going back to the days we have just been looking at?

A. Yes.

Q. If you look in Bundle 10 and turn to 3085?

A. Yes.

Q. This is the analysis of delivery - total notes and coins. It is broken down into notes and coins?

A. Yes.

Q. Do you accept that there were no deliveries of cash on the Friday, 23rd or Saturday 24th January 2004?

A. I don't know, it is not rem day, so I presume not.

Q. You say it is not a rem day, remittance days were Thursdays generally?

A. Yes.

LCAS0001382

JUDGE HAVERY: Where is this question or is it not?

A MR MORGAN: It is Question 126, my Lord.

JUDGE HAVERY: What was the answer?

MR MORGAN: The witness cannot remember a delivery, but he thinks that -- do you think the schedule is broadly right?

B A. Well, I don't know about the schedule, but the remittance is yes.

MR MORGAN: The witness's evidence is that usually money came in on the Thursday.

JUDGE HAVERY: What is this page 3085?

C MR MORGAN: My Lord, it is a printout, sorry its technical description. It is a spreadsheet of notes and coins delivered to Marine Drive branch produced on 19th October 2006 from the Horizon of deliveries.

D JUDGE HAVERY: I have got down spreadsheet with notes and cards delivered to the Marine Drive branch, what was the rest of it?

MR MORGAN: Produced from Horizon, from the back up (inaudible) of Horizon in

E October 2006, so it is going back to the archive information held on Horizon to show what notes and coins there was according to the business records at the post office.

JUDGE HAVERY: I see. What is this figure of (inaudible)?

F MR MORGAN: My Lord, yes it is for all deliveries between 24th July 2003 and 25th March 2004.

JUDGE HAVERY: Thank you.

G MR MORGAN: Mr Castleton, you have said that your recollection is that deliveries of money you witnessed in normally occurred on the Thursday each week?

A. Yes.

H

LCAS0001382

Q. I think that is broadly reflected by this schedule. The dates seem to fall seven days apart?

A. Yes, unless we have had an emergency.

MR MORGAN: My Lord, looking at Question 127. Am I right in thinking that the difference in the denominations declared each day by you arises by recently you receiving deposits, receiving payments for goods, paying out change or money pursuant to pension allowances or withdrawals from bank accounts?

A. Yes.

Q. So, for instance, looking at page 2643 of Bundle 9 you will see that your £50 notes (inaudible) change you paid out a few £10 notes and a £5 note. It does not look as if you transacted much business on that Saturday?

A. It may well have been coming in and going out.

Q. Yes, of course.

A. It is not necessarily the volume of business because (inaudible). Quite often if customers came in and paid, say, a lot of £10 notes in that would obviously be in the drawer that the person would be using. You would not then (inaudible) cash.

Q. Not surprisingly, it looks from page 2643 that (inaudible) spent their money over the weekend?

A. (Inaudible).

Q. (Inaudible) more cash?

A. Yes.

MR MORGAN: Does your Lordship see that?

JUDGE HAVERY: I see that on Monday there is less cash than Friday and Saturday.

MR MORGAN: Could we have a look at a different week and go to the final balance prepared for Week 45, Bundle 9 at tab 45, page 2658?

LCAS0001382

A. Yes.

Q. You said previously that you check all the figures and those go into this final balance, do they not?

A. Yes, well it depends what it is. Some of it is self-generated. Are we talking specifically of cash?

Q. Mr Castleton, yes at the moment?

A. Okay.

Q. If we look say at the figure on Wednesday, 4th February 2004 at page 2662?

A. Yes.

Q. That is a figure generated on the morning of 5th February 2004, that figure of 59,291.86 finds its way into page 2658, does it not?

A. Yes.

Q. As cash figure in top left just below the starred line. That figure and indeed all of these figures go back to make up the cash account final, do they not?

A. Yes.

Q. So if you turn back to page 2646 cash account final for Week 45, again a figure of (inaudible) -- 2647 is where we are going to?

A. Right.

Q. You see the figure of cash 59,291.86 (inaudible)?

A. Yes.

Q. So that cash follows through from your cash declaration through into your trial balance through into your cash final?

A. Yes.

Q. Could we turn back now in the bundle to page 2610, tab 42?

A. Okay.

LCAS0001382

Q. Do you recognise this document?

A. Yes, giro. Giro withdrawals is it.

Q. I think you are in the wrong bundle, Mr Castleton?

A. Sorry. Yes, there you go.

Q. Is that a manuscript note?

A. Yes.

Q. Do you recognise this document?

A. Yes.

Q. Did you prepare it?

A. I think some of it again.

Q. Which bits did you prepare?

A. I didn't do bulk on this one, I did the (inaudible) two pounds I did and the 50ps.

Q. For the moment will you take it from me that we think this is your manual cash calculation for Wednesday, 14th January, the day you first had difficulties balancing?

A. I will take it from you (inaudible).

Q. On that Wednesday did it take you a long time to count up the cash denominations?

A. It is not (inaudible).

Q. No, but I am asking you, on that Wednesday, 14th January 2004, the day that you remember you had this problem balancing, did it take you a long time to count up the cash denominations?

A. (Inaudible).

Q. Can you remember whether it took you an unusually long time?

A. Not particularly, I can't remember.

Q. Do you remember --

LCAS0001382

A. I spent a long time in the office looking for --

A Q. Do you remember whether it took you an unusually long time to count up the cash denominations the next evening, the Thursday, 15th January?

A. I can't remember.

B Q. Going back to the Wednesday, presumably you prepared these manuscript calculations that evening before you started trying to balance?

A. Yes, it is the only way to do it.

Q. Presumably when you used these figures you came up with a deficiency?

C A. Yes, I would have thought so. I can't remember.

Q. It was once you had identified a deficiency that you started going back through the paperwork?

D A. I would have thought so, yes.

Q. I think it is your version of events that you did not find anything on the Wednesday evening, you slept on it, could not find anything early on Thursday morning and so you made good the loss from your own pocket so as to balance and allow the

E account to roll-over?

A. Is that in my statement?

Q. (Inaudible)?

F A. (inaudible) Christine's statement.

Q. Some of it is in yours and some of it is in Christine's, but I am not asking for what is in your statement, I am asking the question whether that is your recollection?

G A. I can't remember.

Q. You cannot remember at all?

A. I can't remember (inaudible) denomination it was, but I can't remember that either.

H

LCAS0001382

Q. Mr Castleton, you said it stuck in your mind, this event stuck in your mind because it was the first occasion on which things did not balance?

A. The actual event did yes, or does even now.

Q. Stuck in your mind as you had to put your hand in your own pocket?

A. That's true.

Q. And find £1100 and put it in to balance up?

A. Yes.

Q. What I am asking you in essence is when did you put the cash into balance these books?

A. I can't remember.

Q. I am putting to you a version of events that arises partially from your evidence and partially from the witness evidence of Christine Train?

A. Okay.

Q. I am suggesting to you that you did not put the money into the post office till until Thursday morning?

A. I can't remember.

Q. I am going to suggest to you that presumably the cash that you put in is not reflected in this manuscript notes on page 2610. Do you accept that?

A. Well, it is whether Christine would have written it on or not or myself, it does not look to be. It certainly does not look to be reflective of it.

Q. I am going to suggest to you that it would be reflected in the cash (inaudible) that was incorporated into the final balance and the cash account final?

A. Yes.

Q. Could you turn two pages to page 2612 and in fact it may be helpful if you take 2610 out?

LCAS0001382

A. Okay. I know already that they match.

A Q. You will see there top left hand panel Marine Drive branch declared cash 07.33 on 15th January 2004?

A. Yes.

Q. If you compare the figures for (inaudible) 50 and 20 and 10 pound denominations you B see (inaudible)?

A. Yes, apart from the 50ps.

Q. Do you therefore accept that this looks as if it is the manual calculation in advance of C preparing the Horizon declaration?

A. It could be.

Q. If therefore you put in the cash that you say you did -- first of all let me ask you, is the D cash declaration a true declaration of cash?

A. I believe so, yes.

Q. The reason I ask you is that in the manuscript calculation you declare only £161 of 50p E pieces?

A. Yes.

Q. Yet in the Horizon declaration you declare £1,590 of 50p pieces?

A. Yes.

F Q. Can you explain this?

A. Yes, we could have missed three bags of change out.

JUDGE HAVERY: Say that again?

G A. We could have missed the bags of change, my Lord.

MR MORGAN: Mr Castleton, I suggest to you, I put it to you that the difference of £1,429-odd is the amount you needed to make up in order to balance?

H A. Yes.

LCAS0001382

Q. I put it to you that it is unlikely that you put it in as 2,858 50p pieces?

A. Why?

Q. It is 22.8 kilos of coins stacked 5.08 metres tall?

A. That is no what we are saying here, is it?

Q. Mr Castleton, is it your evidence, are you asking the court to believe that (inaudible) deficit of £1100-odd, instead of going and taking some notes you solemnly went and counted out 2,858 50p pieces?

A. That is reflected of that and also that we had not made a mistake on the 50ps. You are not telling me that is the reason that you are standing me here today because of that surely.

Q. Let us move on a bit. Could we look at your manuscript declaration for the following Thursday in Bundle 10, tab G, page 3087. Could you put 2610 back in?

A. Okay.

Q. If you could turn to tab G, page 3087?

A. I have got it out, yes. Did you want me to take it out?

Q. It makes no difference. I think it is safer to leave it in the bundle?

A. All right.

Q. Do you see there another manuscript declaration?

A. I do.

Q. Whose declaration is that?

A. (Inaudible) again.

Q. Can you tell me who did the 20p declarations?

A. It looks like Christine's.

Q. Who did the 50ps?

LCAS0001382

A. It looks like Christine's again, or mine, it is my -- no, no, I thought it was my £60, but it isn't.

Q. So that is all Christine?

A. Looks like it.

Q. Who would have entered these figures on to Horizon?

A. I don't know, either either.

Q. So each of you took turns entering up?

A. It would depend who was dealing with what, yes.

Q. Do you see there that you identified £84.50 worth of 50p pieces?

A. Absolutely.

Q. Do you see that there are £254.60 of 20p pieces?

A. Yes.

Q. If you look in Bundle 9 again at tab 43, page 2627?

A. Yes.

Q. Can you see there a declaration for the Thursday, the first day of Week 43, 15th January 17.32?

A. Yes.

Q. Can you see that unusables notes £25, coins 2p, £20 notes, 59,900 and so on?

A. Yes.

Q. Do you think that this Thursday corresponds with the Horizon declaration with Thursday, 15th January?

A. It doesn't correspond, does it?

Q. I know it does not correspond, but do you think it is --

A. Reflective of it.

Q. Reflective of it?

LCAS0001382

A. I don't know. It could be it.

A Q. Do you think this is a true declaration onto Horizon?

A. We never declared anything (inaudible).

Q. If I can ask you to take out page 2612 for a moment?

A. Yes. You want me to take it out.

B

Q. Yes, and physically hold it alongside 2627?

A. Okay.

Q. Apparently between 7.30 in the morning on 15th January and 5.30 in the evening, so

C ten hours later, you seem to have paid out £1,500-odd in 50p pieces?

A. Okay.

Q. Do you think that is likely?

D A. Yes, it could be (inaudible).

Q. Can you identify any other day on which you would have paid out so many 50p pieces?

A. It is just as customers come in or even myself.

E Q. More interesting, Mr Castleton, do you see you have gone through having £277 worth of 20p pieces to £2,654.60 of 20p pieces?

A. Yes.

JUDGE HAVERY: Where do I find that?

F

MR MORGAN: On page 2612, top left-hand panel and on page 2627, bottom left hand panel. How do you account for that?

A. It looks like someone has it wrong way around to me, I might be wrong, or either they

G are put wrongly on there.

Q. Mr Castleton, I ask you again, is that a true declaration of cash that you have on hand?

A. What this?

H Q. Yes.

LCAS0001382

A. Yes. Are you telling me it is not?

A Q. So you have £2,654.60 worth of 20p pieces at 5.32 on 15th January?

A. That is a true declaration of the cash we had on hand.

Q. So you see 59.425 kilos of 20p pieces?

A. (Inaudible).

B

Q. About 20.204 metres high in ten hours?

A. What I am saying is we could have made a mistake in terms of (inaudible) we put it into. We are human.

C Q. Mr Castleton, I asked you whether this was a true declaration and you said it was. Think?

A. Yes, it is a true declaration.

D Q. I suggest to you that it is unlikely that you received 19.8 20p pieces every minute for ten hours between 7.30 in the morning and 5.30 in the afternoon?

A. On whose business are you talking about?

E Q. I have been unable to identify any other occasion when you have received so many 20p pieces?

A. So we never have a customer comes in and pays in large amounts of coins.

Q. I asked you whether you recall spending a large amount of time counting up these coins

F and you were unable to recall and I suggest to you that it would take --

A. Would it take a long time to count that amount of coins?

Q. I am asking you, would it?

G A. No, because it is sealed bags and we generally use document on top of the drawers of the cash because we had two new drawer systems safes --

Q. Sealed bags, so somebody came and deposited these 20ps in sealed bags?

H A. It could well be.

LCAS0001382

Q. Which customer would have done that?

A. A. There are various customers.

Q. I suggest to you --

A. (Inaudible).

Q. You yourself (inaudible)?

B

A. (Inaudible) are you saying I couldn't?

Q. No, I am asking you, is your evidence to this court that you yourself deposited 58 kilos of 20p coins?

C

A. No, I am saying --

Q. Is it your evidence that these coins were deposited in sealed bags?

A. No, what I am saying is it looks to me like the 50ps and the 20ps were put the wrong

D way around, that is what I am saying.

Q. So you received another £1,000 worth or so of 50p pieces in the ten hours.

A. Possibly.

Q. Possibly?

E

A. Yes.

Q. I suggest to you that these cash declarations do not bear any resemblance to the physical reality of the cash that was in the till?

F

A. Is that what you are suggesting?

Q. Yes.

A. I am sorry that is not true.

G

Q. I suggest to you that you did not put your hand in your pocket to make up the deficiency, but you simply manipulated the cash figures and the cash account?

A. That is definitely not true.

H

Q. It is fair to say, is it not, that you had -- you can put 2612 back in?

LCAS0001382

A. Thank you.

A Q. I am right in suggesting you instructed forensic accountants early in your case?

A. Yes.

Q. It is fair to say, is it not --

A. (Inaudible).

B MR MORGAN: You instructed forensic accountants.

JUDGE HAVERY: When did you instruct?

A. My Lord, August 2006 because the Post Office did not release the documentation to me

C until July 2006.

MR MORGAN: Mr Castleton, I suggest to you that you in fact instructed a forensic accountant?

D A. Is that the Week 49 report you are talking about?

Q. Mr Castleton, I suggest to you that you instructed forensic accountants as early as November 2005?

E A. We had a report (inaudible), but that was not with all the documentation that we required.

Q. I also put it to you that your forensic accountants actually completed a report for Week 42?

F A. Week 42 in November?

Q. Yes, this November?

A. It was inconclusive because we didn't have (inaudible).

G Q. That is what you say?

A. Thank you.

H

LCAS0001382

Q. It is therefore fair to infer that despite having retained forensic accountants for some months they were unable to produce a final report that identified any error at all in the figures recalled by Horizon?

A. That is not true.

Q. Would I be right in thinking that instead they identified the artificial manipulations in the cash account that I have just identified?

A. Definitely not true.

Q. Were you given permission to call an IT expert?

A. Yes, but I couldn't afford him.

Q. Did the Post Office offer to afford access --

A. (Inaudible).

Q. -- to their Fujitsu's premises and equipment to assist in the preparation of that IT expert's report?

A. I could not afford to instruct them, that is why I am standing here today.

JUDGE HAVERY: Yes or no?

A. I believe they did, my Lord.

JUDGE HAVERY: But you cannot recall it?

A. I have no IT expert (inaudible).

MR MORGAN: Is it also not correct that you never instructed an IT expert to take even the most preparatory steps in relation to examining the Post Office's system?

A. No, because I had no money.

Q. Mr Castleton, could I turn on to consider Weeks 46 and 47?

A. Yes.

Q. Could you turn to tab 46 in Bundle 9, page 2663 and that is the cash account to Wednesday, 11th February 2004?

LCAS0001382

A. Yes.

A Q. Do you see there a discrepancy of £8,243.10?

A. I do.

Q. Can you look at the next page declared cash (inaudible) £33,100?

A. Yes.

B

Q. Could you turn forward to 347, tab 47, page 2680 and see there discrepancy have been moved in suspense?

A. It has.

C Q. The next question, Mr Castleton, if you look very briefly at Bundle 10, behind divider F and at page 3083?

A. Yes.

D Q. This is a delivery schedule broken down into notes (inaudible). Do you see there a delivery on 12th February 2004 for £70,000?

A. I do.

E Q. Going back into Bundle 9 -- I apologise this is so complicated just so the witness understands the question that comes when it is put -- if you look at the declared cash on 12th February, tab 47, page 2695?

A. Yes.

F

Q. Whose manuscript writing is that on the bottom of each of those cash declarations?

A. Christine Train's.

Q. Have you any explanation as to why she should be writing those figures on the bottom

G of this cash declaration?

A. Because as she told Mrs Ogilvy and help line (inaudible) showing.

Q. In fact, if the figures in the bottom panel on page 2695 as entered rather than corrected

H in manuscript at that date on 12th February 2004 the amount of additional cash over

LCAS0001382

and above the declared cash would have largely matched the amount in the suspense account?

A. Not really, sometimes there is £1,000 difference, sometimes it was £10,000 difference.

JUDGE HAVERY: I am sorry, what you are looking at? What page are you on?

MR MORGAN: My Lord, page 2695.

JUDGE HAVERY: Yes, I am looking at that.

MR MORGAN: Bottom panel has two manuscript alterations to it, one is the £20 figure that changes it from 60,540 to 50,540.

JUDGE HAVERY: Yes.

MR MORGAN: And in the bottom --

JUDGE HAVERY: 987,51 to 88,751.

MR MORGAN: Indeed.

JUDGE HAVERY: I see.

MR MORGAN: My Lord, Mr Castleton's evidence just now is that the (inaudible) below that, the minus 11,019.67 is the amount that Christine train thought that they were short of cash as regards the overall position?

A. I think it was a difference of (inaudible).

JUDGE HAVERY: Difference of a balance what?

A. Balance snapshot, it is a procedure that you can go through to see what (inaudible). It is literally almost a photograph of what business has occurred during that day.

JUDGE HAVERY: So what are the two figures which differ by (inaudible) in your opinion?

A. From memory I believe it's from the cash declared to (inaudible).

JUDGE HAVERY: So the balance snapshot on your belief as to what this is is less than the cash declared by (inaudible)?

LCAS0001382

A. That's what I believe my Lord, yes.

A JUDGE HAVERY: I see.

MR MORGAN: But you cannot assist his Lordship beyond saying that these are Christine Train's figures?

A. They are definitely Christine's, yes. It's not my writing.

B MR MORGAN: My Lord, moving on to Question 179.

JUDGE HAVERY: Where does this 70,000 (inaudible).

MR MORGAN: My Lord, the witness's evidence is these are calculations conducted by

C Christine Train.

JUDGE HAVERY: These manuscript figures on 2695?

MR MORGAN: My Lord, yes. So therefore I cannot usefully take my line of

D cross-examination forward with this witness.

JUDGE HAVERY: I see.

MR MORGAN: I apologise some extensive ground work, I cannot pursue it sensibly with

E this witness because his evidence is he does not know.

JUDGE HAVERY: So where do we move on to then?

MR MORGAN: Question 179.

JUDGE HAVERY: Right.

F MR MORGAN: I am going to ask a preliminary question before that. Mr Castleton, I suggest to you that the figures for Week 42 show that you were prepared to enter up in the cash declarations the figures that suited you rather than the figures that were

G actually there?

A. (Inaudible) that is not the case.

Q. I suggest to you, given that you were manipulating the cash declarations to suit your

H own purposes that the cash accounts were actually inaccurate?

LCAS0001382

A. I again strongly deny that.

A Q. And I suggest to you that neither the Post Office or indeed the court can be satisfied that any account that you now produce would be correct?

A. Again I strongly deny that.

B Q. Mr Castleton, in paragraph 6 of your statement -- we can move off the detail of this now?

A. Okay.

Q. If it is convenient if you want to clear your desk --

C JUDGE HAVERY: So we can put 9 and 10 away?

MR MORGAN: My Lord, yes. In paragraph 6 of your statement, Bundle 4, page 615 and over the page, you say that you called Horizon help line on various occasions and

D the Post Office accepts that?

A. Yes.

Q. But I suggest to you that although you said you were having problems you never

E identified a specific figure as being wrong?

A. No, that is not true. That is not true, my Lord.

Q. Mr Castleton, to avoid the detailed bit, can I take it you have looked at the call logs in Bundle 12?

F

A. Yes.

Q. And summarising those, the Post Office's position is there is no record of (inaudible)?

A. As I said before, if you make (inaudible), then obviously those records are not going to

G be complete.

Q. I suggest to you that had there been a specific area identified that would have been recorded?

H A. I don't know how they work. I couldn't answer that I am afraid.

LCAS0001382

Q. It is also true that you never received assurances that it was all a mistake and would sort itself out?

A. That is definitely a fact that I received assurances.

Q. From whom did you receive those assurances?

A. From both Mrs Ogilvy and help line.

Q. I suggest to you those assurances were that if there had been a mistake in the documentation those would be reflected by way of error notices?

A. It was not put that way. Clearly was not put that way.

Q. Is there a specific representation that you can recall?

A. Mrs Ogilvy (inaudible) verbally told me that it will an error (inaudible).

Q. I suggest to you that by saying the words "it will be an error" and will come back meant it will be an error made by you in the paperwork and will be picked up when that paperwork is checked against the physical documentation?

A. The conversation went on from there (inaudible) and why we couldn't find any differences through the paperwork and why one was saying one thing and the other half was saying another.

Q. I also put it to you that you were never told to sign any document irrespective of the errors?

A. I was told (inaudible) cannot complete the business (inaudible).

Q. So the answer is you were never told to sign irrespective of the errors?

A. No, the answer is I was told to sign because I had to complete the week's work, otherwise I could not roll over into the next week.

Q. I think we can skip (inaudible). In Bundle 1 in your defence at tab 3, page 8 do you see there you say you are going to be able to demonstrate the original documents the alleged errors (inaudible) within Horizon?

LCAS0001382

A. Yes.

A Q. May I ask, if you were going to do it in the context of these proceedings, why did you not do it at the time that the errors were arising allegedly?

A. Because I didn't have (inaudible).

Q. You have had the primary documentation?

B

A. The primary documentation is, you need to compare more than just one document, you need to compare a multilevel as I showed earlier with the cheques and I was always rebuffed anyway.

C Q. Mr Castleton, I suggest to you that you had summaries in your hand of the physical receipts and payments made through your branch each week and that you checked those against the cash account final and they corresponded, is that true?

D A. (Inaudible) I showed you earlier, they corresponded with what was on the cash account, but the stock and mop (inaudible). This is why the (inaudible).

Q. Mr Castleton, you counted the stock and the cash and recorded that, did you not?

E A. (Inaudible).

Q. So as regards each and every figure on the cash account final it was something that was counted and checked by you against the physical reality of what you actually held in your hands on Wednesday and your records compiled from primary physical

F documents of what had been transacted by way of business through the week?

A. That is not true, is it, because of the sales report I showed you earlier with the cheques. It cannot have a difference on another report containing the same (inaudible). How

G can you possibly have that same difference?

Q. Mr Castleton, I am focusing solely on the cash accounts?

A. All right.

H

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Q. And I suggest to you, I put it to you that each and every figure in those cash accounts was something that could be and was checked by you each week, is that true?

A. Yes, but that is not (inaudible).

Q. Mr Castleton, did you order more cash in Weeks 42 to 50 when none was needed?

A. No.

Q. Bundle 4, page 616 you say that you knew that nobody could be taking the money. How did you know that?

A. How was it that I knew?

Q. Yes.

A. Because only Christine and I have access and I would have known, I would have seen. 95 per cent of the time I am there.

Q. What about Ruth Speamer?

A. She had no access; she didn't even know the alarm code.

Q. She was working at the tills though, was she not?

A. To take £1,200 when you have £900 in the till (inaudible) no bags in there, no nothing.

Q. Were your security procedures watertight?

A. (Inaudible) pretty good with security I believe.

Q. Was the safe ever left open?

A. Never.

Q. Were keys left in the safe?

A. Never. I like these things -- sorry, might I speak in reply to that my Lord. These are all not contained in the audit report that specifically reports on the particular subject as part of their audit, yet supplementary documentation (inaudible) seems to bring about these same questions.

Q. Were cash and stocks secure if you were not on the premises at lunchtime?

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A. I was on the premises anyway (inaudible) either Christine or myself.

A Q. Is it correct that travellers cheques and foreign currency were not kept secure?

A. Can you look through all this paperwork --

Q. Is it yes or no?

A. We don't keep travellers cheques, never have.

B

Q. Why did Helen Rose, the auditor, think that there were significant differences there?

A. Again, this had been written up after the event. Her original report was written and actually she misstated --

C Q. She did misstate it?

A. (Inaudible) none of these events, not one of these things was contained in that report and yet all of them are specific to the contract, including the allegation that I had

D been drinking. All of these are specific absolute that must be contained in the audit report and yet they are not contained in there. Then in her statement produced (inaudible).

E Q. Mr Castleton, is she lying therefore when she makes that statement?

A. I will get the opportunity to cross-examine her.

Q. Are you saying she is lying?

A. I do not believe that they are true, no.

F

Q. Do you accept that Catherine Ogilvy suggested you carry out individual stock unit balancing?

A. Yes, but not on the point (inaudible) no.

G Q. I suspect this might be and I apologise to his Lordship, it might have assumed a level of knowledge (inaudible) his Lordship might need some assistance. Could you tell his Lordship what is individual stock unit balances?

H

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A. It is where you split the individual stock (inaudible) office between two operators, so that you can balance separately and see which side or if at any point anything is gone missing.

JUDGE HAVERY: I see.

MR MORGAN: So for his Lordship's benefit there are two (inaudible) post office?

A. There are.

Q. And individual stock unit balancing mean assigning a balance of cash and stock to one till and the other cash and stock to the other still?

A. Which is (inaudible).

Q. And by doing that was it Mrs Ogilvy's view that one might be able to see whether cash and stock were going missing from the operation of one of those tills?

A. It was her view, yes. (Inaudible).

JUDGE HAVERY: You say you could not do that?

A. No, my Lord. Whilst our computers were missing or separating we had no facility to split the stock and no facility to organise a split stock unit. We only had one (inaudible), which did not have at the time a separate safe drawer which would be required to separate the units.

MR MORGAN: Moving on to consider the National Lottery, am I right in thinking that you now accept that you received £176 on 23rd March 2004 in respect to National Lottery sales and paid out prizes of (inaudible)?

A. That has never been in question.

Q. Is that a yes then?

A. Yes. It was never a question of receiving the monies, the fact that repaid (inaudible).

Q. Do you accept that you were obliged to account to the Post Office for the money you received for National Lottery sales?

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A. (Inaudible) 1400 hours on Tuesday, 23rd March I did (inaudible) raised the subject.

A Q. Mr Castleton, you instructed solicitors?

A. Yes.

Q. From before this action was commenced. (Again, my Lord, I apologise I am departing from my script.) You instructed solicitors before this action was commenced?

B

A. Yes.

Q. You instructed them by telling them what your version of event was, did you not?

A. Yes.

C Q. I am not asking you to tell me what you told them, but I am just asking you whether you did go through the process of telling them (inaudible)?

A. Not initially, no.

D Q. At some point you did?

A. At some point after me for pre-action disclosure, yes.

Q. They presumably also advised you -- I am not asking you to tell me what the advice

E was?

A. That is fine.

Q. Mr Castleton, the reason I ask this is that the first time that you suggest that you paid the money to Ruth Simpson was by a side wind in Christine Train's statement and

F by your skeleton argument provided on Monday of this week?

A. No, that is not true.

Q. Can you identify any document that shows that that was your case at any time prior to

G that?

A. Yes, but (inaudible).

MR MORGAN: Perhaps over the adjournment (inaudible).

H JUDGE HAVERY: (Inaudible)

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A. That is fine, my Lord, yes.

A MR MORGAN: Do you understand that you have no obligation to give disclosure, that is disclosure of relevant documents?

A. Yes.

Q. Do you understand that if you had a relevant document that that should have been B produced by way of disclosure?

A. I don't physically have the relevant documents.

Q. Mr Castleton, is it the case that you have control over who goes into the sub post area C Marine Drive branch?

A. (Inaudible).

Q. Is it correct that you are able physically to prevent members of the Post Office from D attending on the premises?

A. No, I have never refused anybody access.

Q. Mr Castleton, would you like to take up the bundle of correspondence which is Bundle 13 and turn to tab 118, page 4256? E

A. Okay.

Q. Do you see there a letter from Rowan (inaudible)?

A. Yes. F

Q. And it is dated 9/7/2005?

A. Yes.

MR MORGAN: So these are your solicitors?

G JUDGE HAVERY: Is that right?

A. Yes, that is right. Sorry, my Lord.

H

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MR MORGAN: Do you see there that it records some events that occurred a few days previously when Dorothy Day was contacted by Andrew Betson(?) in order to go to the Marine Drive branch to collect certain documents?

A. Which was fine, yes.

Q. (Inaudible) respective clients. There was a discussion about what documents could or could not be collected?

A. It wasn't really what documents could or could not be taken, it was the originals (inaudible).

Q. Do you see five paragraphs down Mrs Day declined to deliver up those documents requested?

A. Because they wanted them (inaudible). You will be able to ask Mrs Day.

Q. Do you see over the page at 4257:

> "Please make abundantly clear to your client ... (Reading to the words)... standard disclosure in due course."

Now in Bundle 4 of the witness statement?

A. In my own personal statement?

Q. No, it is Mrs Train's behind divider 3, page 640?

A. Yes.

Q. Do you see there:

> "Following my recent statement to assist Dorothy I went through ... (Reading to the words)... was not."

A. Yes.

Q. Where are these documents, Mr Castleton?

A. In the post office.

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Q. Why have they not been produced on disclosure?

A. (Inaudible).

Q. Mr Castleton, I am just putting to you that it is extraordinary that this case has not been advanced until the night before, the 11th hour of this trial?

A. Yes.

Q. That we are not put on notice of it until at the earliest the Wednesday and your submissions on Monday?

A. Yes.

Q. That you have relevant documentation without the control of people who are going to give evidence on your behalf?

A. Right.

Q. We have been denied access to the sub post office?

A. (Inaudible).

Q. And now you are purporting to support your case by reference to documents that you have not disclosed?

A. I have supported my case with it, Mrs Day is supporting the case with it. She is the person that has the temporary postmaster's position at Marine Drive Post Office and there has never been any denied access to the office. The only reason why on that day those people came to take that work away (inaudible) originals, it was never against actually having copies, so I believe (inaudible).

Q. Mr Castleton, I suggest to you this is something that this is a case that has been developed late by you and I suggest to you that it is going to be impossible for this court now to get to the bottom of it because you have not produced the relevant documentation, if it exists?

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A. I can't produce the relevant documentation because I was terminated from my position. I don't have a key to the post office, all access (inaudible).

Q. Just knowing about the existence of this documentation, the very least you could have done is ask one or two of your witnesses to have copied it?

A. You must have known that that documentation was there.

Q. Mr Castleton --

A. Surely you asked Mr Simpson in the production of (inaudible).

Q. Mr Castleton, we did not need to ask Mr Simpson for the production of (inaudible) quite simply because this was not a case that was advanced by you through your lawyers. There was no positive case advanced on the pleadings and there still is no positive case advanced on the pleadings and I resist --

JUDGE HAVERY: I am not sure there is anything more you can put to the witness about it.

MR MORGAN: No, I apologise for entering into a discussion with him.

JUDGE HAVERY: I will rise now and I will sit again at five past two. I think there is something you want the witness to look for.

MR MORGAN: My Lord, the witness himself thought that he might have a document that suggested that this is something that has been raised earlier.

A. It was about the lottery, my Lord.

MR MORGAN: Whether it had been raised at some (inaudible) previous.

JUDGE HAVERY: I see. If you could do that and I will sit at five past two.

MR MORGAN: Yes, my Lord.

JUDGE HAVERY: If you do that during the break. I must also tell you that you must not talk to anybody about your evidence (inaudible)?

A. Okay, my Lord.

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MR MORGAN: My Lord, I am comfortable I will finish with the other two witnesses this afternoon.

JUDGE HAVERY: Thank you.

(The short adjournment)

MR CASTLETON (continued)

MR MORGAN: Mr Castleton, before the short adjournment you mentioned there was a letter that you thought might assist you. I think you have identified the letter that you want to draw to the attention to the court at Bundle 13, the correspondence bundle, tab 126 at page 4319. Mr Castleton, perhaps since it is your point that you want to make to the court, perhaps you could explain it to his Lordship.

JUDGE HAVERY: Perhaps I should read it to myself first and then (inaudible)?

A. Yes, my Lord. (Pause)

JUDGE HAVERY: Yes I read that, thank you.

A. My Lord, as you can see in our defence (inaudible) the National Lottery was discussed. From coming out of the office to this present day I have never set foot in the office to obviously procure my evidence and therefore I would be unable to provide the lottery tickets (inaudible), but subsequently from reading Mrs Day's witness statement obviously she has full access to (inaudible) and she has told me that those receipts are there.

MR MORGAN: Your Lordship will also notice at the bottom of that page (inaudible) earlier the offer of inspection facilities in relation to computers.

JUDGE HAVERY: Yes.

MR MORGAN: Mr Castleton, we are very close to the end you will be pleased to hear. Can we consider the replacement of sub-postmasters. Do you accept that neither

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Ruth Simpson nor Greg Booth reported any significant problems with balancing on the Horizon system?

A. I don't accept that Ruth Simpson had no balancing problems.

Q. Do you accept that Greg Booth did not report any significant problems with balancing under the Horizon system?

A. I believe Greg Booth had some minor problems, but no balancing problems.

Q. In your witness statement in Bundle 4, page 619 at the bottom of paragraph 19 of the witness statement is this the incident where you believe that Ruth Simpson had difficulty balancing?

A. One or two occasions, yes.

Q. How do you know that Mrs Simpson was phoning Catherine Ogilvy?

A. From seeing and her telling me (inaudible).

Q. So your evidence is that she told you that she phoned her repeatedly?

A. Yes.

Q. Is it also your evidence that she told you what the content of those telephone conversations was?

A. No.

Q. I suggest to you that Mrs Ogilvy had an all day meeting on 24th March 2004?

A. I didn't know that.

Q. Do you know Mrs Simpson likes to talk to her husband on the telephone if she has to be away from their farm?

A. I can believe that.

Q. Do you accept that Mrs Simpson could have been on the telephone to her husband rather than Mrs Ogilvy?

A. Then why would she tell me she was ringing Cath.

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Q. Do you have any real evidence that Mrs Simpson did not miss balance by only £2.12 on that day?

A. From the lottery errors it would be impossible for Mrs Simpson to have not balanced or to have balanced to £2.00.

Q. So you base that allegation of misbalancing on the allegation that the lottery should have been taken into the balance at some point?

A. She must have either (inaudible) and she would have declared that or she was so far out she didn't notice.

Q. Going back to your statement and over the page, page 620, do you have any real evidence that the computer was having a software rewrite?

A. Across the bottom of the computer there is a bar to say that it cannot (inaudible) comes across when the computer is in correspondence (inaudible) that bar was (inaudible).

Q. How could you see that, Mr Castleton?

A. We have an actual glass that looks through into the post office.

Q. You say you could see that bar?

A. Yes.

Q. Could you look please in Bundle 8, behind tab 76, page 2379. This is a spreadsheet of software updates produced from the Post Office database showing updates sent to Horizon at Marine Drive?

A. Yes.

Q. Do you see any reference to an update occurring on 1st April 2004?

A. No.

Q. Do you say the schedule is wrong?

A. It seems surprising that there is no updates between when you consider virtually every day there was an update and then nothing from 12th March through to 6th April. I

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A

am not saying the schedule was wrong, it is just I am saying I don't know either way.

Q. Mr Castleton, you just say that did you know; you said that the machine was being up loaded?

B

A. I believe that to be the case, yes.

Q. I suggest to you that you do not have that belief and that whilst there was a computer failure on 24th March there was not the update taking place that you allege?

C

A. Then I would question Mrs Simpson's statement that throughout her time in the post office she only had to remove once.

Q. Are you saying that this is all a conspiracy against you by the Post Office (inaudible)?

D

A. No, I would say for a reboot to take between 10 and 20 minutes to not be able to use the computer for four hours would be a question and whether Mrs Simpson has actually got it wrong.

Q. You would say that this schedule is wrong as well?

E

A. No, (inaudible) if that is what the schedule says, that does not mean that that has not occurred. This could well be a schedule of uploads that have taken place throughout the period that are systematically loaded on to the system through an automated procedure.

F

Q. Mr Castleton, could I take you to back to paragraph 21 of your statement on page 620?

A. 21, yes.

Q. You said Mrs Ogilvy attended on 10th May and took away paperwork?

G

A. Yes.

Q. Is that not the case that that is your date of your hearing with Mrs Ogilvy?

A. I thought the hearing was on the 13th from memory.

H

Q. Mrs Ogilvy's evidence is that the hearing was on the 10th?

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A. Right.

A Q. Do you maintain that she took away any material paperwork you had not seen?

A. Yes.

Q. What do you say that you have not seen since?

A. (Inaudible) snapshots for a huge amount of period of time and transaction notes.

B Q. Mr Castleton, I suggest to you that all the paperwork was taken away (inaudible). Do you accept that?

A. No.

C Q. Mr Castleton, what I would like to do now is put the Post Office's case to you formally and then conclude?

A. Okay.

D Q. Mr Castleton, the Post Office's case and I ask you to accept the deficiency found by the auditors on 24th March 2004 was a real deficiency. Do you accept that?

A. No.

E Q. From your evidence this morning, as I understand your case it is not that the cash accounts were wrong, but that there is a discrepancy or you think there is a discrepancy between reports produced during the week and what is recorded in the final accounts, is that right?

F A. The actual breakdown of the transactions that are placed in the cash account and the daily figures that are produced by Horizon system in-house have discrepancies, yes.

Q. But you do not say that the final accounts have discrepancies as against the physical

G documentation?

A. As against the physical documentation of the final, yes.

Q. So your quibble is actually that the interim reports do not reconcile one for one with the

H final accounts that you produce?

LCAS0001382

A. My quibble is that those interim reports have an effect on the cash account and the stock (inaudible) cash account which is (inaudible).

Q. But in fact you accept and you have accepted repeatedly that the final accounts reconcile back to the primary documentation?

A. The daily documentation produced reconciles to the figures that are produced in the transaction (inaudible) but do not reconcile back to the stock and mop figures that are produced on the cash account and also there are discrepancies placed between the actual transacted figures that appear on the cash accounts and the transactional data that is produced (inaudible).

Q. I think you have accepted that the cash accounts reconcile to your summaries the physical documentation and your summaries?

A. What I am saying is that that effect must have had an effect through the week on the stock and what was placed through the system.

Q. Mr Castleton, would you accept that if I asked you to sit down with your summaries and produce an old-fashioned cash account using those summaries and your disclosure of physical stock you would produce the same figures as you signed off for on the cash account?

A. No.

Q. Mr Castleton, I suggest that they would and I suggest that is a necessary consequence of all the figures in the cash account reconciling back to the physical documentation?

A. Why do the daily totals not match?

Q. Mr Castleton, I will ask the question one more time. If you produce an account using the summaries of transactions and the actual figures for cash and stock disclosed by you would the cash account produce any final figure? Sorry, would the cash account produce a different final figure?

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A. Yes, in respect to stock and mop was produced on a daily basis, yes.

A Q. But would the cash account at the end of each week, if you produced an old-fashioned manual account, take it in summaries, would that produce any different figure to that produced by the Horizon system for the cash account final?

A. Yes, in the stock and mop figure.

B Q. But the stock figure disclosed at the end of each week is what you actually have in stock?

A. (Inaudible).

C Q. As a means of payment figure that you have -- a means of payment is another word for cash -- is something you count up each week, so why would stock and mop be different?

D A. Because it is produced in a different way.

Q. Mr Castleton, I thought we had established that the mop figure was what you physically input into the computer?

E A. I thought we had established that the transactional data (inaudible) does not correspond to the actual transactional data on the cash account.

Q. I am not asking you whether the transactional data does, I am asking you whether physically and I think you have shown it by looking at Week 48 that physically the

F amount that you count up and declare in cash goes into the trial balance, is that correct?

A. Yes.

G Q. That figure then goes into the cash figure in the final balance?

A. Yes.

Q. So how would that differ?

H

LCAS0001382

A. As I showed you earlier with the transactional (inaudible) you cannot have a difference between the cheques declared on one piece of paper produced (inaudible) and a difference in the cash account. Why is that the occurrence?

Q. Mr Castleton, that is not the question I am asking you. I am asking you, if we start now with a clean sheet of paper?

A. Right.

Q. And we start in Week 42 and we produce for Week 42 a balance sheet, an old-fashioned balance sheet, would we get the same figure for cash declared in the old-fashioned balance sheet as is declared in your Week 42 balance sheet now?

A. In the Week 42? Just in the Week 42?

Q. Yes.

A. There are discrepancies in stock though that come from the transaction (inaudible).

Q. No, would we get the same figure in cash?

A. You are talking about two separate items of paperwork.

Q. When you count up the cash, Mr Castleton, for Week 42, let us have a look at it --

A. I agree with what you are saying --

Q. Why do you not say yes, please?

A. Because it is not as simple as that. If it were as simple as that, then we wouldn't have a problem, would we? It is far far more detailed than that, hence the reason why you have 250 files.

Q. Mr Castleton, could you take Bundle 1 and turn to divider 42, page 2599?

A. Yes.

Q. Table of cash stock etcetera in hand?

A. Yes.

Q. I accept that you say (inaudible)?

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A. Yes.

Q. But once you put in the money is the physical amount of cash, stock etcetera in hand, is the physical amount of cash £83,328.32?

A. There is a reason for that.

JUDGE HAVERY: Is that the amount of cash-in-hand?

A. It was at that time, my Lord.

JUDGE HAVERY: It was?

A. But there was a reason for that occurring, my Lord.

JUDGE HAVERY: Whether that is the next question or not, the next question you are saying that is correct?

A. Yes, my Lord.

MR MORGAN: Did you have £81.01 worth of (inaudible) licence?

A. We did.

Q. £3,385.46 of postage stamps?

A. That is what we declared.

Q. Did you have them?

A. Yes, but the computer in the transactional logs status report has a zero figure.

Q. Did you have £1,183 of PO Face Value?

A. Yes.

Q. Did you have £127.95 of POBs?

A. Yes.

Q. £380 of TV licences?

A. Yes.

Q. £30 of Littlewoods savings certificates?

A. Yes.

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Q. £60 of £5 Post Office calling cards?

A. Yes.

Q. £30 of £10 Post Office calling cards?

A. Yes.

Q. £160 worth of £20 Post Office calling cards?

A. Yes.

Q. £200 of £10 --

A. Yes.

JUDGE HAVERY: (Inaudible).

MR MORGAN: Post calling cards International, I do beg your pardon. And £2,209 of National Lottery Instants?

A. Yes.

Q. Giving a sub total of £92,374.74?

A. Yes.

Q. Now over the page --

A. There is no need to go through each individual line.

Q. So you accept each individual line is accurate?

A. There is a reason for that.

Q. Mr Castleton, I do not need to enter into a dispute with you as to whether there is a reason for that. What I am asking is whether these accurately reflect the position of the business on that date?

A. Yes.

Q. That is the same that each and every week up to Week 51, is it not?

A. Yes.

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Q. So if one were to do the exercise manually rather than rely on Horizon one would come up with the same figures?

A. No. You would from the cash account -- sorry, I appreciate the question now. You would from the cash account, but there is an underlying system within these cash accounts.

Q. You would produce the same physical figures -- sorry, the same figures if you undertook the exercise in an old-fashioned way with pencil and paper?

A. Yes.

Q. Thank you.

A. (Inaudible) sorry.

Q. Mr Castleton, you can put Bundle 9 away. Mr Castleton, on that basis I suggest to you that the figures recorded each week for the losses were real losses that were being suffered by the business?

A. That is not true.

Q. And I suggest to you that there is nothing wrong with the Horizon system and that it produces exactly the same figures as would be produced if you had conducted the bookkeeping exercises manually rather than using what is in effect a sophisticated calculator?

A. That is not true.

Q. I also suggest that you never have had any evidence that the Horizon system was causing any losses?

A. That is not true.

Q. Finally, I suggest to you that you may have honestly deluded yourself into believing that the real losses are not your responsibility but should be blamed on something

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else, but you have chosen the Horizon system because it is complicated and because you felt you could point the finger at it?

A. That is not true.

MR MORGAN: Mr Castleton, thank you for answering my questions.

JUDGE HAVERY: Can I have Bundles 3 and 8 please? I just have a few questions I may want to ask you?

A. Yes, my Lord.

JUDGE HAVERY: Could you look at Bundle 3, tab 59, Mr Castleton, page 448?

A. Yes, my Lord.

JUDGE HAVERY: You should have part of Mrs Simpson's evidence, in particular paragraph 12?

A. Yes, my Lord.

JUDGE HAVERY: Would you like to read that yourself first briefly before I ask you a question about it? (Pause)

A. Yes, my Lord.

JUDGE HAVERY: Is it right that the car auction business made a practice of dumping money in your shop?

A. My Lord, my wife is an agent paying in for the car auction. They would deliver money to my wife early in the morning prior to opening and my wife would pay the money in. We do actually have a letter from the car auction --

JUDGE HAVERY: No, I am just asking what you say about it?

A. Yes.

JUDGE HAVERY: So they would actually give the money in bags, is that right --

A. They were actually sealed bags, my Lord.

JUDGE HAVERY: So they would give them to your wife, is that right?

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A. That's right because she's an agent.

A JUDGE HAVERY: It would be in your house upstairs, is that right?

A. Actually in the store-room at the back of the shop. We open at 5.30 in the morning.

JUDGE HAVERY: I see. So they call and she would answer the door?

A. Yes, my Lord.

B JUDGE HAVERY: Then what did do you about counting that money?

A. Paying into the post office (inaudible) postmistress would pay it in, so my wife would take the paying-in book with the sheet that says how much cash was there, fill it

C out, just as you would with any paying-in, and then push that through underneath the counter for the postmistress to pay in. At the time it was Ruth Simpson.

JUDGE HAVERY: So she would come into the post office --

D A. As a customer, that's right she was purely a customer as an agent for them.

JUDGE HAVERY: I follow. So she would presumably (inaudible) Mrs Simpson or whoever was in the post office would also count the money?

E A. That's right.

JUDGE HAVERY: I see. That would be recorded on a paying-in slip?

A. That is right, my Lord.

JUDGE HAVERY: Presumably on a computer?

F A. That's right, Horizon, my Lord.

JUDGE HAVERY: Thank you. Would you take Bundle 8, tab 80 please?

A. Yes, my Lord.

G JUDGE HAVERY: This is a note (inaudible)?

A. I believe it is by Catherine Ogilvy, my Lord, the retail manager.

JUDGE HAVERY: If you turn to page 2391?

H A. Yes, my Lord.

LCAS0001382

JUDGE HAVERY: She is quoting you in the middle of the page. I will just read the paragraph to you in the middle of the page:

A

"He said that he thought that the two ... (Reading to the words)... sheets of giro bank (inaudible)."

B

My question to you is simply this. Did you do what she suggested?

A. Yes, I did.

JUDGE HAVERY: You did do that, but she took the paperwork (inaudible).

C

JUDGE HAVERY: So you had the two snapshots, but (inaudible) paperwork?

A. No, my Lord. It has never been returned.

JUDGE HAVERY: Would you turn to Volume 3 again, please, page 352. This again is Mrs Ogilvy?

D

A. Yes, my Lord.

JUDGE HAVERY: (Inaudible) last six line of paragraph 15 when she says:

E

"However, with individual stock balancing ... (Reading to the words)... own separate stock and cash balance."

I think this is something you said you do not have (inaudible)?

F

A. We (inaudible), no.

JUDGE HAVERY: So she said:

G

"Mr Castleton ... (Reading to the words)... to doing this sort of balancing."

You say it is not possible (inaudible)?

A. In actual fact this conversation took place in Week 49, my Lord, and also it's as you will find from Mrs Train's witness statement our post office literally is very small,

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we only have one safe so in order to keep the two separate cash and stock (inaudible) impossible, my Lord. We do have a change safe and change drawers, but the main unit for the stock which is the (inaudible) carry the bulk of the stock it would be impossible to split.

JUDGE HAVERY: Will you turn to the same file, tab 62?

A. Yes, my Lord.

JUDGE HAVERY: This is the (inaudible)?

A. Yes.

JUDGE HAVERY: Page 544. Perhaps you can read paragraphs 18 and 19 to yourself first. (Pause)

A. Yes, my Lord.

JUDGE HAVERY: Do you know anything about that (inaudible)?

A. The rent itself and the phone call that he refers to (inaudible) barrister phoning him on my behalf or on my father-in-law's behalf would be ridiculous and the first (inaudible) I did make a call to him to say I did not want him to come because in his first month we had numerous complaints (inaudible) how many problems he had caused in the office for customers and I didn't wish him to come back to Marine Drive Post Office.

JUDGE HAVERY: Did you say you would make it difficult and very expensive for him?

A. No, my Lord.

JUDGE HAVERY: What about paragraph 19, did you mention the question of (inaudible)?

A. No, my Lord. I believe he is referring to the fact that my father-in-law is a barrister apparently referred to a rent of (inaudible).

JUDGE HAVERY: (Inaudible) nothing about that?

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A. I do not have a barrister, my Lord.

A JUDGE HAVERY: (Inaudible) barrister is your father-in-law?

A. Yes, well (inaudible) I do not have a barrister in place today. I don't have a barrister. I have no idea what he is talking about to be honest, my Lord.

JUDGE HAVERY: Does your father-in-law have a barrister?

B

A. He is here, my Lord. Sorry I apologise, no he does not.

JUDGE HAVERY: All right. Look in tab 60 at the bottom of page 483 paragraph 12?

A. Yes, my Lord.

C Q. This is Mr Jones again and I would like you to read the first half of that paragraph? (Pause)

A. Yes, my Lord.

D JUDGE HAVERY: Lines 3 to 35 on the top of page 404, which says:

> "Is the valuation indicating that the actual transaction or receipts exceeded ... (Reading to the words)...."

E

Do you know anything about that?

A. It is because he has taken figures from the balanced snapshot, my Lord. Balanced snapshot is a guide from the system that would tell you in its own words where you should be with respect to cash declaration. He has not taken out an actual cash declaration.

F

JUDGE HAVERY: Thank you. Could you move on to page 486, please?

G A. Yes.

JUDGE HAVERY: There is something here that I confess I do not altogether understand. You may or may not be able to help me, but paragraphs 21 and 23 on page 486. First of all, paragraph 21. Mr Jones is saying that he explained to you that the

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branch had ordered significantly more money for the post office than had normally been the case and you answered (inaudible)?

A. That is correct, my Lord.

JUDGE HAVERY: Then he said or says he said this to you that for the entire period from Weeks 42 to 51 the actual cash (inaudible) did not differ from week to week and that you had only needed to order between 200,000 and 265,000 in cash and instead you had ordered 305,000 in cash?

A. I can understand why he has made the mistake, my Lord.

JUDGE HAVERY: First of all, can you tell me what the mistake was?

A. What he has done is on receipt of any monies in the top half of his equation he has taken into account £60,000 worth of cheques because when people pay in giro or various different other things that is incorporated in his figures some of those payments are cheque payments my Lord, but on the second side, the payment side he has actually removed those £60,000 worth of cheques in order to provide the cash for them and by doing that he has reduced the amount of cash he was required. Again, I have produced a handwritten spreadsheet to prove those two figures and I did actually talk in detail about this prior because he has also made a typographical error between 42 and 49 which I referred to the other day because he has repeatedly (inaudible) now made three different indications to how the figures were made up and throughout that period we actually needed £325,000 of cash to complete the transactions we actually did and we ordered £316,000, my Lord.

JUDGE HAVERY: Thank you. That really is also your answer to the question I would have asked about paragraph 23?

A. Yes, my Lord.

JUDGE HAVERY: It is the same point?

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A. It is my Lord, yes. I could give you a copy of the spreadsheet.

A JUDGE HAVERY: I think we have it (inaudible)?

A. It is just is a handwritten one --

JUDGE HAVERY: (Inaudible)

A. John Jones -- but he does not total anything, does he?

B MR MORGAN: We have seen it briefly in opening. There are not any totals and you may recall I indicated to your Lordship it was not my primary case.

JUDGE HAVERY: No?

C A. I do have a total copy (inaudible).

JUDGE HAVERY: What about this at the top of page (inaudible)?

A. The very first paragraph, my Lord.

D JUDGE HAVERY: Yes, at the top it says:

"Crucially it was only ... (Reading to the words)... able to remain in trading."

E A. Yes, my Lord.

JUDGE HAVERY: What do you say about that?

A. Of course not taking into account the cheques that obviously went through the system at the same time it would be very easy for us to make a mistake, but when you F actually compare the cash in and cash out that you can see they do correspond and at no point was there anything untoward about the order and the cash.

JUDGE HAVERY: Thank you. Mr Morgan, do you have any questions arising outs of G those?

MR MORGAN: My Lord, two or three. I suspect they may be only clarificatory, but let us just say. Mr Castleton, when the car auction produced its giro bags, did you H physically open those bags and count the cash inside?

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A. It has never been anything to do with me; I have never paid any money in on behalf of them.

Q. No, but when you receive the money?

A. When I was working in the post office?

Q. Yes.

A. Yes of course, sorry I apologise.

Q. So did you not just take it on trust that what was said to be in the bags --

A. No, no, no.

JUDGE HAVERY: It seemed rather odd to me that these people should pay money in and leave it to you (inaudible) want to check it myself as well?

A. They do; they seal them in bags, my Lord.

JUDGE HAVERY: I see.

A. It is all sealed in sticky giro bags.

JUDGE HAVERY: You say you fill in the paying-in slip?

A. Because they provide us with a slip of their own.

MR MORGAN: Might I make a concession here that will hopefully clarify the whole thing? Initially the Post Office was concerned and for obvious reasons, however there has been a complete reconciliation with that account. The Post Office itself has gone through all of the paying-in slips and all the receipts shown and we are satisfied and make no allegations against Mr Castleton there is anything wrong in that in the sense of anything in the accounting sense. We might prefer not to have done business that way, but that is not (inaudible) trial.

JUDGE HAVERY: I am just a little bit puzzled, they fill in a figure themselves and then your wife checks it is correct, is that right?

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A. My wife would pay it in on their behalf and fill out the paying-in slip and they would then check inside the post office that the figures corresponded, so --

JUDGE HAVERY: Is it a blank paying-in (inaudible)?

A. It is a giro (inaudible).

JUDGE HAVERY: (Inaudible) can answer I suspect (inaudible) it is just a puzzlement that these people should pay the money in and leave it to somebody else to count it for them?

A. They have actually already counted it, my Lord. It would be just the same as if I were to pay in on behalf --

JUDGE HAVERY: Supposing your wife (inaudible) she would not even though whether she disagreed with that figure, she would not know what their figure was?

A. We are friends, my Lord, and obviously the figures that they produce in the four bundles we have always had a very good relationship and obviously --

JUDGE HAVERY: They say by word of mouth possibly (inaudible)?

A. To clarify if there was any problems.

MR MORGAN: Mr Castleton, it is a tiny point, but presumably that cash was paid in notes?

A. It would depend (inaudible).

Q. People go to buy cars at car auctions probably turn up with rolls of notes?

A. Yes.

Q. Mr Castleton, you were asked very briefly about the suggestion by Catherine Ogilvy that snapshots should be produced before and after remming in and you said you did that and then you said that (inaudible). I am right in thinking, am I not, that the snapshots you produced on that occasion did not show any discrepancy?

A. The snapshots (inaudible) sometimes we would be --

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Q. I am just asking about that specific -- there is one occasion when you produced a snapshot, remmed in and produced another snapshot?

A. On that particular occasion (inaudible).

Q. There was no discrepancy that was shown when you did that?

A. No.

Q. That is the extent of my questioning. On the question of splitting the stock units?

A. Yes.

Q. You say it was impossible?

A. Yes.

Q. Can I just explore with you whether your evidence is really that it was impossible. Can I ask you whether it is in fact merely difficult. You could have done it or can I ask you, could you have done it if you physically had been in charge of the safe and had kept the keys on your person and you had counted out £900 into till one and £900 into till two and locked the safe?

A. We would have had to have those two stock units completely separate inside the safe and there is no facility for doing that.

Q. With respect, Mr Castleton, you could then have traded each unit during the day, balanced them at the end of the day and put the money back into the safe, could you not?

A. I appreciate what you are saying on the actual unit side, but you would have to declare the stocks accordingly to either side of the computers and I had no facility for the declaration to be split.

Q. But you yourself could physically have gone to the safe and said, "I am going to divide the stock like this. I am going to keep a manual record..."

A. I had no facility inside the safe to do that.

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Q. But you could have written it on a piece of paper?

A. A. (Inaudible) whilst I appreciate what you are saying (inaudible).

Q. I accept that, but you could notionally have divided the stock by saying of these 40 books of stamps 20 are going to start off in unit one and 20 are going to go to stock unit two and in the morning when I take out two books of stamps and put it in stock unit one and two books of stamps and put it in stock unit two I am going to make a record of that and at the end of the day I can reverse that process?

A. I can appreciate how you are saying it never having used the system because you would have had to have done that on the system too.

Q. Yes?

A. And to do that on the system split the stock you would have to physically split the stock also and we had no facility for doing that.

Q. When you say "physically split the stock" the system does not know whether you physically put the stock in a separate safe or not, does it?

A. No.

Q. So all that is on the system is what it thinks it has access to and as long as you know what it has access to, it is irrelevant whether it is kept in a separate location or in the same location as long as you are the only person with the key to the safe?

A. Right. I appreciate what you are saying, but it would still be impossible to do.

Q. I suggest to you it is not impossible, it is just difficult?

A. No, I completely refute that having worked there.

JUDGE HAVERY: What would be the point of doing it? I understand if you have two different counters (inaudible) check whether one person may be dishonest or inaccurate or something (inaudible).

MR MORGAN: Yes.

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JUDGE HAVERY: In this case I gather the two are close together anyway and therefore (inaudible) particular person's fault, you would need more secure system of separation than (inaudible).

MR MORGAN: My Lord, you might well, but it might have shown up an anomaly. It is not a key part of my case, it is not a part of my case at all because as your Lordship will have seen the way I put it, but there are suggestions that my clients did not do as well as they might and all I am seeking to do is establish whether this was something that could have been tried to try and narrow the possible options as to how this was happening.

JUDGE HAVERY: Yes.

MR MORGAN: I anticipate it might be a ground for complaint against various people at a later stage in these proceedings.

JUDGE HAVERY: I see. Very well.

MR MORGAN: My Lord, those are my questions of Mr Castleton.

JUDGE HAVERY: Thank you, Mr Castleton. You may sit down again now.

A. Thank you.

(The witness withdrew)

MRS DOROTHY DAY (sworn)

JUDGE HAVERY: (Inaudible) I hope it is. If you turn to tab (inaudible). If you just have a quick look at pages 622 to 626?

A. Yes.

JUDGE HAVERY: Is that your signature at page 626?

A. Yes, my Lord, it is.

JUDGE HAVERY: Are you familiar with the contents of that statement?

A. Yes, I have gone right through it, yes I am familiar with it.

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JUDGE HAVERY: Are the contents true?

A. Yes, my Lord.

JUDGE HAVERY: Thank you.

MR MORGAN: Mrs Day, I am sorry to have kept you so long --

JUDGE HAVERY: I am assuming that Mr Castleton did not want to ask any introductory questions.

MR CASTLETON: No, my Lord.

JUDGE HAVERY: Very well

Cross-examined by MR MORGAN

MR MORGAN: Mrs Day, I was wondering whether you would be able to help the court with one or two questions?

A. Certainly.

Q. Did you ever use the services of Ruth Speamer?

A. No.

Q. Can you please look at paragraph 9 of your statement?

A. Yes.

Q. Do you accept that you can produce a trial cash account?

A. Yes.

Q. In paragraph 10 of your statement you state that Christine train had been suspended?

A. Correct.

Q. That is not actually quite true, is it, because as a sub-postmaster you employ your assistants?

A. Correct.

Q. That is correct?

A. Yes.

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Q. So if you are suspended your assistant then cannot work, is that also correct?

A. A. Yes.

Q. So I am just trying to get it truly accurate?

A. Yes.

B Q. This is not absolutely accurate. In fact, I suggest to you that when Mr Castleton was suspended it then was not possible for Mrs Train still to work?

A. Okay.

Q. Do you accept that?

C A. I will accept that, yes.

Q. Could you look back to paragraph 3 of your statement?

A. Yes.

D Q. You state that Horizon problems soon became apparent?

A. Yes.

Q. Were those problems obvious (inaudible) readily able to identify them?

E A. Yes.

Q. However as I read your statement you never once mention that you were out of balance, is that in fact the case?

A. No, and I didn't expect to be.

F Q. I am sorry, maybe I phrased the question badly. Is that you were out of balance --

A. I haven't been out of balance for a very large sum, I have been a £100 here or there, may be (inaudible) under, but I know that when I went into that office the computer

G system had been down several hours on the first day after Mr Castleton was suspended and that can only happen if you reinitialise the system. If you have a breakdown you have a power cut, power surge, anything it takes ten minutes to

H reboot the system.

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Q. You say you know the system had gone down?

A. Yes.

Q. That is because somebody has told you, is it?

A. Well, there would be also, no the reason for Mrs Simpson to do a final balance at one point in the afternoon if there was not a problem in the morning.

Q. Did anybody tell you that the system had gone down on 24th March?

A. Yes, I believe somebody did tell me it had gone down --

Q. So you personally do not know that?

A. No, but looking at the evidence (inaudible), then I would say that's what happened. For four hour, for the computer system to be off for that length of time is, it never -- it has never off that length of time.

Q. I am sorry, Mrs Day, were you in the post office at the Marine Drive branch on 24th March for four hours in the morning?

A. No, I wasn't.

Q. So you do not know that personally, do you?

A. No.

Q. So you are simply reporting what somebody else has told you happened on that day?

A. To a degree.

Q. So you do not know yourself what happened on that day?

A. Something definitely happened because the balance wasn't done until 1.00 in the afternoon. We balance before we open on a Thursday morning, otherwise you cannot start the next week.

Q. You were saying on 24th March there was a balance at one o'clock?

A. Yes.

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Q. Can you explain why you were never significantly out of balance whilst Mr Castleton allegedly had the same sort of problems and yet did find himself significantly out of balance?

A. That is one (inaudible) I can think of is the system was fudged.

Q. That is the only (inaudible)?

A. It is the only explanation.

Q. Am I right in thinking that you acted strictly in accordance with the Horizon manuals in identifying transactions that in progress if and when you had a problem?

A. Yes.

Q. And that you took immediate steps to ensure that the transactions were correctly recorded?

A. Yes.

Q. Am I right in thinking that for balancing each week you checked all the figures against the summaries as you were required to do?

A. Yes.

Q. And you corrected discrepancies that you identified in accordance with the manuals?

A. Yes.

Q. In paragraph 13 of your statement you state that you truly believe that Mr Castleton has done nothing wrong?

A. Correct.

Q. Is it fair to say you are very supportive of him?

A. Yes, I am supportive, but I am also a very very honest person.

Q. I am not questioning your integrity at all?

A. That is fine.

Q. Have you also done all you can to try and identify any errors (inaudible) figures?

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A. No.

A Q. Have you looked at his figures --

A. I have looked at the reports that he has done (inaudible) transactions appeared to be either a transaction had been made after he had logged out of the computer, I have seen instances of that. It should not be possible.

B Q. Have you looked at his cash accounts?

A. I have looked through them; I have not studied them in great detail.

Q. You have been unable to identify anything wrong with the figures in those cash C accounts?

A. I have not analysed them with (inaudible). I have not gone through them and analysed them, but I saw one instance where a figure rolled over but doubled from one case D to the next on a week ending which seemed very unlikely.

Q. How are you able to be so positive that the alleged anomalies arise from Horizon when even with your extensive bookkeeping experience and your personal experience E operating the system you have not been able to identify anything?

A. Because I have had anomalies when I was 14 years in (inaudible) Horizon system.

Q. But you have always managed to reconcile your books?

A. No, if you go back to one of the paragraphs on my -- (inaudible) where it says I was F twice in the --

Q. Yes, in fairness you say there were two occasions where you were £100 or so over?

A. No, it wasn't £100 (inaudible) several hundreds I think I said.

G Q. Yes, you did, paragraph 12 (inaudible)?

A. Okay. In the first six months on one occasion I was several hundred pounds, I think it was around £500, which never turned up and that was I think in 2000 the Horizon H computer system (inaudible). The next one which was even harder to explain was I

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had a very small village post office where I knew everyone who came in and out, it was quite a poor village, if people had paid money into a National Savings or a giro (inaudible) I would know about it, I would remember it and it was (inaudible) and at the end of the half day I was £700 over which never ever turned up.

Q. Mrs Day, I am right in thinking that was a different post office, not the Marine Drive branch?

A. No, we all worked (inaudible).

Q. But it was a different post office?

A. Yes.

Q. And it was before these events?

A. It was October 2003 my last one.

MR MORGAN: Mrs Day, thank you for your time and I am sorry to have kept you?

A. Okay.

JUDGE HAVERY: Can you just explain why your statement is in two different typescripts, Mrs Day?

A. Because the original solicitor Mr Castleton had had put a question on one of the pages and I expanded on what I put, that was all.

JUDGE HAVERY: I see.

A. (Inaudible) it looked rather a mess, (inaudible) retyped it out. (Inaudible).

JUDGE HAVERY: What (inaudible)?

A. Rent.

JUDGE HAVERY: Yes?

A. I pay a different rent every month. I take a salary out for the days that I work and I plough back in the money that is (inaudible) because I pay rent, but I also pay Mr Castleton and Mrs Train is his employee and I pay him for her services as well as

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rent, so I take the amount out each month and (inaudible) for wages, so it is different every month and I gave him the money back over (inaudible).

JUDGE HAVERY: (Inaudible) it is Mr Castleton's premises, is that right?

A. Correct.

JUDGE HAVERY: So you pay him rent (inaudible)?

A. Yes, sir.

JUDGE HAVERY: What the rent you pay him?

A. (Inaudible) split it up, it is just a figure. I believe in his innocence and I am trying to keep him alive and I plough back the money over and above the salary that I take.

JUDGE HAVERY: Thank you. (Inaudible)?

A. More than that every month.

JUDGE HAVERY: Really?

A. Yes, sir. Sometimes when it gets up to Christmas it is 1900.

JUDGE HAVERY: Right, thank you.

MR MORGAN: Sir, I apologise, my Lord, there is one supplemental question. Am I right in thinking that the effect of your agreement with Mr Castleton is that he continues to run the post office but paying you a salary?

A. He does not pay me a salary because (inaudible).

Q. Of course, but you agreed a figure that you are going to take?

A. Correct.

Q. And he gets everything over and above that figure?

A. Yes.

JUDGE HAVERY: Thank you very much.

(The witness withdrew)

CHRISTINE TRAIN (sworn)

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JUDGE HAVERY: Could you look at Bundle 4 on the shelf behind you and would you go to tab 67 and have a look at that witness statement. (Pause) Is that your witness statement?

A. It is.

JUDGE HAVERY: It that your signature on page 641?

A. It is.

JUDGE HAVERY: Are you familiar with the content of the statement?

A. Yes.

JUDGE HAVERY: Is the statement true?

A. Yes.

JUDGE HAVERY: Mr Morgan will ask you some questions.

Cross-examined by MR MORGAN

MR MORGAN: Mrs Train, could you look please at paragraphs 3 and 4 of your statement on page 628?

A. Yes.

Q. And paragraph 8 on page 629 and paragraph 9 on page 630?

A. Okay.

Q. Am I right in thinking that of all your years of experience aside from Mr Castleton's problems you have never had any significant trouble balancing Horizon?

A. No.

JUDGE HAVERY: When you say (inaudible) or what?

A. Not until (inaudible).

MR MORGAN: Have you had significant problems since?

A. There are all sorts of problems with it.

Q. Have you had any significant problems since then balancing?

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A. Yes, there are lots of problems that do obviously create (inaudible).

Q. But since Mr Castleton left, ceased to be sub post office master at Marine Drive branch you have worked as subpostmaster with Mrs Day, have you not?

A. I have been her assistant.

Q. Have you had problems with Mrs Day in balancing on Horizon system?

A. We have, yes.

Q. Have you been significantly out?

A. With certain items £100 here and there (inaudible). It is how things have been processed and how the system changed.

Q. Mrs Train, I think Mrs Day's evidence, and the learned judge will correct me if I am wrong, was that she has not been out of balance by more than £100 or so?

A. With the problems that are there in the system.

MR MORGAN: I know you say there are problems in the system --

JUDGE HAVERY: Let her finish.

MR MORGAN: I do beg your pardon.

JUDGE HAVERY: Just finish what you are saying?

A. Yes, because there are continuing problems in the system that things are not working as they should and that has thrown up you know (inaudible) it causes you to misbalance.

MR MORGAN: Have you had significant problems whilst balancing on the Horizon system whilst working with Mrs Day? When I say saying I mean more than £100?

A. No.

Q. Looking again at paragraph 9 on page 630, would I be correct in thinking that you are saying that even after all the checks the computer figure appeared correct and the amount of cash that you actually held appeared wrong?

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A. The cash that was held what was physically (inaudible) declared correctly.

A Q. Yes.

A. And that is what (inaudible).

Q. So you checked all the figures, you reconciled all the figures back to the primary documentation?

B

A. Yes.

Q. And they seemed to be right?

A. Yes. The totals for (inaudible) things you would normally check (inaudible) giro bank

C totals, they appeared to be correct at that time.

Q. You state in paragraph 12 of your statement on page 632 that Mr Castleton made good the loss from his own pocket to make the system balance. Can you remember who

D made the cash declaration on that Wednesday in Week 42?

A. No (inaudible).

Q. Can you remember whether you saw Mr Castleton make good the loss?

A. (Inaudible).

E

Q. Did you see him make it good?

A. Yes.

Q. Can you remember seeing him make it good?

F

A. Yes.

Q. Can you remember what he did to make it good?

A. He took the £1100 --

G Q. You remember seeing him put the £1100 in to make it good?

A. Yes.

Q. Was it notes or was it coins; he had £1100 worth of 50p pieces he told me?

H A. I presume it would be notes.

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Q. Can I take you to Bundle 9 and divider 42 and look at page 2610. Can you help the court by telling us whose handwriting this is or if it is a mix which is yours and which is Mr Castleton's?

A. (Inaudible).

Q. Could you tell us which is definitely yours please?

A. (Inaudible) £50 notes, twenties, ten (inaudible).

Q. So all of it is yours?

A. It looks like it, yes.

Q. Am I right in thinking that you would have likely prepared this on the Wednesday evening?

A. (Inaudible).

Q. Would you have then given that to Mr Castleton for him to enter on to the Horizon system?

A. Either one of us would do it.

Q. Could you keep that open please and could you take Bundle 10 which is behind you and turn to divider G and look at the first page behind divider G, page 3087?

A. (Inaudible).

Q. You have there a page headed Thursday or Thur?

A. Yes.

Q. (Inaudible)?

A. Yes.

Q. Can you tell the court is that your handwriting again?

A. Yes, it looks like it.

JUDGE HAVERY: (Inaudible)?

A. Yes.

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MR MORGAN: Mrs Train, could you keep that open and go back to Bundle 9 which you have open at page 2610 and turn over two pages to 2612, do you see there in the top left hand panel the declared cash on 15th January 2004. That is the Thursday you are balancing for Week 42?

A. Yes.

Q. Am I right in thinking if Mr Castleton had made good the losses using notes they would have been shown in the denominations (inaudible) notes?

A. Quite possibly, it just could have been added on (inaudible) added on on a different line, but the total of £1100 was still definitely in.

Q. So your evidence is it does not matter how he enters it up?

A. He could just have been (inaudible) that space on the panel or if you have not time (inaudible) still comes to the same.

Q. So it is your evidence, as I understand it, that Mr Castleton put in no notes to make up this £1100?

JUDGE HAVERY: I think you said you presumed it was notes, is that right?

A. Yes.

JUDGE HAVERY: (Inaudible).

MR MORGAN: My Lord, yes. You presumed it was notes?

A. Yes.

Q. Can you think of any reason why Mr Castleton would have entered it up as 50p pieces?

A. Could have just been to make sure (inaudible) before running over on to the following week.

Q. Mrs Train --

JUDGE HAVERY: (Inaudible) figures that are meant to be accurate accounts of money in the safe?

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A. They are, yes.

A JUDGE HAVERY: So --

A. (Inaudible) Thursday morning when that would have been entered to finish the roll-over because we have to wait until Thursday morning to enter the lottery as well (inaudible) need to have that done before you can open up.

B JUDGE HAVERY: So you need to put in the right (inaudible)?

A. It should be, but ultimately because of the time we spent on this it could have just been an oversight as rushing for time (inaudible) next day.

C MR MORGAN: Mrs Train, do you not think it is inherently unlikely that you would bother to do the calculation in 50p pieces if you were rushing for time?

A. If that straight amount is just tagged on.

D Q. Could you turn on to page 2627 behind divider 43 and here we have the cash on hand declaration for ten hours later and it corresponds to the document in Bundle 10 3087 except for the declaration for 20p pieces. Can you explain how or why that discrepancy might have arisen?

E A. I can't remember.

JUDGE HAVERY: It looks like a typing error the 20p ones because the total on page 3087 is £254.60, if you take that from me, and yet it is down here as £2654.60. That likes like a typing error. Do you agree with that?

F A. It is quite possibly it caught an extra figure.

JUDGE HAVERY: Go on Mr Morgan.

G MR MORGAN: Mrs Train, do you also see that the amount of 50p coins now reflects a more realistic number at £84.50. Does that not suggest that those 50p coins were ever put in.

H JUDGE HAVERY: I think that question is ambiguous.

LCAS0001382

MR MORGAN: Does that not suggest that the entry in the morning for 50p coins was not reflective of the coins that were actually present?

A. It could be that that is the way it was entered just by mistake, but the correct amount (inaudible).

Q. Mrs Train, can I just ask you, did you enter up these Horizon figures?

A. (Inaudible).

Q. Sorry on the -- where is your user name?

A. On the cash declarations.

JUDGE HAVERY: Is that some code (inaudible)?

A. Yes.

JUDGE HAVERY: Which was that then?

A. Directly under where it says cash on hand user.

JUDGE HAVERY: CTR 001 that is you, is it?

A. Yes.

MR MORGAN: We are not able to tell -- on page 2612 user LCA 001, can you tell us who that is?

A. Yes, that is Lee.

Q. Whilst we are in Bundle 9 could you turn on please to tab 47 and looking at page 2695. Can you help me with the handwriting on these three separate cash accounts?

A. Yes, that's mine.

Q. Can you tell me please what are the numbers written in manuscript meant to be or represent?

A. That was what the system was showing in the difference at the end of the day on balance (inaudible) to the cash-in-hand.

LCAS0001382

Q. So am I right in thinking if you look at the Friday cash declaration on top right that you had £7,032 more than the balance snapshot suggested you should have?

A. That was the difference as to what it was shown on that day.

Q. So that amount of cash was held, but as far as reconciling or looking at the balance snapshot to see what you thought you should hold it was, you had a surplus of £7,032.64?

A. The cash that is declared is what was physically there.

Q. Yes.

A. That is what (inaudible) balance snapshot, that is the difference between the two to what the system was saying.

Q. Similarly, on the Saturday you had £10,603?

A. Yes (inaudible).

Q. And over the page, on the Monday, can you say why you wrote initially £10,984 or £7.00 and five pence?

A. I have no idea, I can't remember (inaudible).

Q. You were still in surplus on Monday and Tuesday, is that correct?

A. That is what it was saying.

Q. The declared cash on Wednesday in top right-hand side, at that stage the system was back in balance as far as you were concerned, is that correct?

A. (Inaudible).

JUDGE HAVERY: I am sorry, what are you talking about.

MR MORGAN: Page 2696 --

JUDGE HAVERY: That is not Wednesday, is it, that is Thursday.

MR MORGAN: It is, but it is the 07.38 declaration, so the last declaration for the cash account.

LCAS0001382

JUDGE HAVERY: It is actually 07.38 on the Thursday. You are putting that to the Wednesday that that must be the same as it was on the previous night.

MR MORGAN: My Lord, no, it is not what -- sorry, on the Wednesday evening there are some trial balances produced. On the Thursday morning the lottery money is brought in and added into the total cash figure.

JUDGE HAVERY: I am only concerned because you seem to be suggesting to the witness that these are Wednesday's figures on the top right at page 2696 whereas, in fact, I think they are Thursday's figures in the morning.

MR MORGAN: My Lord, they are figures produced on the Thursday morning that record the closing position on the Wednesday.

JUDGE HAVERY: Do you agree with that?

A. It will be different to the Wednesday night because the sales of the lottery have been added on Thursday morning.

JUDGE HAVERY: Really it is a Thursday morning figure, before you open the post office, is that right?

A. That is the last declaration for that cash account period for that Week 47. After the lottery is added on the first thing Thursday morning we then finish what they call to roll-over into the following week.

JUDGE HAVERY: Yes.

A. So by 9 o'clock when we are ready to open we have rolled the office into Week 48.

MR MORGAN: Mrs Train, I think there might be a misunderstanding by myself and the learned judge. I hope you will be able to correct me. As I understand it, the figures on the top right-hand panel of page 2696 represent all -- include all the cash for trading up to the close of the lottery terminal on the Wednesday evening?

A. If that was the last cash declaration, then that would be the final (inaudible).

LCAS0001382

Q. So they include all cash up to Wednesday night but no cash for Thursday, no transactions on Thursday?

A. No, because you are still -- the only transaction to be entered on Thursday is the lottery.

Q. So it reflects the cash position for all business done up to midnight on Wednesday?

A. No, you have your cash declaration on Wednesday minus the lottery.

JUDGE HAVERY: I think you will find that counsel's (inaudible) the lottery closes at 7 o'clock pm, although you do not count the money until the next day the business is finished until 7 o'clock. I think that is your (inaudible).

MR MORGAN: My Lord, yes.

A. So yes, there is just the lottery. At 7.38 in the morning (inaudible).

Q. Of course. I hope I am not trying to mislead you at all. All I am trying to say is these figures represent the last, all the trading for the week up to and including the 18th February 2004?

A. To include the --

Q. To include the National Lottery. Although there is a cash declaration dated the Thursday, in fact it is a historical position of all the trading including the Wednesday trading?

A. Yes.

Q. Thank you.

A. Sorry, the way you say it --

Q. I am sorry.

A. It should have been the same as (inaudible).

Q. No, I certainly do not say it should be the same as what you would have declared on the Wednesday evening because you had not added the lottery figures in?

A. No.

LCAS0001382

Q. By that stage the figures reconcile. By Thursday morning you check through everything again on the final balance and there is no surplus showing at that stage, is that correct?

A. (Inaudible) trial balance was on the Wednesday night.

Q. The trial balance -- oh, on the Wednesday night, sorry, yes. The final balance on the Thursday morning on page 2692 and that shows the amount being moved from -- sorry, there is no net discrepancy that week because (inaudible) account and does that explain why you have your manuscript entries on the bottom of those (inaudible) pages?

A. I have no idea why they came up different amounts (inaudible) problems with the system all the time and these are coming up something different. It was possibly a night to tell the help line when we rang, but I can't honestly remember exactly.

JUDGE HAVERY: Page 2695 it looks to me in different handwriting, it may not be, but the figure of £1,119.67, is that your writing as well or not?

A. It looks like it, yes.

JUDGE HAVERY: It is, right. Are these all surpluses, in other words that you have more cash than the computer would give you to expect, is that what you are saying?

A. The cash declared was what was physically in the office and at the end of the day the balanced snapshot tells you what the system thinks it should have and these were the differences.

JUDGE HAVERY: When you say the differences, they represent an excess, do they, of what you had and what the system thinks you should have or is it the other way around?

A. I don't know which way around it was, but that was the difference at the end of the day; we just make a note when we next rang the help line again.

LCAS0001382

MR MORGAN: I think you can put those away. If you can find your own witness statement again and look at paragraph 14. At the end of paragraph 14 on page 632 you refer to checking everything over and over?

A. Yes.

Q. So can you confirm that the computer records conformed with the underlying fiscal documents?

A. There are things that you can check (inaudible) going to be, things like Giro Bank, National Savings Bank, those (inaudible) the things you cannot check, you know, if you need individual sales of stock, but certainly what we had at the end of the day I know because I check at least twice before they leave the office, things like that the Giro Bank deposits, National Savings Bank would all be correct.

Q. In paragraph 16 you say the only possible option was the Horizon system was the source of problems, however you could not actually discount the possibility that there was a genuine deficiency, could you?

A. The only other way it would have been a deficiency is if we had made an operator error to which we would have gone back to show that.

Q. So if there had been, can I suggest to you there are two ways in which there could have been a genuine deficiency. One is that there had been what you call operator error in this and I take that to be where the cashier inadvertently pays out too much money?

A. If there was something input into the system you would create an error notice.

Q. Or for instance -- please do not get me wrong I am absolutely not accusing you of anything -- if somebody had taken the money that would cause --

A. There has never been anybody in that office capable of it.

LCAS0001382

Q. No, I am not putting that allegation to you, but if that had happened that would have meant there was a real deficiency?

A. If somebody took it.

Q. In paragraph 27 of your witness statement on page 637 you refer to the time you say Mrs Simpson left as being 7 o'clock. Are you sure it was 7 o'clock?

A. It was certainly a lot later than we would have expected.

Q. Her recollection is she left at 6.30. Do you think that is accurate?

A. (Inaudible).

Q. You also seemed to complain about the fact that she was on the telephone a lot, is that correct?

A. Certainly expected her to finish a lot earlier.

Q. You suggest this was indicative of a problem balancing?

A. Yes.

Q. Do you have any evidence other than this that she had a problem balancing?

A. We know that the system did have (inaudible) a lot and there was certainly the point where it was unusual for (inaudible) it could have been the system (inaudible).

Q. Do you actually know that it was unusable for hours?

A. Yes.

Q. Was the sub post office closed?

A. She was working manually.

Q. Mrs Simpson's position, as I understand it, is that she was on the telephone a lot to her husband; she had not expected to be (inaudible) that day. Do you have any evidence to contradict that?

A. No.

Q. Am I right in thinking that you do not like Mrs Simpson?

LCAS0001382

A. I never said that.

A Q. In paragraph 28 you assert that you believe that a full download took place on 1st April 2004. Do you maintain that position?

A. Yes.

B Q. Could you look in Bundle 8 please, page 2379, behind divider 76. This is a post office document which is a spreadsheet of software updates. Do you see any evidence there to suggest that there was a software update on 1st April?

A. I am not a computer expert (inaudible).

C Q. Of course not. Do you still maintain the machine was receiving a download on 1st April?

A. On 1st April is (inaudible) I wouldn't know.

D Q. So upon what evidence do you base your allegation the machine was receiving a download on 1st April?

A. By the length of time it was off, it was unusable.

E Q. Mrs Simpson's position as I understand it is that there was a computer crash, but it was possible to reboot. Would you accept that?

A. She did not use the system until very late in the morning.

F Q. Mrs Train, in paragraph 32 of your statement, page 639, so during the time that Mr Booth was (inaudible) visited the office and took all the paperwork covering the period of misbalances. How do you know that?

A. Because she went into the office and left with a big bundle of paperwork.

G Q. So you did not inspect the paperwork which she took away, did you?

A. She did not offer it to us, no.

Q. So you are unable to say exactly what paperwork she did or did not take?

H A. There was cash accounts, giro bank (inaudible).

LCAS0001382

Q. How do you know that?

A. Well, I know about working in the office so I know what paperwork is left.

Q. I suggest to you you do not know what she took and that she did not take all the paperwork as you suggest?

A. I know what she took (inaudible) cash accounts, the daily figures.

Q. Mrs Train, if you look please at paragraph 40 you refer to some documents. Do you remember seeing those documents?

A. Yes.

Q. Do you remember telling Mrs Castleton about those documents?

A. Yes.

Q. Where are those documents now?

A. In the office.

Q. Can you get those documents?

A. If they are still there.

Q. Do you see the typeface on this page differs from the typeface on the preceding page and am I right in thinking that is because this page was typed up by you or Mr Castleton and the preceding page was typed up by Mr Castleton's former solicitors?

A. (Inaudible) by ourself and the other one was from the solicitor.

Q. I do not want you to tell me what you told the solicitors, but I would like to know whether this is a new paragraph, paragraph 40 is a new paragraph?

A. No.

Q. Is it your evidence that Mr Castleton's solicitors were aware of this for some time?

A. I can't remember when they were told it.

Q. Do you know why copies of these documents have not been disclosed to my clients?

A. Was that for the lottery?

LCAS0001382

Q. Yes?

A. It has been mentioned lots of times.

Q. You say it has been mentioned lots of times, by whom has it been mentioned?

A. Because that created an error notice because the lottery tickets for that date were incorrectly entered which created an error notice.

Q. You say were incorrectly entered?

A. Well, not entered sorry, which created an error notice.

Q. So you accept that there was no lottery notice entered by Mrs Simpson for the day preceding her taking up the appointment for 23rd March?

A. No, she should have entered on the Thursday, no Wednesday morning.

Q. Why should she have entered it?

A. Because she was (inaudible).

Q. How would she know that she should have entered it?

A. As a postmistress that would be part of her job.

Q. Do you have any evidence that she received it on 24th March?

A. (Inaudible) given one on the 24th.

Q. By you?

A. (Inaudible) given them.

Q. She would have been given them, not she was given them?

A. Those are printed off first thing in the morning when you sign (inaudible) lottery machine, it is just standard.

Q. Did you print them off that morning?

A. I do not know what time (inaudible), but she definitely had them.

MR MORGAN: Mrs Train, thank you for your time.

LCAS0001382

JUDGE HAVERY: I will ask you first Mr Morgan what I would ask the witness is necessary in relation to (inaudible) worked this £8,000 and so on, how that ties in with the documents we have been looking at in File 3 at tab 63. There are some differences between the document at page 5972 to 598 which is a snapshot and another as snapshot four minutes later at 5992 to 600.

MR MORGAN: My Lord, yes.

JUDGE HAVERY: I just do not know whether (inaudible)?

A. The thing will be 500 from that week because it should show on the final balance, but it didn't actually work that week.

JUDGE HAVERY: I see. It is in the balance, I am looking at paragraph 18 half way down:

> "The balancing of the Horizon ... (Reading to the words)... in the way that it should."

(Inaudible)?

A. (Inaudible).

MR MORGAN: Mrs Train, balancing with Horizon, Bundle 6 -- you say it is one of those you just had?

A. That would show an example --

Q. Mrs Train, when you say it is one of those you just had?

A. That is just to show an example of --

Q. Was that a common, one of those you just had with Mr Castleton?

A. No, what I said when you look at how the final balance looks with the 8,200.

Q. So when you say it was one of those you just had (inaudible) just now?

A. (Inaudible) I was just saying the example to show how it should look.

LCAS0001382

JUDGE HAVERY: Can you help us (inaudible).

A MR MORGAN: The manual balancing of Horizon is at the back of Bundle 6B, page 1469. I think balancing expense accounts period 1531. I don't recall any pictures in that part of the manual?

A. 1540.

B MR MORGAN: My Lord, I hesitate to interrupt, but Mr Castleton is personally inconvenienced and would like to depart for one or two moments. It is because of the medication.

C JUDGE HAVERY: I will rise then for five minutes. You must not talk about your evidence --

A. No.

D (The Court adjourned for a short time)

CHRISTINE TRAIN (continued)

MR MORGAN: Your Lordship will actually hear evidence from Elisabeth Morgan, the auditor, tab 55, Bundle 3 at page 402.

E JUDGE HAVERY: Yes.

MR MORGAN: It might explain to some extent the confusion. It is no criticism in any way of Mrs Train. It seems to have been a problem identified by a number of

F sub-postmasters.

JUDGE HAVERY: I see. So that really answers it, does it?

MR MORGAN: That is my case. If Mrs Train has any evidence to the contrary then ...

G JUDGE HAVERY: Yes. Do you have any comments you want to make at this paragraph 7, page 402. Do you have it?

MR MORGAN: I think she better have it?

H A. Yes.

LCAS0001382

JUDGE HAVERY: Any questions (inaudible)?

A. It was moved into the suspense account and it does not show on the line where it certainly should have done according to that (inaudible).

JUDGE HAVERY: Yes, somewhere on the thing we were looking at also Bundle 3, tab 63, page 597, did one see it on a printout like this (inaudible)?

A. (Inaudible) discrepancy what is the shortage what is already there.

JUDGE HAVERY: (Inaudible)?

A. At the top --

JUDGE HAVERY: Yes, discrepancy short, yes?

A. When it's transferred into the suspension account it should appear as a (inaudible) to balance the (inaudible) to get rid of that amount.

JUDGE HAVERY: I see. (Inaudible) another document which also shows that --

MR MORGAN: My Lord, that was Week 42. Perhaps the best example in Bundle 9, divider 49, page 2724. You have a final balance for Week 49. There you have the next discrepancy for that week of (inaudible). Over the page at 3725 -- I am afraid it is quite a difficult thing to pick out.

JUDGE HAVERY: Yes.

MR MORGAN: (Inaudible) giro withdrawals Inland Revenue ... (Reading to the words)... savings stamps redeemed other payments" then unclaimed payments. That unclaimed payments of £3,509.68 is the transfer to (inaudible) account shown in there. If your Lordship then looks back at 2714 your Lordship sees the discrepancies for that week are £3,512.76, which is a figure that appears on page 2724.

JUDGE HAVERY: Yes.

LCAS0001382

MR MORGAN: And the Table 2A suspense account £11,522.28, item 46 and that is because on 2714 -- 224 shows the discrepancy.

JUDGE HAVERY: 2714.

MR MORGAN: Your Lordship sees the discrepancy is in the bottom 3,512.

JUDGE HAVERY: Yes.

MR MORGAN: On 2725 the figure of 3,509.68 which is still shown in the payments column is a figure that is going into the suspense account and indeed does go in back on page 2714 to the figure in the left-hand column with the manuscript. That makes up part of the £117,352.78. Your Lordship gets that and I am sorry to (inaudible).

JUDGE HAVERY: The previous one.

MR MORGAN: The previous one, page 2698.

JUDGE HAVERY: I remember it is a shortage of 8,000-odd.

MR MORGAN: Then you have the 3,509.18, which is still shown in the figures, is not shown as moved up until cash account final is produced the following week.

JUDGE HAVERY: Yes, I see.

MR MORGAN: So it continues to be shown for the week until it is moved into the suspense account at the end of the week.

JUDGE HAVERY: Yes, I follow.

MR MORGAN: Sorry, it is heavy technical --

JUDGE HAVERY: Yes. You say it does not appear to do it?

A. It should appear on the games line as well to even itself (inaudible) to nil.

JUDGE HAVERY: I see. Are you saying 2724 itself is wrong in some way?

A. You would expect it on the discrepancy over line at the very top and then that should make the net discrepancy back to nil.

LCAS0001382

JUDGE HAVERY: (Inaudible) so the discrepancy is £2.00-odd.

MR MORGAN: My Lord, the Post Office's evidence is that net discrepancy is the trading discrepancy for the week and that the figure in the unpaid payments entry on page 2725 is what is brought forward from the previous week.

JUDGE HAVERY: So it is coincidental.

MR MORGAN: Confusing. Coincidental.

JUDGE HAVERY: This witness is saying she (inaudible). You are saying it does not appear -- (inaudible) but it does eventually appear in the cash account.

MR MORGAN: It does eventually appear in the cash account.

JUDGE HAVERY: I see. ?

MR MORGAN: It does not get taken out until you balance out the following week.

JUDGE HAVERY: I see. Do you now agree with that or not? Do you say it is just wrong what has just been said?

A. It should still show it as being a discrepancy over.

JUDGE HAVERY: It should do, you say at the time?

A. To even it out.

JUDGE HAVERY: Not just in the next week?

A. That is how the money (inaudible).

JUDGE HAVERY: I see. Thank you.

(The witness withdrew)

LCAS0001382

ELIZABETH MORGAN

Please note that due to the poor standard of recording it has not been possible to produce a high quality transcript in this case.

A

ELIZABETH MORGAN (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

B MR MORGAN: Please state your full name.

A: Elizabeth Morgan.

Q: Can you give the court your business address, please, Mrs Morgan.

A: It is Upper Floors, Markets DMB, 6-16 New York Street, Leeds.

C Q: I hope you have in front of you bundle 3 and if you could turn in that bundle to tab 55 and look at page 401. Could you tell the court what you find there?

A: That is my witness statement.

D Q: Could you turn on, please, to page 402 and could you tell the court what you find at the bottom of that page.

A: My signature.

Q: Have you had an opportunity to read this witness statement recently?

E A: I have, yes.

Q: Are there any corrections that you would like to make to it?

A: The only change is my current job title.

Q: What is that title, please?

F A: It is now Field Change Adviser.

Q: Are the contents of that witness statement true?

A: Yes.

G Q: Would you like that witness statement to stand as your evidence-in-chief?

A: Yes.

Q: Mrs Morgan, there is one matter that has come up in the course of this trial that I wonder whether you might be able to assist us with. Do you have on your right-hand side a large piece of paper headed "Exhibit 2", or at least a large piece of paper which is a final balance office copy produced on 4

H

LCAS0001382

March 2004 at 7.37?

A: Yes.

Q: Can you look, please, at the discrepancies table on the top left-hand side. Are you familiar with that table?

A: Yes.

Q: What does it reflect, please?

A: The net discrepancy figure reflects the current week's discrepancy. So at the time that that was printed the net discrepancy is the current state of the account.

Q: What does the discrepancy short figure represent?

A: That is the position when the final balance was actually printed. So at the point that the (inaudible) would have been a trial balance and at the point that that was done this was the discrepancy state. So that rolls over into the final balance, so it then shows the £3,500 short and the net discrepancy is £3,500 short.

Q: Would you look, please, in the right-hand column down to the entry just below "other payments".

A: Yes.

Q: Can you tell the court what does "loss A/2A in" refer to?

A: That represents a loss being put into the suspense account at some time during -- this is week 49, so some time during week 49 that amount has been entered into the suspense account under authorised (inaudible) total 2A.

Q: When was that entered into the suspense account?

A: At some point between the end of week 48 and week 49's cash account.

Q: What difference does timing make to the effect of entry into the suspense account?

A: It can be entered at any point during the week into the suspense account.

Q: In the table in the left-hand column at the top, how is it reflected?

A: It would depend on what else has happened during the week. For example, if the amount was entered into the suspense account immediately after that loss of £3,509.68 had occurred and then immediately afterwards the trial balance and the final balance had been done, so nothing else had happened in between, the table on the top left-hand corner would have actually shown the entry in suspense as a gain and a net discrepancy of nil.

LCAS0001382

Q: How do you explain that fact that discrepancy over -- perhaps you ought to see in the right-hand column, could you look down to the entry for net discrepancy at the bottom there. Could you tell the court the figure you see there, please?

A: In that net discrepancy where, sorry?

Q: In the right-hand column just above "total payments".

A: Net discrepancy, that is the discrepancy at the time that this was done. I can only think, looking at that, I know the amounts are similar but there must have been another discrepancy in this week which would mean that in the discrepancy over table in the top left-hand corner, the gain that would have been created by entering the amounts in suspense has ended up being negated because it has incurred a further loss. The net discrepancy is always the current week's state, which is the same figure at the bottom right-hand corner where it says "net discrepancy".

Q: Would you be kind enough to look in bundle 3, please, behind divider 63, page 597. Do you see there an office snapshot produced on 5 May 2004 at 10.22?

A: Yes.

Q: On the next page can you just confirm that there is no loss A/2A in and unclaimed payments entry?

A: Yes.

Q: Can you look on to the page after, page 599. Do you see there another office snapshot on 5 May 2004, timed four minutes later?

A: Yes.

Q: If you turn on to page 600, do you see an entry in suspense of £100, loss A/2A in and unclaimed payments?

A: Yes.

Q: Are you able to assist the court with why that is not shown in the discrepancy over at that stage?

A: Yes, this did used to cause confusion with the branches. An office snapshot is not the same thing as a final balance or a trial balance. If an office snapshot is done immediately after an entry is made in suspense the snapshot just shows that an entry has gone in suspense but it has no effect on the discrepancy at all. It would only affect the discrepancy if it had then gone on to take it to the trial balance and final balance stage. Because at this point it is not really declared as cash figure.

Q: On page 599 you will see that that is cash account week 6 and then at page 603 you find an office snapshot on 7 May, cash account week 7.

LCAS0001382

A: Yes.

Q: Can you explain why there would be no indication of the suspense account in this snapshot on page 604?

A: This is a snapshot of the following week. So it would only reflect anything that had gone into suspense in that week.

Q: If you look on to page 605, this is a balance snapshot produced on the same day but approximately four hours later.

HIS HONOUR JUDGE HAVERY: Four hours later?

MR MORGAN: No, I beg your pardon, five minutes later. I was looking at the wrong document, I do apologise, my Lord. So five minutes later. Do you see there on page 606 a loss A/2A out figure?

A: Yes.

Q: Can you explain to the court what effect that would have on the discrepancies over figure?

A: It would again have no effect because the discrepancies table on the balance snapshot does not change. Regardless of what you do within the account, the snapshot just stays the same, as it was from the previous week.

Q: What effect does putting a figure into suspense have on the cash figure in a balance snapshot?

A: Again, it does not. It only reflects in the cash figure once you go to the trial balance stage and actually declare what physical cash you have.

Q: Can you listen to the question quite carefully?

A: Sorry.

Q: When you enter a figure into suspense on the balance snapshot, what effect does that have on the balance snapshot cash figure?

A: I could not say with 100 per cent surety whether it actually increases the cash figure. Because my knowledge is that the cash figure within the system reflects transactions that happen so it will increase and decrease depending on the transaction. But it is quite a long time since I have dealt with this work and I cannot 100 per cent say whether it has a (inaudible) effect on cash.

HIS HONOUR JUDGE HAVERY: Can you point to me, Mr Morgan, the actual cash figures which you have been referring to generally in your questions to the witness?

MR MORGAN: My Lord, yes. If you start at page 599, this is before the first entry putting a loss into suspense. Your Lordship sees just below the asterisk box there is a figure for cash at £41,665.53.

LCAS0001382

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: Then if your Lordship turns on to page 603 --

HIS HONOUR JUDGE HAVERY: So these things were phonecards and postage (inaudible) at the bottom of the page on the left of 599 and that is basically what you are asking about. Is that right?

MR MORGAN: My Lord, no. I have in fact started (inaudible), it is page 597. I do apologise. Mrs Morgan, the figure that I was enquiring about is the figure for cash shown just below the discrepancies box. Do you see there on page 597 there is a cash figure shown of £4,177.87?

A: Yes.

Q: That is before the transfer in suspense. Then on page 599 you have a figure after the transfer of £100 into suspense and the cash figure below the discrepancies box appears to have changed by approximately £100.

A: Can I just have a quick look to see that nothing else has changed?

Q: Of course.

A: Because that would indicate to me that that was the case (inaudible). (Pause). Between the snapshot at 10.22 and the snapshot at 10.26 the cash figure has reduced by about £110.

HIS HONOUR JUDGE HAVERY: I do not know whether it would help Mrs Morgan, but I have looked through these figures and I have marked up other differences that I have noticed and I believe, of course I am not 100 per cent sure, that there are no other differences. Shall I read them out? It might help save time if I show you the differences.

A: Yes, please.

HIS HONOUR JUDGE HAVERY: First of all, if you compare page 597 with 599, and I am starting in the left-hand column headed "value stock and mop", the first five figures are all different between the two pages. Right?

A: Yes.

HIS HONOUR JUDGE HAVERY: The next difference is if you look at page 597, above postage, towards the bottom of philately items there is a figure of £129.36 on page 597.

A: Yes.

HIS HONOUR JUDGE HAVERY: And the corresponding figure on 599 is £127.68.

A: Yes.

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HIS HONOUR JUDGE HAVERY: Then two below that, stamp books miscellaneous, £692.04 at page 597 and £690.36 at page 599. Postage has £3,146.17 on page 597 and £3,144.49 on page 599.

A: Yes.

HIS HONOUR JUDGE HAVERY: Otherwise I see no differences between the two columns, barring the fact that they are not printed quite the same way, until we get to the end, the last two figures above the total stock and mop, which on page 597 are £380 and on page 599 are £370. Then below those the total two figures are different. Then in the receipts column, as between pages 597 and 599 I have seen no differences, but we have now to look at pages 598 and 600. As between 598 and 600 the first difference I have seen is PG payment, which is about the tenth item down on page 598, £322.05. Do you see that?

A: Yes.

HIS HONOUR JUDGE HAVERY: That corresponding figure is £327.05 on page 600 and then the next discrepancy if you are going right down to AP others, that is £8,059.46 on page 598 and £8,064.46 on page 600.

A: Yes.

HIS HONOUR JUDGE HAVERY: Then automated payments on page 598 is £8,953.46 and on page 600 is £8,958.46. Then I have nothing else differing except the total receipts, which you can see differ between the two pages.

A: Yes.

HIS HONOUR JUDGE HAVERY: Then in the next column, the first difference I have noticed is about 12 items or maybe 13 down, P and A, 12 something. The figure on page 598 is £139.65 and on page 600 it is £163.67. You see that, do you?

A: Yes, I do.

HIS HONOUR JUDGE HAVERY: Then three below that, pensions, £35,599.60 on page 598 and the corresponding figure on page 600 is £35,623.62. Then again three below that the pensions and allowances, I will not read out the figures but you can see that they are different.

A: Yes.

HIS HONOUR JUDGE HAVERY: Otherwise, except for this loss of 2A in and unclaimed payments of £100 on page 600, I can see no differences until we get to total stock and mop, where you can see they are different, and the total payments are different by £5, I think, and the balance carried forward is also different between 598 and 600. As far as I have been able to notice, those are the only differences. I do not know whether that helps you.

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A: It helps me, yes, because there are a lot of figures there, obviously, to check through. Obviously basically they have sold a book of stamps, which reflects in the first line that you mentioned and that just follows through to stamp books miscellaneous, that would be the same difference and the overall postage is the same difference. That is just all the one transaction. The one you referred to on the payments side, on the pension allowance (inaudible) group 12, that is just that they have paid out group 12 pension allowances for about £30 and that difference is reflected in the total pensions and then the total of the pensions (inaudible). So in those four minutes that transaction has happened. The sales of postage would have increased the cash because they are taking the money in and the payment of the pension would have decreased the cash because they take the money out. So effectively about £25. So if those are the only differences the effect on the cash has been a reduction of about £100. But the cash has not physically moved, the cash is still physically there. So at that point if they were actually to do a trial balance they would have declared what cash they physically have, which would have been £100 more, and that gain there would then have been reflected in the snapshots at the top -- sorry, I should not call it a snapshot because that is misleading -- in the discrepancies table at the top.

MR MORGAN: So why is there a difference between the office snapshot and the physical cash?

A: Because the system has reduced the cash figure when the entry has gone into suspense but the cash has not physically changed. So that cash is still physically there.

HIS HONOUR JUDGE HAVERY: When you say that, you are just ignoring the £25 (inaudible)?

A: Yes. The cash has changed with those transactions because the customer could have been just one customer who had a pension paid out and they had bought a book of stamps. So the net effect of that transaction has an effect on the cash. Net wise they have paid out £25 so the cash would go down by that amount.

HIS HONOUR JUDGE HAVERY: I see, but you are saying that otherwise the cash would be exactly the same as before, (inaudible) just that difference.

A: Yes, if no transactions have happened.

MR MORGAN: So are you able to tell the court what is the difference between the way in which an office snapshot is prepared and the way in which a final balance is prepared?

A: A snapshot is basically what the system thinks it has at any point in time. So you can print a snapshot at any time and it knows what cash and stock it thinks it has and it knows what receipts and payments it has dealt with, so what transactions it has dealt with. With the cash and stock table, that is only a snapshot of what it thinks it has. When you get to the trial balance and the final balance stage you are telling the machine what it has. So you are

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correcting any anomalies in what the system thinks it has. It could be that everything is exactly as the snapshot says, but on occasion you might forget to put a stamp sale through the system, so you physically have 30 pence more in your cash and it is not sold as stamps. So you just need to correct those little anomalies. So at that point the system then commits those figures --

Q: At what point is that, please?

A: At the trial balance stage it commits all the figures that you tell it it physically has.

Q: Can you tell the court what the difference is between a trial balance and a final balance?

A: The trial balance is really just for you to know what position the account is in and if you then have a discrepancy that you need to investigate further you can make some adjustments. So, say, for example, you do the trial balance and you are quite a lot out, you can go back and correct something and then do it again to reflect that it is actually the difference now. Then the final balance then commits it to the system which produces the cash accounts and actually rolls the system over into the next week.

Q: My Lord, Mr Castleton is happy for me to put this as a leading question.

HIS HONOUR JUDGE HAVERY: Yes, carry on.

MR MORGAN: The trial balance, Mrs Morgan, that is produced by the sub-postmaster actually entering the date and producing a balance.

A: Yes.

Q: And then checking that against what he actually has.

A: Yes.

Q: So it is a checking stage before you go on to the final balance that we see in these.

A: It is, but people generally check the snapshots. They would produce snapshots and check those figures and make the corrections. But the trial balance gives them another opportunity to make any other corrections.

Q: What effect does producing a trial balance have on any entries into the loss A/2A in entry and how it is reflected?

A: In the discrepancies table at the top?

Q: Yes.

A: It would depend on what else had happened in the week. The discrepancy table at the top is not particularly linked to the suspense account. The suspense account entry should have a positive effect on any losses they

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incurred. So it should in effect correct a loss that is incurred. But if another loss has been incurred during that week it will not be reflected up there any longer because you have lost that, that gain that the system has generated from the entry in the suspense.

HIS HONOUR JUDGE HAVERY: Le me just ask you to see -- could you turn to page 600. That of course is the second page of the two-page document at 599 and 600 of the snapshot. I am just now going to ask you this (inaudible) there is a change here. The figure of £100 for the loss A/2A disappears. It is just removed, not entered. Then am I right in thinking, first of all, that the total of stock and mop has become £477,825.47 in the bottom left column.

A: No, but based on the effect that it had before it went into suspense, it would have the opposite effect actually. It would have increased the cash flow.

HIS HONOUR JUDGE HAVERY: So the £47,802 is not -- I see, now. The £47,802 is not the total of what is above that.

A: No, it is not that.

HIS HONOUR JUDGE HAVERY: Yes, I see. So would you mind giving your answer again? I did not quite (inaudible).

A: Sorry. I am basing my answer on the snapshot on pages 597 and 598, which is before the entry was put in there.

HIS HONOUR JUDGE HAVERY: Yes.

A: Based on that, that is the total stock and mop, which is stock and methods of payments, it would actually increase by £100.

HIS HONOUR JUDGE HAVERY: You mean if the £100 had been put in at the moment when 598 was prepared? Is that what you are saying or not?

A: The snapshots in pages 597 and 598 is the position before that £100 went into suspense.

HIS HONOUR JUDGE HAVERY: Supposing there had been no other transactions to mess the consideration up, what would then have shown up on 600, or if you like, what would it have shown up on 598 if it had included the £100?

MR MORGAN: I hesitate to interfere, but I think your Lordship and the witness might be at slight cross-purposes as to which way the £100 is going to go and whereabouts.

HIS HONOUR JUDGE HAVERY: I put my question (inaudible).

MR MORGAN: I do apologise.

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HIS HONOUR JUDGE HAVERY: No, it may be a misconceived question, which may be what is causing the trouble. All I am trying to see is to eliminate from 599 and 600 the chance (inaudible) that someone has obviously been into the Post Office and had a transaction, at least one person. Supposing that had not happened. Supposing, in other words, we can go back to 597 and 598 and assume that it is exactly as 597 and 598 are except that we have the addition of the entry at £100 which went into suspense, which I think would appear on 598 and (inaudible) had not happened at that moment.

HIS HONOUR JUDGE HAVERY: Yes.

Q: What effect would that have on the other figures on page 598?

A: The entry on page 600 where the £100 has gone in, the effect on the total stock and mop has been a decrease. It is slightly over £100 because of the other transaction, but for the intents and purposes call it £100, it has decreased that by £100.

HIS HONOUR JUDGE HAVERY: I see.

A: But the entry in the suspense has made the total of the payments section round about the same. So it has increased on the line where it says "loss A in £100", but reduced total stock and mop, but it has kept the total payments figure as the same. If you look on page 598 at the total payments, nearly down the bottom, we have a figure of £164,147.65 and on page 600 we have a total payments of £164,152.65.

HIS HONOUR JUDGE HAVERY: Yes.

A: So the only reflection there is a few pounds, which without working out I am not sure, but I would think it is the sale of the postage stamps that has happened in the intervening period.

HIS HONOUR JUDGE HAVERY: Yes, I see. So the discrepancies would remain the same, 14 (inaudible), is that right?

A: It does on the snapshot. It is still just showing the previous week's discrepancy.

HIS HONOUR JUDGE HAVERY: I see, the snapshot does not affect the entry (inaudible) the resulting discrepancy.

A: No, it would only do that if we went to then do a trial balance and it would show that £100 because again the cash figure on page 599 is not physically correct.

HIS HONOUR JUDGE HAVERY: I see. Yes, thank you. Go on, Mr Morgan.

MR MORGAN: Mrs Morgan, just for the sake of clarity, are we related in

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any way?

A: I would not know.

Q: Just for the sake of clarity, given that we are dealing with cash account week 6 on pages 598 and 600, which week does the next discrepancy (inaudible) come from?

A: Week 5.

Q: When you look at page 603, and we are in week 7, which week does the discrepancy over figure come from?

A: That would be week 6 because the amount has gone into the suspense account, that is presumably what has given (inaudible) in that week. But I do not have a clue why the £100 has gone in suspense. It is not (inaudible) that amount, no.

Q: Mrs Morgan, it is uncontroversial, this was a book entry made by Mr Booth on the instructions of Miss Oglesby to see how entries in suspense affected the position as shown on the accounts. What I think the court might be interested in hearing is your evidence on how this affects the accounts produced each week. What I would also like to know is whether you know what figure is represented in the -- take the big piece of paper again, exhibit 2, and look at week 49. Given that this is a final balance, what figure appears in the discrepancies table at the top (inaudible) which would (inaudible) discrepancy?

A: The net discrepancy is that current week discrepancy.

Q: Could you help me, please, with one final week and I would ask you, please, to take bundle 9, which is behind you on the third shelf down, just behind you. Turn to divider 46 to start with and look at page 2675. Do you have that page?

A: Yes.

Q: Do you see there a final account for week 46?

A: Yes.

Q: What figure is shown for discrepancy short?

A: It is £8,243.10.

Q: What week is that the discrepancy?

A: As it is a final balance, that is the position of week 4.

Q: If you turn on, please, to divider 47 and look at page 2692, do you see there a final balance for week 47?

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A: Yes.

Q: What is the net discrepancy for that week?

A: (Inaudible).

Q: Are you able to tell the court why there is a figure both in discrepancy short and in discrepancy over? Perhaps I am being slightly unfair on you. There is --

A: (Inaudible) has gone in suspense, but it is quite unusual for it to show like that. It is as if to say nothing else has happened in the week to reflect that discrepancy table. It is very unusual to have a nil balance. You would have expected something to have happened to one or either of those figures with what has happened in the week. The discrepancy short is the position as it was because that shortage presumably was not made good but it has been entered in suspense. It is reflected in the discrepancy over. I would suggest that the final balance has been done, or the trial balance has been done, straight away after the amount has gone into suspense for it to reflect no discrepancy.

MR MORGAN: Mrs Morgan, could you just wait there, please. Mr Castleton will have some questions.

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Could we go back to bundle 3, page 571, under tab 6. You have just been talking about (inaudible) snapshots (inaudible) 6, could you tell me what this one is, please?

A: The net discrepancy, but were there to have been a final balance the net discrepancy is week 7's net discrepancy.

Q: So we have a shortage of how much in that week?

A: It is £101.21.

Q: That is the difference between which two figures?

A: The discrepancy over and the discrepancy short.

Q: Having seen the (inaudible) that was gone through in week 6 and Mr Booth, you would expect on the second week that the payment into suspense in the second week would then be shown in that box. Is that correct?

A: Not necessarily because it depends what else has happened during the week.

Q: So how would that determine how this is shown? What kind of things would depend on how it is depicted?

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A: If there had been any other losses or gains within the week it would reflect on those figures.

A Q: Just to clarify for the court, if there were any further losses in this week it would be shown on top of the losses being taken (inaudible) as these figures are depicted. Is that correct?

A: Sorry, can you just say that again?

B Q: We have the over, which is obviously the suspense account --

A: Yes.

Q: -- and we have £204.32 of shortages in the next column. Is that correct?

A: Yes.

C Q: So it is depicted, in your opinion, as a further loss on top of the loss that was originally created. Is that correct?

A: It depends as well what time you do the trial balance and the final balance because if you make an entry of £100 (inaudible) but then make another £100 of discrepancies short it would knock away that gain because it D has been caused by putting them in suspense. So you would not always see the reflection in that.

Q: No, I appreciate, but you would see both figures depicted. If there were any change (inaudible) on the shortages because of that knock-on effect through the week if there were any changes. Say at the start of the week the shortage was £100 but over the course of the trading week a further £40 had E been lost in effect, you could not find a reason why that had occurred, that would be depicted in this scenario on top of the £100. Is that correct?

A: Not necessarily, no. That could have reduced the £60.

Q: Reduced?

F A: It could have reduced the overage because you have lost some of the money that you gained.

Q: But that is not depicted in these figures, though, is it?

A: You see, the vast majority of my experience is dealing with manual balances, I have got donkey's years worth of experience of manual balances. G

Q: We are going to move to that in a minute.

A: So I was always told, looking at final balances and trial balances and snapshots, to be looking at the net discrepancy figure. So although you can sort of make figures fit, that must have happened because of that and that shortage has happened because of that, I find it easier in my mind to just go H by the net discrepancy --

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Q: I appreciate that.

A: -- because that is always the current state.

Q: I appreciate that 100 per cent.

A: What I tended to do when people were, including myself, getting slightly confused by (inaudible).

Q: It is a confusing way of doing (inaudible).

A: And probably a more technical person could explain why the system does that, but I always refer back to the cash account, the actual cash account, the discrepancy at the bottom is that current week discrepancy and you can clearly see there what is in suspense and I find that far easier to (inaudible).

Q: Yes. Mr Morgan questioned yourself on the effect of these movements on the actual cash requirements. So in order for that movement to be placed, considering that everything has worked correctly, then there would have been a movement in the cash requirement. Is that correct?

A: From looking at this today I am saying that. I did not say (inaudible) acknowledged that that happened. I had to look at that and say: yes, that is what happened.

Q: Yes, but you are happy with the details that you (inaudible) that you believe that to be the case.

A: If that is what the system has shown in cash, yes.

Q: So the over that is shown on 603 is £103.11.

A: Yes.

Q: Would we have any reason to believe that that is not the same over in 571, the following week? It is the following (inaudible).

A: Yes, because presumably you have not done anything with a trial balance in between times.

HIS HONOUR JUDGE HAVERY: This is not a snapshot at 603, is it?

A: Yes.

HIS HONOUR JUDGE HAVERY: So what you were saying earlier, that would be a figure for week 6, would it not, which ties in with 571? Is that right?

THE DEFENDANT: My Lord, it is --

HIS HONOUR JUDGE HAVERY: No, it is week 7.

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THE DEFENDANT: That is right, it is the following week, my Lord. Because each time these movements, and I am sure Mrs Morgan would confirm, each time these movements are placed the machine itself looks into the following week. Is that correct?

A: I would just like to see a cash account for week 7.

Q: I believe it is there.

HIS HONOUR JUDGE HAVERY: Can you help me, Mr Morgan, to try and (inaudible).

MR MORGAN: My Lord, I can show the court the cash account final for week 6, but I am not sure that we have week 7.

HIS HONOUR JUDGE HAVERY: I see.

A: Week 7 cash account is showing (inaudible) £101.21.

HIS HONOUR JUDGE HAVERY: Where do you get that?

A: Page 562.

HIS HONOUR JUDGE HAVERY: Let me just ask you a question, Mrs Morgan. Mr Castleton made a remark to you, I do not think it was really part of his question, it may have been, saying that the discrepancy over on page 571 having been (inaudible) reflected the £100 that had gone into the suspense account. Is that right? Do you agree with that or not?

A: The £103.11, it could be. An amount has gone into suspense in week 6 for which there was no loss the previous week. In week 5 there was no loss. In week 6, £100 has gone into suspense, so you would expect to be £100 over because there was no reason to put £100 into suspense.

HIS HONOUR JUDGE HAVERY: I see, thank you. Yes, go on, Mr Castleton.

THE DEFENDANT: Thank you, my Lord. Then moving on to 571, that being confirmed in the cash account, the £101.71.

A: Yes, the week 6, £103.11 (inaudible).

Q: So you are happy with that?

A: Yes.

Q: So it is depicted in that way and I presume that that will be the way that it would be depicted throughout.

A: I cannot say that with 100 per cent conviction, I am afraid, because I can look at figures and say: yes, that looks like that is that, but I never really had to look at those figures for any reason and I always went by whatever the net

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discrepancy figure was.

A Q: Which is the actual one that is depicted in the cash account.

A: And what was on the cash accounts. Work analysis (inaudible) account team, you were talking to branches over the phone, you were not actually looking at anything.

Q: No, I appreciate that.

B A: So it is very difficult to understand from people what they were looking at.

Q: You did actually look at these particular cash accounts for me, though, I believe.

C A: I did look at some (inaudible). I cannot recall looking at them now, but yes.

Q: So you would have only had those cash accounts. You would not have had any supporting documentation?

A: I do not think I did, no.

D Q: I know that that is what you have said. Just to clarify, from that particular review that you did on the cash accounts, would I be right in saying that whilst a cash account itself provides a picture of the office for the week in a statement form, over the process of that week, the transactions that are placed and the movements that occur, to get a full picture of everything that has occurred in that week, obviously more information is better. Would that

E be true?

A: What, if you were looking for a discrepancy?

Q: If you were looking for a discrepancy or if you were looking for the way that the system, or even the person using the system, had formulated the final

F account.

A: But you are looking at bits of paper with figures on. If you have not done those transactions yourself --

Q: No, I appreciate that.

G A: But the way I was looking at the cash accounts was just using my experience of knowing what a branch of your sort of size would transact in a week just to see if anything stood out as --

Q: I know that one particular --

HIS HONOUR JUDGE HAVERY: Just a minute, you are interrupting the

H witness.

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THE DEFENDANT: I apologise, my Lord.

HIS HONOUR JUDGE HAVERY: You are making it a bit of a conversation. The problem is if there is going to be a transcript if there are two people talking at once it will be very difficult.

THE DEFENDANT: I apologise, my Lord.

HIS HONOUR JUDGE HAVERY: I quite understand you do want a bit of feedback, and all that, but could you be careful to wait until the witness has finished her answer before you put the next point?

THE DEFENDANT: I apologise.

HIS HONOUR JUDGE HAVERY: Thank you.

A: I was looking at the cash accounts, just using my knowledge of average amounts of transactions. Because you had such large discrepancies in those few weeks, something in the nature of £8,000 or so could possibly have stood out and I was looking at it from that point of view, not the nitty-gritty of what reflection that figure had on another. I was not going into that amount of detail, just having a look really at what level of transactions you had done to see if some things stood out as really being erroneous. That is what I was looking at.

THE DEFENDANT: Yes, and you saw (several inaudible words).

A: Devlin has got more Horizon knowledge than I have.

Q: Do you feel it would have helped to have more paperwork than (inaudible) snapshots? There were (inaudible).

A: They would not have really helped because you still do not know whether the transactions are right or wrong. You do not know, it is a bit of a needle in a haystack looking for a loss sometimes. But you would perhaps have been able to check things like, if I had all the paperwork for the week I would have been able to check things like your remittance advice notes to know that you had not booked in too much cash, that sort of thing. But all that would have happened, I would imagine I would find all the bits of paper that the system generates through the week would just all add up to this, I would guess. So in that effect it would not help me, no.

Q: But we do agree that the suspense account payment has an effect on the cash required at the end of the week.

A: Not at the end of the week because when you declare your actual cash you are declaring what is physically in the office.

Q: Yes, but is that not generated from the transactions that have been placed in what the machine perceives to be the position of the cash? Is it not compared between the two?

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A: Can you say that again, sorry?

A Q: The physical cash that is declared is then compared with the payments and receipts, the stock holding, obviously, and from there you have, I believe, I do not know, three levels of cheques that can be going through, that is in-house, what has actually been seen by the computer in Marine Drive, the cash account production in Chesterfield and what has actually been seen by Fujitsu. Have you ever had any experience of that?

B A: I have no idea what Fujitsu actually see.

Q: That is fine.

A: The cash account is obviously downloaded in Chesterfield and at that point it was a two-stream check, your cash account went away, your documents went away to the client, the client's figures would then be
C balanced with the cash account figures. That is how the check system works on your transactions, what I have done or what are (inaudible).

Q: That is fine. If we go back to week 49, I believe you have the big piece of paper there.

HIS HONOUR JUDGE HAVERY: It is X2.

D

THE DEFENDANT: It is X2, yes, my Lord. As we spoke previously about page 571, which if you use that for reference to compare the two, what occurrences could cause the computer to depict the two finals in different audits? I appreciate that the cash account we will just see the net discrepancy, but having confirmed on page 2725 that a payment of £3,519.68
E (inaudible) payments were lost to --

HIS HONOUR JUDGE HAVERY: Just a moment, this is becoming rather out of hand, this question.

THE DEFENDANT: Sorry, my Lord.

F HIS HONOUR JUDGE HAVERY: Can we just have it before us and we will (inaudible). Page 2795, is it?

THE DEFENDANT: It is page 2724 in bundle 9.

HIS HONOUR JUDGE HAVERY: I find it in bundle 9.

G THE DEFENDANT: That is repeated in exhibit 2. It is the same document.

HIS HONOUR JUDGE HAVERY: All right. What is the figure on exhibit 2?

THE DEFENDANT: In the final column, under tables loss to 2A, £3,519.68.

H HIS HONOUR JUDGE HAVERY: So the first thing to look at is the £3,519.68 (inaudible).

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A: Yes.

A HIS HONOUR JUDGE HAVERY: What is the next one you want to look at, Mr Castleton?

THE DEFENDANT: My Lord, the fact that there is no over in the discrepancy box at the top of that same document.

HIS HONOUR JUDGE HAVERY: Right, yes.

B A: And you want me to say why that is?

THE DEFENDANT: Yes.

A: My understanding would be that between posting that into the suspense account and producing the final balance you have incurred a further loss that C has taken that over (inaudible), that sucks it out, if you like, of the system.

Q: But then if we compare that to the document on 571 in bundle 3, why is that depicted differently?

A: I cannot explain that. I do not have enough knowledge of that box to be able to explain to you why it would show different. I think somebody with D more technical knowledge would do. As I said earlier, I always went by the net discrepancy figure because I know that the net discrepancy is what the current week's state is, and in preference even to that, I would always just refer to the cash account.

Q: But there would be a question as to why it is depicted between the two differently?

E

A: You have done a whole week's transactions in between. I do not know when the amount has gone in suspense, what transactions have been done since, if you have had another discrepancy when that has happened, and the same with the one that you are referring back to for week 7. I do not know what has gone in in the meantime. My understanding is that that table -- F when the actual system is committing your discrepancies to the system and how that shows itself could be 100 per cent clear. I have done about four different jobs since then as well and it was not 100 per cent clear to me when I did do it because I did not need to refer to it.

Q: So it is not clear as to when --

G A: It is not clear to me. It would be clearer, I think, to somebody with more technical knowledge.

Q: That is fine. Can we turn to one of your (inaudible).

HIS HONOUR JUDGE HAVERY: Which bundle is this, Mr Castleton?

H THE DEFENDANT: My Lord, sorry, I did not have this bundle with me yesterday evening and I just want to clarify where a document is. I believe it

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is bundle 8, my Lord.

A MR MORGAN: For convenience, we do not have copies, we have original manual cash accounts. Mr Castleton wants to ask some questions. Perhaps Mr Castleton (several inaudible words).

HIS HONOUR JUDGE HAVERY: These are blank forms and they are all the same, all these forms, is that right, Mr Morgan?

B THE DEFENDANT: Yes, my Lord.

MR MORGAN: They are Mr Castleton's documents and with your Lordship's permission may I come (inaudible) Mr Castleton's side and look over his shoulder as he asks the questions?

HIS HONOUR JUDGE HAVERY: Yes. These are four identical pieces of
C paper, are they?

MR MORGAN: They are, yes.

HIS HONOUR JUDGE HAVERY: What is this (inaudible) thing here?

A: This is what is called the (inaudible) book so this is where postmasters
D would record transactions daily and those figures were all totalled up and transferred onto this small sheet, which is the weekly sheet.

HIS HONOUR JUDGE HAVERY: That is the one which is (inaudible). So red is the daily book, which --

A: No, red is the payments side and it is blue for the receipts side.
E

HIS HONOUR JUDGE HAVERY: I see.

A: It changed colours every year.

HIS HONOUR JUDGE HAVERY: I do not think we have another copy of this one. The one you have just handed me is the one to which figures are
F transferred from the (inaudible). Is that right?

A: Yes.

HIS HONOUR JUDGE HAVERY: I am going to mark these just to avoid confusion. It is 4 and 5, is it not? Thank you very much. X4 is this big one
G (inaudible).

MR MORGAN: My Lord, we have got to 4 already, so we need 5 and 6.

HIS HONOUR JUDGE HAVERY: Thank you very much. This will be X5 and this will be X6. You have a copy of X5 but there is only one copy of X6.

A: Thank you.
H

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HIS HONOUR JUDGE HAVERY: Just one moment. I think you gave these documents names, did you not, Mrs Morgan? X5, which is this one?

A

A: This one was called the daily book.

HIS HONOUR JUDGE HAVERY: The daily book, and that is the one into which figures are directly entered, is that right?

A: Just at the end the day.

B

HIS HONOUR JUDGE HAVERY: Figures directly entered at end of day. Yes, and then X6?

A: That is the weekly.

HIS HONOUR JUDGE HAVERY: The weekly book. (Inaudible) entered from X5 at the end of the week. Is that right?

C

A: Yes.

HIS HONOUR JUDGE HAVERY: (Inaudible) five or six copies of X5 (inaudible).

D

A: No, the daily book, if you look, it starts on a Thursday and ends on a Wednesday.

HIS HONOUR JUDGE HAVERY: I see, thank you.

THE DEFENDANT: So, as you have already explained to the court, this is a daily and a weekly book. Could you explain for the court why they were required (inaudible)?

E

A: Without any, you did not have any computer system (inaudible), when this system was in everything was done manually so you needed to, obviously, be able to add things up at the end of the day and the end of the week and produce the cash account.

F

Q: So this would have been what, a physical record, is that correct, of the daily and weekly totals?

A: Yes.

Q: Over the process of the week you would formulate the larger sheet and then what would you do with those figures with respect to the weekly sheet?

G

A: Transfer them across into the weekly sheet.

Q: That would produce in effect --

A: The cash accounts.

H

Q: -- the full, complete cash accounts.

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A: Every single thing was not always in the daily book because you had weekly transactions.

A

Q: Of course.

A: Certain transactions you do not do on a daily basis.

Q: Could you give an example?

B

A: An example would be green Girobank cheques which you would only total at the end of the week. So you would not record them daily unless you wanted to just keep a track of them, you could do that.

Q: So that would be a manual account produced by the sub-postmaster.

A: Yes.

C

Q: Then what would the sub-postmaster do with that document?

A: He would make another copy of it. There was a copy that was exactly the same but without the little added ring binder there and there was a section on it to sign and that was sent away to our accounting department in Chesterfield.

D

Q: Is there a section on there to sign?

A: Yes.

Q: What does that box say?

E

A: Which part of that, sorry?

Q: The signature box.

A: "Please sign here, legal requirement."

Q: It is a legal requirement?

F

A: Yes.

HIS HONOUR JUDGE HAVERY: Where is that?

A: On the other side of the (inaudible) in the bottom left-hand corner.

G

HIS HONOUR JUDGE HAVERY: Yes, I see.

THE DEFENDANT: So that would be a manual account produced both daily and weekly with a legal requirement for signatures on that document that then would be called across to Chesterfield and that would be retained for (inaudible) reports and this was done prior to Horizon. Am I correct?

H

A: Yes.

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Q: If we just go back to bundle 3, tab 6, page 546. That document there is what?

A: That is the cash thing Horizon produces.

Q: It is the modern version produced by Horizon. Is that correct?

A: It prints this.

Q: In the signature area is there any reference, as there is on the manual account, to the legal requirement?

A: It asks you to sign it. It does not specifically say it is a legal requirement. It may do in the contract of services, but it does not say that.

Q: Yes, I appreciate that. I just wanted to clarify that that was (inaudible). Can you go back to your statement at tab 55, page 402. Could you just read paragraph 8 for me, just to yourself. (Pause).

A: Yes.

Q: Am I correct in saying that you personally authorised some of the (inaudible)?

A: I believe I did, yes.

Q: I have actually your name written on it.

A: Yes, I saw my name written on it and I do vaguely remember the conversation.

HIS HONOUR JUDGE HAVERY: I am just trying to keep the questioner quiet while you are answering.

THE DEFENDANT: I am sorry, my Lord, I do apologise. So that was obviously an authorisation then?

A: Yes. There were only three ways in which I was allowed to authorise amounts to go into suspense. You either knew what the loss was so you knew that a transaction correction error notice was going to come back. Or you were applying for hardship to pay back in instalments or (inaudible) the line manager had authorised it. That gave me the authority to put the amount into suspense.

Q: Can we just turn back one page to 401. You see there that you had to apply for hardship. Is that correct?

A: Yes.

Q: If you just look at paragraph 4B, have you ever received a hardship (inaudible)?

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A: Yes.

Q: Have you? From me?

A: From you, sorry? I could not remember at this point whether you ever got to that point. The process was that we could not offer for you to pay back by instalments. We kind of led you down that line if we thought that was what you wanted to do but did not know you had to ask. Because obviously it was a large amount of money. But the process would then be started. If you then said: can I pay it back by instalments, or is there a way I can pay this back that way, there was a process then by actually sending forms out to send back to get it authorised for hardship.

Q: So it is (inaudible) then?

A: It is. I would send out what we called an IME form, which was a (inaudible) card, which was for you to detail your personal income and expenditure so that we could see that you definitely were in a hardship position and then once it was agreed, which I think was by the retail line manager at that point, once it was agreed that yes you could pay it back in instalments we would then set that in motion. So you submitted back the papers to us for a decision as to whether (inaudible) hardship.

Q: Do you remember which of those three reasons was the actual reason for me to be allowed to have the authorisation for --

A: You did not know what had caused the loss. Cath Oglesby did not authorise it to go in suspense. So the only conclusion I could make, and it is only a vague recollection, but the only conclusion I can draw is that it must have been because of hardship.

Q: Having said that, (inaudible) does say submitted.

A: What do you mean? Where it says (inaudible) submitted to hardship. I do not mean you personally, I mean that postmasters would then submit hardship forms if that was the process that they were (inaudible).

Q: So there is no copy of a hardship form or anything like that?

A: I do not know whether you did or not in the end (inaudible).

THE DEFENDANT: That is fine. I just wanted to clarify, that is all. That is fine, thank you very much.

RE-EXAMINATION BY MR MORGAN

MR MORGAN: Mrs Morgan, a few brief questions just to pick up on points that you mention in your evidence. You said that you always referred to a final cash account. Why was that?

A: Because that told me what the current state of play was. The final cash account is where they have physically checked the cash and stock and

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verified that figures that are in the account are correct so that I know that the net discrepancy is that current position. If you are going by a snapshot of something, then I do not know that that is the actual state of the balance if they have not gone ahead and actually checked that that is the case.

Q: When you say they have checked the final cash and stock, who is they?

A: The postmaster, sorry.

Q: What are they responsible for checking?

A: They are responsible for ensuring that the figures that they submit are accurate. That is not to say that they cannot make mistakes, but they are responsible for ensuring that the cash and the stock table, which they can actually physically check that in the branch, they are responsible for declaring that accurately. The system would tell them what it thought it had, but they were responsible for physically checking that those figures were correct before the cash account was submitted.

Q: Moving on slightly, you talked briefly about paperwork coming into Chesterfield and then going out to clients. You said that the papers went away to the clients to be checked and the clients' figures then came back to be balanced against the figures on the cash account. What would happen if the figures did not balance?

A: They would look into why that was and if it was an inputting error with a client they would resolve that between them. If it turned out to be a postmaster error where they had put a figure down incorrectly, then the client would give the money back to Chesterfield or take the money back from Chesterfield, who would then pass that in the form of an error notice on to the sub-postmaster.

Q: In what circumstances then would an error notice be issued?

A: If it was found to be the fault of the postmaster that there was a mistake between the figures.

Q: Mrs Morgan, we have been looking at the exhibit marked 2 and we have been looking at the effects that the entries in the right-hand column had on the discrepancies box. Can I ask you what effect, if any, does that box have on the right-hand column?

A: It only has an effect if nothing else has happened during the week. The two things are not the same. The discrepancy box on the top left-hand corner is the discrepancy as it is at the point that the final balance is produced. You would expect an entry in suspense to be reflected in that. But if other things had occurred, other losses have occurred, then it would not appear in that.

Q: I am sorry, perhaps my question was not very clear. What effect, if any, does an entry in the top left-hand box have on entries in the right-hand column?

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HIS HONOUR JUDGE HAVERY: I do not really understand the question. This whole thing is printed out. One entry will not affect another in that respect, so there is something else that must affect the answer, is there not?

MR MORGAN: My Lord, I am trying terribly hard not to lead the witness by asking the question that I would like to ask.

A: If I could just say, you do not make an entry in that discrepancy table. That is what the system tells you the discrepancy is.

Q: How does the system calculate that discrepancy?

A: It works out the difference between the receipts and payments and the figure that it comes up with should match the total of the cash and stock.

Q: This is leading and if anybody wants to object to it, please do so. So the discrepancies table contains calculations from the column that is below.

A: Yes.

Q: It does not result in changes to the columns.

A: No.

HIS HONOUR JUDGE HAVERY: My understanding, and I do not mind asking leading questions, is that the net discrepancies, which we see in the right-hand column towards the bottom, £3,512.26, is a balancing figure calculated by the computer in order that the total payments might equal the total receipts.

A: That is correct.

HIS HONOUR JUDGE HAVERY: It is then transferred to the top left of the (inaudible).

A: Yes.

MR MORGAN: I am grateful to your Lordship for putting me out of my misery. Two very short questions. How long ago did the Post Office stop using manual books?

A: It was around about 2000, the year 2000.

Q: What system did they then move on to?

A: The Horizon system.

Q: Finally, in relation to signing, do you have any evidence that you can give the court about requirements for signing?

A: It is a requirement that the cash account be signed when it goes away because the signing is to say that is a true statement of the account.

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Q: Could I help you by showing you what the Horizon system's user guide says?

A: Yes, certainly.

Q: If you take bundle 6B and turn to page 1455, this is page 87 of the cash account production subsection in the Horizon user's guide. I am bringing you in part way through it, but I would just ask you to look at the entry, the last bullet point at the bottom of page 1455. Then 1456 tells you how to carry on and roll over.

A: Yes.

Q: Then at 1457, does that confirm your recollection?

A: Yes, sign and date both copies of the report.

MR MORGAN: Thank you, Mrs Morgan. I have no further questions but his Lordship may wish to ask you some.

HIS HONOUR JUDGE HAVERY: Yes, there is one puzzle which I would like you to try and help me solve, Mrs Morgan, if you will. I want to have a look at volumes 9 and 10. We have 9 out. It may be that volume 10 is on the bookshelf behind you, I am not sure.

A: Yes.

HIS HONOUR JUDGE HAVERY: If you would look up first volume 9, tab 49, page 2725. Do you see there towards the bottom: "Remittances out, £3,519.44"?

A: Yes.

HIS HONOUR JUDGE HAVERY: This document (several inaudible words), it should be the previous page, is a final balance for week 49.

A: Yes.

HIS HONOUR JUDGE HAVERY: Then if you would turn to bundle 10, also tab 49, page 2979, we have a figure of cheques at the top left of £3,533.30. This is a sales report. I am going to just take you back for a moment to volume 9, the same one we were looking at, page 2725, the point that I should have put to you, it says: "Remittances Out Data Central £3,519.40."

A: Yes.

HIS HONOUR JUDGE HAVERY: Which I understand to be the place where cheques go. Is that right?

A: That is correct, yes.

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HIS HONOUR JUDGE HAVERY: So that sum is entirely cheques. Is that right?

A: It should be, yes.

HIS HONOUR JUDGE HAVERY: Then we have a cheques figure in the other volume, volume 10, page 2979, of £3,533.30. The two dates of these two documents, the one in bundle 9 is at 7.37 in the morning, that is before opening time, on 4 March and the one in bundle 10 is 5.35 in the afternoon, which is after closing time, on 3 March, and you see the figures are different. The question is: can you explain the difference?

A: The figure of £3,519.43, the rem out Data Central figure, is what he has actually physically remmed out of the system. I am not too familiar with the sales report because I have never used them, but it was often the case that people when they do a transaction they get the option at the end to finish the transaction to either cash or cheque, depending on what the customer has paid with (several inaudible words).

HIS HONOUR JUDGE HAVERY: I see.

A: So there is often some adjustments that need to be made to the cheques before they are actually remmed out of the system. Whether that has been the case here, it could possibly be right because there is a slight difference.

HIS HONOUR JUDGE HAVERY: I see. Thank you very much.

THE DEFENDANT: My Lord, can I just clarify --

HIS HONOUR JUDGE HAVERY: Yes, you may ask a question arising out of that answer.

FURTHER CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Thank you. If we could look at the transaction box (inaudible) 11B, which will be behind you again, it is a huge one. It is page 3829, midway down, at 16.37.44 there is a transaction for RODC. Do you know what that is? Would it be possible for me to --

A: Rem out Data Central.

Q: So we can see there that is the remming out of cheques for that day.

A: Yes.

Q: Then if we continue down the page cheques, as you can see in the first line there, are numbered 2.

A: Sorry, where are you now?

Q: It is where we were just looking. If you look at RODC you will see the first transaction is number 2, which is cheques, for £211.22.

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A: Yes.

Q: Then the actual remming out is £112.05.

A: Yes.

Q: So that is the final one of the week.

A: Of the day.

Q: Yes. This is actually a cash account day so it is the (inaudible) one.

A: Yes.

HIS HONOUR JUDGE HAVERY: Where is this £102 your referring to?

THE DEFENDANT: It is £112.05, my Lord. It is the RODC remming out.

HIS HONOUR JUDGE HAVERY: Are you still on page 3829?

THE DEFENDANT: Yes, my Lord, midway down. It is at 16.37.46.

HIS HONOUR JUDGE HAVERY: I thought you were referring to a sum of money.

THE DEFENDANT: No, my Lord.

HIS HONOUR JUDGE HAVERY: What is £112.05?

THE DEFENDANT: It is the actual transaction of remming out, my Lord.

MR MORGAN: My Lord, it is a Fujitsu data code that reflects what each transaction is and if your Lordship ever has a quiet moment there is a list of some 6,000 or 7,000 product codes to be found behind divider 98 in bundle 11A.

HIS HONOUR JUDGE HAVERY: I hope they are in numerical order.

MR MORGAN: They are, my Lord, I am pleased to say.

THE DEFENDANT: If we follow that column down, which is product number, from the £112.05 --

HIS HONOUR JUDGE HAVERY: I think the point you are going to make is that there are no other entries.

THE DEFENDANT: That is right, my Lord, yes. So at the close of business there were no further adjustments to those cheques. So having made no further adjustments, my Lord, my question would be: how else could those figures be different?

A: Like I said, I am not familiar with the sales report. I have never had to

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use the sales report. I was just making the point that perhaps --

A Q: (Inaudible).

A: It would not necessarily be, it could be that the sales report shows whatever cheques you have entered and it might not reflect any changes to that. I should not answer if I do not know the answer, I do apologise.

Q: No, that is fine.

B A: It could be that it does not then reflect an odd change because it would depend how you corrected your cheques as well. Because you can correct your cheques by just adjusting the figure, which would not necessarily then show it as an adjustment in that sales figure.

HIS HONOUR JUDGE HAVERY: So you are not saying it would not
C appear on 3829, are you? Or are you?

A: No. Those figures you should find where you have that £211.22, if you went through this record for the whole week and picked out all the references to RODC, the minus figures, they should all add up to the total rem out figure for the week at £3,519.43.

D HIS HONOUR JUDGE HAVERY: I see. So it may be that the £3,533.30 was a mistake because it should have gone into cash.

A: It could be.

HIS HONOUR JUDGE HAVERY: There remains a puzzle because that ought to appear, ought it, on these records at page 3829 (inaudible)?
E

A: I have not seen a transaction like this before.

HIS HONOUR JUDGE HAVERY: In that case I do not think you can help me further. Thank you very much. You have been most helpful.

MR MORGAN: My Lord, I was wondering if I might just help the witness
F on one point, that we can go through the process of adding up the figures for the rem outs.

HIS HONOUR JUDGE HAVERY: Yes, very well.

MR MORGAN: It is something that we did yesterday, so I apologise for
G doing it again.

HIS HONOUR JUDGE HAVERY: No, it is all right.

MR MORGAN: If you keep bundle 11B, and I do not know if you would like a piece of paper and a pen to go with it, but if you look at page 3692 -- perhaps I can short-circuit this. Mr Castleton accepts that if I turn through
H the pages for the week, the rem out to Data Central, the figures when added up correspond to the total figure at the bottom of page 2725.

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HIS HONOUR JUDGE HAVERY: That is the £3,519, is it?

MR MORGAN: Yes, it is £3,519.43. So the transaction log records rems out to Data Central of cheques for that week of £3,519.43.

HIS HONOUR JUDGE HAVERY: I think the point made by Mr Castleton was that there is nothing else thereafter which would explain --

THE DEFENDANT: (Inaudible).

HIS HONOUR JUDGE HAVERY: I see, the £3,533 is actually the previous night.

MR MORGAN: Yes, and it is in a sales report which is a different sort of document.

HIS HONOUR JUDGE HAVERY: What is it then?

MR MORGAN: My Lord, it is the witness (inaudible).

HIS HONOUR JUDGE HAVERY: The witness says it might contain a mistake in that something is entered as a cheque which should have been entered as cash. Is that right?

MR MORGAN: My Lord, yes.

HIS HONOUR JUDGE HAVERY: And that would not appear in the other document.

MR MORGAN: My Lord, no.

HIS HONOUR JUDGE HAVERY: I see. Thank you very much, Mrs Morgan. Before you call your next witness I am going to have my desk cleared.

MR MORGAN: Could the witness be released, my Lord?

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: I am grateful.

(The witness withdrew)

MR MORGAN: My Lord, my final witness is Anne Chambers. Her witness statement is at bundle 3, tab 50.

ANNE CHAMBERS (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Please state your full name.

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A: Anne Olivia Chambers.

A Q: Mrs Chambers, could you give the court your business address, please?

A: It is Fujitsu Services, Lovelace Road, Bracknell, Berkshire.

Q: I hope you have in front of you bundle 3. Could you turn in that bundle, please, to tab 50 and could you look at page 330 and tell the court what you find there.

B A: That is my witness statement.

Q: Could you turn through that witness statement to page 335 and tell the court what you find there.

A: That is my signature, dated.

C Q: Have you had an opportunity to read this witness statement recently?

A: Yes, I have.

Q: Are there any corrections or clarifications you would wish to make to it?

D A: No, I do not believe so.

Q: Are its contents true?

A: Yes, they are.

Q: Do you wish that to stand as your evidence-in-chief in this trial?

E A: Yes, I do.

Q: Could you assist the court on just one point. If you take bundle 8 from behind you, it should be on the right-hand side of bundle 7B, and look behind divider 76, page 2379 to 2381.

F A: Yes.

Q: Do you know what this document might be?

A: It appears to be details of software downloads at fad code 213337, which I believe is Marine Drive, information for the computer terminals at that branch.

G MR MORGAN: Thank you, Mrs Chambers. Could you just wait there, Mr Castleton will have some questions for you.

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Could we go to bundle 12, it is just behind you, and go H to tab 106, page 4120.

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A: Yes.

A Q: Could you explain what an event storm is, just in general terms?

A: An event in this context is where a software program has perhaps gone down an unexpected path and as a result some failure condition has occurred and it writes an event message which gets transmitted from the branch which has generated it to the central system. There is a team of people whose job it is to look out for these happening on the live system and an event storm is
B where they receive a great many of these of the same events all at the same time. They notice them partly because it clogs up their system and so they then raise a call so that it can be investigated to find what the cause of this is.

Q: And the cause of this particular one, is it in the document?

A: The cause of this particular one is not specifically documented in here. I
C do, however, know what the cause was.

Q: If you could.

A: It was to do with some new software which had gone out. They had changed the error handling in that and a failing condition which had failed silently in the past suddenly started to be reported instead. Although it was
D going down an unexpected path through the code, here it was not a path that actually caused any ill effects at the end of it. When it was investigated it was not reporting that any harm had been done, just that there had been a problem and what had happened was the new software had gone out to a number of sites, and I think it was somewhere between 20 per cent and 30 per cent of all branches that had got the new software were reporting this
E problem, and yours was amongst them.

Q: Mine was just one of them.

A: One of very many, yes.

Q: If we turn on to page 4128, could you tell me (inaudible)?

F A: I am not sure that this was included in the (inaudible) that I looked at at the time, although I have looked at it since. As I recall, again there had been some change to some of the software the previous night and the Riposte service which underlies the counter software systems had not restarted itself as it should and sometimes that can be corrected by some amendments being done, but the quickest resolution usually is to replace the counter that has the
G problem, which I believe is what happened in this case.

Q: So the counter with the problem would report that directly to yourselves, would it?

A: That would be seen centrally, I believe, yes, although in this case you
H phoned up and reported it.

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Q: Yes, it just did not come back online. But the way that it reports, how does it actually report if it is node 2?

A

A: Each node has a unique identifier, which in fact we saw on the exhibit that I was asked to look at previously. It is a (inaudible) and then your fad code and then either 01 or 02, depending on which of your two counters it is. So when this error had been reported to the central systems that is how it would have been marked.

B

Q: I hesitate to use the word physically, is that direct contact from node 2 or does it go through --

A: Because the communications between your branch and the data centre are all through the gateway, the gateway does have to be up and running in order for that information to be passed through.

C

Q: So if they were both down, which I believe was the case at the time, would that be a reason why there was not an automatic alert to the fact that node 2 had a problem? Would that be the case?

A: That is possible. I cannot tell from this whether there was an automatic alert or not.

D

Q: No.

A: There could have been an alert which nobody noticed or raised a call for at our end. It would actually take some human intervention to notice (inaudible).

E

Q: Do you actually (inaudible) together then to formulate these? I presume, and I am probably wrong, that the associated effects, as it were -- if in this event node 2 had a problem it would raise the alarm, which is almost the same, is it not, as me actually physically ringing you to say that I have a problem? In the context of the --

F

A: No, a call (and we refer to these as calls) will only be raised if a person notices that the alarm has been raised.

Q: Right.

G

A: So it is possible, although there may have been something, that it would not necessarily have been picked up by the central systems. On the other hand, that alarm, that event, would still have been there in the event logs if anybody then went looking for it.

Q: I see, so it would not automatically --

A: But it would not necessarily automatically raise a call to somebody to then go and investigate.

H

Q: If we turn over the page to 4129, in one of the updates it says something about (inaudible) Monday 2 February at 14.07 by dispatch 1.

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A: Yes.

A Q: Is that the actual engineer arriving on site? Is that true?

A: I cannot say definitely yes or no. The engineers have their own system where they log their movements and that sends an automatic update on this information, but whether that is precisely the time I have no way of knowing.

Q: The reason why I say that is because it says: "Engineer 062667 logged
B on." Would that mean logged on to that particular node?

A: No, that would mean he logged on to his call logging system, I believe.

Q: Right, sorry. If we move on down to engineer visit, that is not physically a visit then?

C A: Yes, if you have that terminal replaced on that day then there must have been an engineer visit to do it, but I have no knowledge whatsoever of what the engineers did at your branch on that day or whether they did go or not.

Q: I believe further down it says under the word "clear", could you --

A: Sorry, can you tell me whereabouts they are?

D Q: It is the second from bottom, it says "information", then "clear" and then "close", on the same page.

A: Yes.

Q: Under "clear" there it says (inaudible).

E A: Yes, the engineer when he has finished has -- further up where it says (inaudible) visit, he has put an update on his system which says: "Failure and repair code 821." Code 821 means replace the base unit.

Q: That the (inaudible)?

F A: That is what he has said he has done and then the clear update has been put on by the system help desk and they (inaudible) just saying that that is what the engineer has told them and they will presumably have checked on their system as well to make sure that the counter is now up and apparently running again.

G Q: So in doing that check what do they actually perform? How do they actually perform that check?

A: I do not know.

Q: You do not know?

H A: No.

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Q: If we now go to bundle 11B, under tab 103, it is actually the first page of that tab.

A

A: Yes.

Q: Have you ever seen one of these before?

A: This, I believe, is the event information which shows the clerk type events which have been performed on the system. I do not normally look at the information in this format.

B

Q: On that particular day it is established, I believe, that the base unit was changed from the code 821, is that correct, on node 2?

A: Yes.

C

Q: So that would mean to change the base unit it must have been unplugged. Is that correct?

A: It would have been disconnected, yes.

Q: The actual call closure was at 16.17 on that day.

D

A: That one again (inaudible). Was that when the engineer said he had left - -

Q: Yes.

A: -- or was that when the help desk --

E

Q: It just says --

A: Can you give me the reference of that again?

Q: Yes, it is 4129 in bundle 12 under tab 106.

A: No, it says that the engineer finished the call at 14.28.

F

Q: Right.

A: In fact, the engineering visit is timed at 13.30, which suggests that there had been a delay in the communications between the two call logging systems.

G

Q: That is fine. So by 13.30 the engineer would have changed that base unit.

A: It looks like it.

Q: If we then cross refer that to 3703, that is from the start of the day and we can see that node 1 became disconnected from the network.

H

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A: Yes.

A Q: Then moving down to 13.30, and even after, there is no notice of node 2 being disconnected. Is that correct?

A: Node 2 was not doing anything at all (inaudible) until -- the first thing you have for node 2 is a log on at 14.24.

Q: Yes.

B A: So node 2 did not do anything at all prior to that which was included on this particular report.

Q: But it must have been disconnected, we have established --

A: It could not say it was disconnected if it was not working.

C Q: Then would it not say that it had reconnected?

A: No, because it was not ever disconnected, it was just completely -- if a node is not operational it is not disconnected, it is just not operational at all.

Q: On reconnection surely it would say it was reconnected.

D A: No, because it had not ever been disconnected. You do not get that event logged. Disconnected means that it is working as it should be except it is not communicating with the other nodes. In this case it just was not working so it was not a loss of connection and reconnection, it was just completely down and then, yes, now it is working.

E Q: So on this log if at any point node 2 had become disconnected it would show on the log.

A: If node 2 had been operational at the time and that had been disconnected it would have said so, yes. Yes, I believe it would have said so.

Q: So being not working but connected it would not show a disconnection.

F A: No, because it cannot log anything because it is not working.

Q: When you reboot the machine to put it back online should it not show that node 2 had reconnected? Because surely it knows that it is disconnected when it is powered down and taken away.

G A: This is not what this check is doing and it would only report reconnection if it had already flagged internally that it had had a disconnection and it would not flag that if it was just turned off.

Q: If we turn to page 3705, at 12.41.51, midway through the page --

H A: Yes.

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ANNE OLIVIA CHAMBERS.

Q: -- is that node 1 disconnected?

A: That appears to be node 1 disconnected.

Q: Then further down the page at 14.03.42.

A: Node 1 has regained its connection.

Q: So that is how it would be depicted.

A: Yes, but that would only be if your counter was operating normally but the network between the two counters was not working properly. If that was the case you would see disconnected and regained connection messages.

Q: So that would be the disconnection between the counters or between yourselves and the counter itself?

A: I am not 100 per cent sure of this and it is something if I had known I was going to be asked about it I would have made sure I did know.

Q: Just with it being part of your --

A: This is not part of my evidence. There is nothing to do with this in my witness statement.

Q: I apologise. My next question was going to be, if you would turn back to 3703, midway down the page at 09.20.29 there is a further node 1 disconnection.

A: Yes.

Q: If you follow that through it never actually says that node 1 reconnects until it disconnects again at 12.41.51.

A: I cannot tell just from this why that would be.

Q: Right. To have it depicted in one way between where we see the reconnection further down the page at 14.05.53, I can appreciate obviously that, as you have told me, this is not your area, it was obviously a question that I was going to raise to yourself with respect to how it has not reconnected and how the system does not seem to know whether node 2 has been taken away and replaced or not.

A: If node 2 was not working all morning then I am not surprised that node 1 had become completely disconnected.

Q: But it does not show the reconnection before disconnection again, does it?

A: Whether it was because the engineer was briefly plugging things in and then unplugging them again --

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Q: It does actually occur in other areas.

A: A: -- I really cannot explain that, not from this information. If I looked at it in conjunction with other things --

HIS HONOUR JUDGE HAVERY: What are these other entries after the entry of 09.20.29 saying node 1 is completely disconnected? The next entry is three minutes later and it says "ID1". That is node 1, is it?

B A: Yes, node 1 was operational.

HIS HONOUR JUDGE HAVERY: If you have this entry for 09.23.23 saying: "Report APS receipt" and the report printed and all that, can that happen if node 1 is disconnected or what?

C A: Yes, because node 1 was disconnected in that, I assume, it realised it could no longer talk to node 2, but it was still operating properly in itself.

HIS HONOUR JUDGE HAVERY: It was still operating as a computer on its own?

A: Yes.

D HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: So the disconnections of node 1 to node 2 is the only thing that is depicted in there, it is not the connection to the network?

A: I am not 100 per cent sure whether it is also taking into account the
E connection to the data centre.

Q: So it could well be that node 1 and node 2 at different points were disconnected from the system completely?

A: Except you appear to have been doing (inaudible).

F Q: That is what I cannot understand.

HIS HONOUR JUDGE HAVERY: You are interrupting the answer, that is the problem.

THE DEFENDANT: Sorry, my Lord, I apologise.

G HIS HONOUR JUDGE HAVERY: Would you mind finishing the answer, Mrs Chambers?

A: Yes, I believe it looks like you have managed to carry on doing online transactions during the morning from your gateway, your counter 1, which suggests that the communications between the gateway and the data centre were working as they should be and it was just counter 2 that was not
H operating at all.

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THE DEFENDANT: Then would it not say that counter 2 has disconnected from the network?

A: No, because it is counter 2 itself that would report that and counter 2 was not working so it could not report it.

Q: So why would it report node 1 was disconnected?

A: Because node 1 realised it could not see counter 2. It should be able always to talk to counter 2 as well as to the data centre. If counter 2 has been turned off, or whatever, then node 1 will say it has been disconnected from the network. We are talking about the network within the branch.

Q: Yes, the local network.

A: Certainly that. I am not sure if we are also talking about the network to the data centre, but certainly within the branch node 1 was up and running and you were using it but it could not talk to node 2 because node 2 was down and not working.

Q: I am just going to turn back to your own statement now. It is under tab 51, page 58.

A: Yes.

Q: Are you happy with what it says?

A: Yes.

Q: Could you just explain to me the fifth line down? What does that mean?

A: What, no transaction date and time?

Q: Yes.

A: That is just something one of our other call logging systems shoves in to responses which have then been cut and pasted --

Q: So this is a cut and paste?

A: Yes, it is completely irrelevant.

Q: But it has been cut and pasted from another document then?

A: That information in there, yes. That was the response that I gave to the call that I had investigated, which we will be able to see somewhere in these calls that were attached to my evidence. It would have been call D0402251077, which appears to be tab 106, page 4141. If you look in there you will see that that precise same text is in there.

Q: Why would it appear as another transaction date and time was provided for this action using current date and time?

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A: Because our call logging system that third line support use just adds that text on whenever the call is passed back over to the power help call logging system, which this is.

Q: So this would have been done on what day?

A: I updated it on my system on 26 February at 15.16 and it fed back across the interface to the power help call logging system on 26 February at 15.48. You have both those times on there.

Q: Thank you. In that same paragraph, you can go back to 338 if you want, it is easier to read, you say the system against declaration shows that they are not working particularly accurately.

A: I said checking the cash transactions on the system against the declarations shows that they are not working particularly accurately. And I came to that conclusion because at the end of the day cash you had cleared was a long way away from what I thought it should be according to what had been recorded on the system.

Q: On the system.

A: I expanded this further within my main witness statement.

Q: No, I appreciate that. Sometimes it was higher and sometimes it was lower. Is that correct?

A: Yes.

Q: In evidence we have already heard that there were not wrong but certainly not (inaudible) error notices that were not cleared through that period up until 23 March. Would that be one of the causes of not working accurately if there were error notices (inaudible)?

A: No, that would not make any difference. What I did, if you want me to elaborate --

Q: Yes.

A: -- is I took as the starting point your one stock unit rollover and then from there I extracted (inaudible) every cash transaction that was recorded on the system and added up the total transactions for each day for a whole week. I looked at the overnight cash declarations that you made at the end of each day and I compared working out what the system cash figure at the end of the day was by taking a look at the starting figure and then adjusting it by the transactions done during the day. I compared that system end of day cash figure with what you had declared at the end of the day and that was every cash transaction that was done on your system that was recorded on the system and it was the difference between those two numbers, and I have done this check at other branches in the past because it is useful to try and pinpoint a loss to any particular day, if you do this rather than look at a whole week.

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Certainly other branches I had looked at, they would be likely to be certainly within tens of pounds at the end of the day.

A That was not what I found when I added up your figures, which meant that really that was very hard for me to pinpoint where I was looking for this loss, being system or otherwise. Which is why I felt it needed some more investigation from the business aspect rather than the system aspect because I could not see that there was any problem with the system.

B Q: You could not see any problem with the system from that check?

A: From the checks I made, no.

Q: Really because those checks threw up too many anomalies.

A: They were not throwing up any system anomalies.

C Q: Sorry, no, I did not mean that.

A: If I could have isolated it to one particular day, then I would have checked even more carefully that particular day to see if there was a system problem or there was a problem that might have caused this difference. But because of this very wide variation, which I was not expecting (inaudible), I

D could not. That is why I clearly needed further help.

Q: Could we go to bundle 8, tab 97A, page 2557.

HIS HONOUR JUDGE HAVERY: What did you say, Mr Castleton?

THE DEFENDANT: I believe it is 2557A, my Lord.

E

A: Would this be to do with a branch called Calendar Square?

Q: No. Is that another branch that has had this problem?

A: I have (inaudible).

F Q: Right.

A: What is the question?

Q: I was just allowing you to read it. In this statement Mr Brown refers to two individual snapshots being taken, one from each node, and having

G different figures required and different till receipts.

A: Yes.

Q: In fact, differences throughout.

A: Yes.

H Q: Why would that be?

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A: It is likely, and I would be happier if I could have some more information on the background --

A

Q: No, I appreciate that.

A: -- but it seems highly likely that it was a problem which has occurred very intermittently over the years to date where for some reason when they are doing their balance process on one counter, one counter is not communicating properly with the rest, you do not get a disconnected node
B message but it would do its balancing based on a static point and it will not see later changes that are being made on other counters. This is a known problem. It does get picked up centrally because it is raising events every few seconds and so I would expect for any of these sites that there would be a call raised. It is also very obvious if we have to look at anything to do with one of these. For this specific branch, if it was Calendar Square, which I
C know we did have problems with this sort of problem with, then yes, we knew there were system problems.

Q: (Inaudible) Calendar Square, that is not in Scotland, is it?

A: Yes, it is.

Q: Is it?

D

A: Yes, Falkirk.

Q: (Inaudible).

A: Yes, I believe this might be Calendar Square, but I cannot remember the fad code off the top of my head. Yes, I can, it is 160848, I believe, but I am
E not quite certain. Yes, if we are talking about this branch, they for some reason had this problem several weeks in a row. As I said, it does happen intermittently but it is very rare for it to happen repeatedly. The first week it gave a number of receipts and payments mismatched because they did a transferring twice. You can only do transfers, you may not be aware of this because I believe you are (inaudible) a single stock unit --

F

Q: That is true, yes.

A: -- but this transfer problem only happens if you have more than one stock unit and you transferred stuff from one to the other. The second counter did not realise, did not recognise, that it had been done and allowed it to be done a second time, which should not be possible.

G

Q: (Inaudible).

A: That gave them both a loss and a receipt and payments mismatched. That was picked up because we monitored for receipts and payments mismatches. It was also picked up because there was a flood of events from this site which we recognised. They had the same thing the following week,
H although that week it did not cause them any loss or gain because they did not

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do the transferring twice. It happened a third week and at that point I got a call about it which I passed on to our development team. And also we passed the information about the problem on to Post Office Limited so that they could sort out the financial implications and I believe in this case the problem was that (inaudible) information then did get sorted out at branch level of Post Office Limited. But from the Horizon point of view, yes, they had a system error which we were very well aware of and I saw no evidence of a similar system error at your branch. And I would have seen it had it been there.

Q: You would have seen that?

A: Yes.

Q: What evidence would that have produced?

A: In your system event log, which we do not have here, there would have been hundreds, if not thousands, of the events, saying every few seconds that (inaudible) is held. So that would have shown that. It also would have shown in the message store because it would have potentially only included transactions up to an earlier point than where you had actually gone to. But because when you do a balancing it does draw a line under the transactions which it has processed, the following week it would have included in here what it would have missed in the first week. So in fact overall, as long as you do not have this extra transfer problem, which you could not have had, it would give you some very confusing results as you balance, but it would then sort it out subsequently. But I really do not think you had that problem. That is one of the things I was looking for.

Q: Throughout the process we have heard various evidence as to what (inaudible) occurred and what has not occurred.

A: Yes.

Q: My question has always been: why when we produce snapshots on Sundays we were way over in cash and other days we were under? It is not the type of --

A: This is more a business issue, but the balance snapshot does not recalculate your discrepancy.

Q: No, I appreciate that. What I am looking at is this system produces obviously (inaudible) from the transactions that are placed. Is that correct?

A: Yes, but I do not think I am going to be able to talk sensibly about the snapshots because that is more of a business process than a system process and I do not think I can talk off the cuff (inaudible).

Q: That is fine. I was saying my question was raised because of being, as you say, over, under.

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A: But the cash figure which is used is your last cash declaration that you made the last time you balanced.

A Q: Absolutely, yes.

A: Adjusted by what you have recorded on the system since the event. It does not then work out what the discrepancy is.

Q: No, but obviously by checking the cash and cheque --

B A: Yes, but I cannot see that because that is not --

THE DEFENDANT: No, I appreciate that, but those calls were made. I appreciate that you do not see that because that evidence is not (inaudible). That is fine, I am happy with that. Thank you.

C RE-EXAMINATION BY MR MORGAN

MR MORGAN: Miss Chambers, three questions. The first is something that I am not clear on and it is, I think, technical language. What is a Riposte system?

A: Riposte is the software that forms the basis of the Horizon system which D was written by a third party supplier, not by Fujitsu, and which there is an awful lot of extra stuff that has been put around the edge of it, but Riposte is the system at the heart of it. When the system turns itself on after a reboot, or whatever, or when you log out (inaudible) it says "Riposte" across the front of it.

Q: We looked at the document at page 2557AO and you thought it might be E Calendar Square and you said that the particular discrepancy or difficulty that arose there only happened if there were multiple stock units and did not happen with single stock units.

A: Yes.

F Q: How do you know that?

A: Because you cannot do a transfer -- a transfer is movement from one stock unit to another stock unit. That is what that function does.

Q: How do you know that the error only occurs in those circumstances?

G A: The error does not, but the error that gave you a loss (inaudible), I cannot be 100 per cent sure, but I am just about certain that all the cases I have seen over a number of years where this has happened, it has only been in that particular situation where they were able to do a transfer in twice, which should not have been allowed, that actually resulted in both the receipts and payments mismatch and a (inaudible).

H Q: You talked about how it would be reflected in the events log.

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A: Yes.

A Q: What would you see in the events log if this particular problem occurred?

A: Hundreds or thousands of identical lines saying (I cannot quite remember the terminology): an error has occurred in Riposte, awaiting lock, something like that.

Q: So if I was to ask you to take bundle 11B, which I think you already have
B out --

A: Is that the system event log or is that the transaction event log?

Q: It is the transaction event log (inaudible). So 102 and 103 are not the system event logs?

C THE DEFENDANT: No.

MR MORGAN: I was going to take the witness to the generic documents behind 102. Could you tell the court what those are?

A: 102, that is the transaction information.

D Q: And 103?

A: That is the transaction event log.

HIS HONOUR JUDGE HAVERY: I am sorry, I think the answer was interrupted. It may not have been. 102 is the transaction information?

E A: Yes.

HIS HONOUR JUDGE HAVERY: Were you going to say anything else or not?

A: No.

F HIS HONOUR JUDGE HAVERY: You were not interrupted.

MR MORGAN: And 103 was --

A: The transaction events log. That records what the clerks have done on the events caused by (inaudible).

G Q: Is there another event log then?

A: There is a system event log, yes.

Q: Where is that kept?

A: That is kept centrally. The events get sent to the central systems.

H Q: When you say centrally, where is centrally?

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Q. Specifically a suspense account (several inaudible words)?

A. Yes.

Q. And that's the only reason you looked there?

A. Well, and just to have a look through and just to see (several inaudible words) everything okay, there were not any problems.

JUDGE HAVERY: So, Mr Castleten, how much longer are you going to be? You can be as long as you like, but if you are going to be more than a couple of minutes I shall (inaudible) for a short adjournment.

MR CASTLETEN: My Lord, it is going to be quite some while.

JUDGE HAVERY: Okay. Then I will rise now.

MR MORGAN: Might I make one short application? Mr Castleton put to Mrs Simpson this morning, and it was disclosed on Friday, that there are documents, certainly within the custody of one of his witnesses -- that have been seen by two of his witnesses -- and Mr Castleten suggests he himself has seen those, which are lottery receipts. Mr Castleten is under a continuing obligation to give (several inaudible words), and I would invite your Lordship to order that those, the copies of the document, or the originals in fact, be produced to the court so that we can have a look at them?

JUDGE HAVERY: Yes. You must do that.

MR CASTLETEN: I will certainly, my Lord. It will have to be by post. Is that okay, my Lord?

JUDGE HAVERY: Yes.

MR CASTLETEN: They are in Bridlington. I have no access to the office myself, my Lord. I can make a phone call to get them posted.

JUDGE HAVERY: You had better do that (inaudible).

MR CASTLETEN: I will certainly, my Lord.

JUDGE HAVERY: Well five past two then. Mrs Oglesby, you must not talk to anyone about your evidence (inaudible).

A. Yes.

(The short adjournment)

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A. Sorry, my Lord.

JUDGE HAVERY: Do continue.

A

MR CASTLETON: Could you please turn for me, to tab 54 of the same book of your witness statement, book 3, page 392.

A. Yes.

B

Q. The bold type there, from just little bit short of halfway down, down to the bottom there, could you just read through it for me, please just to familiarise yourself?

JUDGE HAVERY: Where do you want to start?

MR CASTLETON: It's from the bold type, my Lord. Her reference is CO.

C

JUDGE HAVERY: Right.

A. Yes, thank you.

MR CASTLETON: Could you tell me what these represent, these figures?

D

A. This is our interview between myself and yourself when you came to interview to give me any reasons.

Q. Okay. And these figures are all drawn from what documents?

A. From cash accounts.

E

Q. Okay. So it does not necessarily --

JUDGE HAVERY: Just let her finish the answer.

MR CASTLETON: Sorry, my Lord.

F

A. Cash accounts, and we have had some cash declarations.

Q. Yes. Anything else?

A. Then we had some snap shots.

Q. Okay. Anything else?

G

A. I think there was a (several inaudible words) notice, it says in here there was.

Q. Yes.

A. And (inaudible) that from there.

H

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Q. Okay. And we looked at a document earlier, would you like to refresh, or would you like me to take you back to that document.

A

JUDGE HAVERY: Well she does not know what it is.

MR CASTLETON: It is the -- I am sorry, I apologise -- it is the balance from week 39, 42, I apologise.

A. The cash account?

B

Q. No. The final balance. Do you remember, where you said that you did not know --?

A. I didn't know what the top entries were.

Q. Right.

C

A. Yes. I do not understand the workings --

Q. You don't understand the workings of that.

A. Yes.

D

JUDGE HAVERY: That is, I think, bundle 9, tab 42 at page 2608, is that right?

A. Yes. It is still open.

MR CASTLETON: It is still open at that page, my Lord.

E

JUDGE HAVERY: Yes.

MR CASTLETON: And can you tell me what the difference is between that and the balance snap shot is, please, Cath?

A. What, between the final balance?

F

Q. Yes. That particular document, that particular file balance there, and a balance snap shot?

A. I could give you what my understanding is.

Q. Okay.

G

A. Okay. My understanding of a snap shot is, that you call a snap shot, and it is a snap shop in time, at that particular point in time, of what cash you have got in the (inaudible),or the machine thinks its got, the stock on hand, and your vouchers that have gone through. That is what a snap shot is.

H

Q. Yes. Okay.

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A. And a final balance -- in my understanding -- is that that is the one that you do at the end of the week.

A Q. Okay.

A. It's the cash account and (inaudible).

Q. So that represents, in effect, what is transposed across onto a final --

B A. Onto a cash account. Yes. That would be my understanding.

Q. No. Okay. And does that look any different to, apart from the title at the top, to the workings of a balance snap shot to a cash, that final balance there?

A. Sorry. Could you just say that again?

C Q. The final balance that we are looking at.

JUDGE HAVERY: If you are referring to a particular snap shot, are you referring to a particular snap shot?

D MR CASTLETON: Well my Lord, Mrs Oglesby -- as a retail line manager -- has obviously dealt with this paperwork on numerous occasions, and I just want to make absolutely sure in my own mind that what Mrs Oglesby is telling the court today, is that she is unable to read, or understand part of that document. Now in her own speech earlier, she explained that she had broken down figures from balance snap shots, which are, in effect, look exactly the same document as the document that she claims she cannot read, and in her experience throughout working for the Post Office, I just find it very, very difficult to believe that Mrs E Oglesby is in fact, unable to clarify those figures on that document.

JUDGE HAVERY; But are these snap shot figures mentioned on page 392 in the bundle anywhere?

MR CASTLETON: They are, my Lord.

F JUDGE HAVERY: Well then let us look at them. The beginning of the first one, which I think is 1727 on Friday, 14th February.

MR CASTLETON: Which is cash count week 47, my Lord, and it is documents 2961, 2963 --

G JUDGE HAVERY: 2961?

MR CASTLETON: 2961, my Lord.

JUDGE HAVERY: What bundle is that?

H A. What tab is that in?

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MR CASTLETON: It is tab 47, book 9.

A JUDGE HAVERY: It is the 2691, is it not?

MR CASTLETON: I apologise.

JUDGE HAVERY: Can you help at all, Mr Morgan, as to where we find this figure of £92,095.36? Or perhaps you can help us?

B MR CASTLETON: It is from, my Lord; it is from the cash figure from the balance snap shot, which is actually the first line underneath the starred box. It says, "Value stock and volume value."

JUDGE HAVERY: Yes.

C MR CASTLETON: And then it says, "Cash," and that figure should match, my Lord.

A. Does that (several inaudible words)?

Q. Yes. It does.

A. Yes. (several inaudible words).

D JUDGE HAVERY: Where is 81265 here in your statement? It is not there, is it? This in any case is 19th February, and you are referring to 13th February, so it must be in perhaps the previous week, is it?

MR MORGAN: My Lord, your Lordship would find it if we looked in bundle 10.

E JUDGE HAVERY: Yes.

MR MORGAN: Tab 48, if the witness could find it.

A. I will have it in a second.

F MR MORGAN: Page 2955 that is 13th February.

JUDGE HAVERY: It is tab 47 in mine, but --

MR MORGAN: I beg your pardon, tab 47.

JUDGE HAVERY: Yes. Do you have bundle 10 Mrs Oglesby?

G A. No.

MR CASTLETON: (several inaudible words).

JUDGE HAVERY: It is --

H A. Oh, yes, sorry. It is 10 there.

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JUDGE HAVERY: If you turn to tab 47 of that at page 2955. Now towards the top left, not at the very top, but below the asterisks it says, "Cash £92,095.36."

A. Yes. That is the snap shot.

JUDGE HAVERY: There are two entries to that effect. That, I assume, is what you are referring to in your statement here.

A. The snap shot, and entry on the snap shot would depict what the computer thinks the branch has got at that particular point.

JUDGE HAVERY: Yes. And you say that that does not agree with the cash declaration, which I take it we find in bundle 9. Is that right?

MR MORGAN: My Lord, yes. It is at page 2695.

JUDGE HAVERY: Right.

MR MORGAN: (several inaudible words) 17.34 on 13th February as against 17.27.

A. I was just going to say, shall I explain what my understanding is of those two?

JUDGE HAVERY: Yes. Please, do.

A. Okay. So the balance snap shot there that is stated is timed at 17.27 on 13th. The snap shot says the cash is £19,095.36, yes?

JUDGE HAVERY: Just a moment. £19,095.36 on page 2955

A. Yes.

JUDGE HAVERY: Yes, yes.

A. And my understanding of that is that computer, to have a perfect balance the computer thinks you need £92,095, but the cash (inaudible) a few minutes after, just a few minutes after that you have entered £99,108.40.

MR CASTLETON: Yes.

A. So my understanding is that you have got more money than in the branch, and the computer thinks you need to balance.

Q. Yes.

JUDGE HAVERY: Do you agree with that so far?

MR CASTLETON: I do, my Lord, absolutely. In the sentence prior to that you state that, "CO said this was very important, as although the cash account for week 46 showed a loss of £8,243.10, the following snap shots and the credit cash did not

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evidence this. She explains," which is what you have just explained to my Lord, yes.

A. Oh, yes.

Q. The £8,243.10 appears above that in the starred box on that same, 2955.

A. Yes. Those are the bits that I'm not sure about.

Q. All right.

A. That I asked for clarification on. That must be --

Q. Okay. I appreciate that. I just find it very difficult to say that you can break down all those figures and cross-check those figures without understanding what's in that top box.

A. Yes. That was the only one, to be honest. I mean, I probably have a better understanding now, because it has been tried to be explained to me. At that point in time --

Q. Yes, sure. I appreciate that.

A. Yes. And if you recall, my job isn't to look at these on a daily basis. I just try and help people with problems.

Q. With problems.

A. Yes. If I can (inaudible).

Q. Okay. So in that interview then, that these notes obviously were taken from.

A. Yes.

Q. Yourself presided.

A. And yourself.

Q. Myself, and who else?

A. Christine (inaudible), and Leslie (inaudible).

Q. Okay. So knowing that through the 12 weeks the problems that we had, and all the questions obviously, that I would ask with respect to the paperwork that we had, you are now saying, telling me, I believe, I (inaudible), that you were not qualified to answer those questions, or to ask me any of those questions if you couldn't actually read that document?

A. Well what I explained at the interview was that I didn't understand that box, and I would seek clarity for you, which I did. So --

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Q. Yes. Could we now have a look at 21st January call log, which will appear in -- sorry, my Lord -- page 319?

A. Bundle 9, or --?

Q. It is bundle 3, sorry. And that is actually the end of the call log, but if we went back to 21st January, which appears on page 311 in tab 48.

A. Yes, I'm there.

Q. You say in your statement that I contacted you again on that day, yet there is no call logged?

A. (inaudible) rang on my mobile direct.

Q. Why? We have already established that I had no opportunity to do that.

A. Why?

Q. And how did I do that?

A. Just by doing 1471 (several inaudible words).

Q. Is that what you're saying?

A. Well I don't know. I'm asking you. If you called me direct how else would you have my number?

Q. But Cath, I didn't phone direct during that period. All calls were made through that Horizon help desk, weren't they?

A. I don't know. I can't recall.

Q. Okay then. If you turn on to page 319, call logged number 114 written way down the page on 15th April, the office wish to contact their retail line manager.

A. Yes.

Q. The call was passed to the admin team and a message left for the retail line manager to contact the office. Why would I do that if I had your mobile number on 21st January?

A. I don't know. I don't know.

JUDGE HAVERY: I do not know if Mr Castleton is suggesting he was the sub-Postmaster at that time.

MR CASTLETON: No. I wasn't. No. No, I'm not suggesting that at all. What I am clarifying is, at that point I was still asking for documents and reasons on moving

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forward. But throughout this period I had no way of calling Mrs Oglesby direct, and I would have to call the help line in order to log a call, as Mrs Oglesby clearly states previously, that in order to speak to her I would have to log a call to be put through on her pager.

A. Pager.

Q. And then she would return and call back to me, my Lord. But Mrs --

JUDGE HAVERY: (several inaudible words).

A. Or he could ring me on my mobile --

JUDGE HAVERY: I am sorry?

A. Or he could ring on my mobile if he had the number.

JUDGE HAVERY: Yes. Well had he rung you on your mobile?

A. Well I can't recall whether I rang him or he rang me. No.

JUDGE HAVERY: No.

A. Don't forget, I've got 85 branches which are ringing constantly.

MR CASTLETON: During this call we discussed the cash count for week 33?

A. Which call are we on now Lee?

Q. No, sorry. I have gone back to your statement. Page 351, tab 53, paragraph 13.

A. I beg your pardon, can you tell me the tab again?

Q. Yes, of course I can. Its tab 53 in book 3, bundle 3, and it is 351 on the page numbers.

A. Thanks. Yes, I'm there, which paragraph?

Q. Paragraph 13, sorry. Could you just refresh your memory of that?

A. Yes. I can read it through.

Q. Okay. So we have just established then that I made no call into the help line for a call back. And you go on to say that you asked me, however, to immediately make good the shortfalls and complete a hardship form, setting out the details of my earnings and other relevant information to seek the Post Office's permission to make good the shortfalls by instalments payments rather than immediately.

JUDGE HAVERY: What are you reading from? Oh, the very last (several inaudible words).

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MR CASTLETON: Yes. It is just the very last bit then, my Lord.

A

JUDGE HAVERY: Do you see that, the last five lines in paragraph 13. Would you mind putting the question again?

MR CASTLETON: Sorry, my Lord.

JUDGE HAVERY: All right.

B

MR CASTLETON: Do you still maintain that that call took place, even though it's not on the call list?

A. Yes. I wouldn't have called to ring you other than just, you know, you had rung me or else I had rung you.

C

Q. Right. But there is no record of that call being made?

A. Okay.

Q. And in that call that you say that I was told to apply for a hardship loan.

D

A. That was my understanding, and I prepared, as I say, I prepared summary of the (several inaudible words), and that's what (several inaudible words).

Q. Okay. Was the loan applied for?

A. I don't know. That would be up to you to apply for.

E

Q. In paragraph 14 part of this phone call that took place where you go on to explain individual balancing.

A. Yes.

Q. And you explain that you felt that it was an important point, and -- could you explain to me what you had to do in order to implement individual balances?

F

A. Yes. Marine Drive is a two position branch, and therefore it has two computer systems, that worked as a joint ledger, as it were really. And to implement individual balancing what you would do is set each computer up as their own mini-Post Office, as it were, if that is easy to understand. Therefore, you would have to keep the cash separate for both machines, the stock separate, well everything separate and working two little entities, really.

G

Q. Yes. How many safes do we have at Marine Drive? Can you remember?

A. One, and there is a coin one, I think --

H

Q. But we couldn't use the coin one for stock, could we?

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A. No. But what you could do is to have done individual balances at different branches, is you would get some kind of file that you could actually seal with a clip or something, and you would keep your individual bits and pieces in the big safe, but separately.

Q. And you have made an assessment of that; you obviously went through all the ways that you could do that. You assessed how it would be done --

A. It was just one thing I suggested to you that perhaps you might like to try to try and pinpoint one of the (several inaudible words).

Q. And the call was not logged. If you turn over the leaf to 352 and in a further telephone call from yourself, I presume that is you contacting me directly, is it?

A. Well it could be either way, it could be either way (several inaudible words).

Q. Okay. I won't go into the fact that there was not a logged call there.

A. But did you never speak to me on the telephone that you can recall in these terms?

Q. Not at this point, but that's okay. We discussed the fact that we had had a further £2,500 shortfall, and we went through lengthy discussions on the daily workings of the office, and a copy of the cash account, signed by myself, as you point out, was brought into the conversation that the possibility that somebody might be taking the cash. Now again, there's no logged call here, but you claim to suggest (inaudible) carried out again individual-spot balancing. Now this is the second occasion that this has been mentioned. Is there any form of documents, assessments, written letters, recommendations, anything that you need to complete in order to provide that service?

A. No.

Q. Nothing at all? It is just a pure suggestion?

A. A suggestion, you know, to try and help you to (inaudible). That was a suggestion from myself. Yes.

Q. Okay. And you say that I didn't take the suggestion up, because there was some more work involved?

A. Not work. Your branch didn't lend itself, which if you bring (several inaudible words) some things into suggestion (inaudible) that might be why (several inaudible words).

Q. And yet you still recommended that that would have been a way forward?

A. Well it would have been. I've helped other people do it.

Q. So --

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A. It is quite, you know, if you want to really keep on top of what you have (inaudible).

A

Q. I appreciate that, I appreciate that.

A. Yes.

JUDGE HAVERY: But would Mr Castleton have to have a second safe, for example?

B

A. No, sir, he wouldn't. He could have got a -- you do have to keep the cash and stock separate for the two machines, but what you could have done is put it in some type of sealed container, a plastic wallet perhaps, with a clip, you know, that you can sometimes, that when you break the seal you know its been opened, and then they could go in the safe.

C

MR CASTLETON: If we look down to paragraph 16, and 5th February, cash count week 45. The branch was actually £25 over, and again, cash account signed by Mr Castleton. However, the week ending 11th February there was a further shortfall of £1,500. Is that something you have taken from the cash account?

A. Yes.

D

Q. Yes. By now, after just four weeks, the Marine Drive branch had a total of £8,243.10. What did you instigate from that point in order to get to the bottom of the losses? I mean, obviously it is very severe. I had obviously made numerous phone calls.

A. Obviously none of them to me.

E

Q. But we have spoken on each and every week.

A. Yes. We have. What I did as far as that, I contacted the investigations team.

Q. Okay.

F

A. To try and get some (several inaudible words).

Q. Okay. And did you (inaudible) formally?

A. I did it on the telephone.

G

Q. And yet it is not on the log, it is?

A. But it is on my mobile phone; it's just on my mobile phone that's how I work (inaudible).

Q. Right.

H

A. I contacted a gentleman called Paul Whittaker, and explained you know, what had been going on at the branch, and asked for some advice. In some cases they will

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then take on the case, as it were really, but because you had obviously let me know about all the losses, he thought there was, it wouldn't (several inaudible words) case. They didn't want to take that on.

A

Q. Make a case for -- is that for --?

A. (several inaudible words).

Q. (several inaudible words), right. But I had been completely honest and --

B

A. Well you told me about the losses, yes.

Q. Yes. And again, you mentioned the hardship (inaudible). Had it been applied for even then?

C

A. Well just referring back to my notes here, I asked you whether you did obtain the form, and you said that you hadn't.

Q. Okay.

A. So I had asked you to get one.

D

Q. Okay. And then you go on to say that obviously you made a booking entry. Could you explain that to the court, please?

JUDGE HAVERY: Where is that?

MR CASTLETON: It's the following line, my Lord. We said we had not, and I told (inaudible) to get one, which was referring me to the hardship point, and then --

E

JUDGE HAVERY: The book entry?

MR CASTLETON: Yes, my Lord.

A. Its when you transfer, if you just continue reading, transferred the sum of £8,243.10 into the suspense account, so you would make, if you touched the screen it would make an entry.

F

Q. And that was done in week 14?

A. I would have to refer back to the cash in house, is that okay?

G

Q. Yes. I think you will find it in (inaudible) 47, 1047.

A. I've no reason to --

Q. No. I appreciate that, but --

H

A. Yes. If you look at the cash account 46 its still in the discrepancies table, which is just the rolling loss.

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JUDGE HAVERY: What page are you looking at now?

A. I'm in bundle 9 on page 2663.

JUDGE HAVERY: Yes.

A. Just towards the bottom of the page where it says, "Discrepancies table," there is an entry of £8.243.10 with a square round it.

JUDGE HAVERY: Yes.

A. That is just an accumulation of losses if they are not made good, or -- and if you look on the cash account for the following week those have actually moved up into the authorised cash shortages.

JUDGE HAVERY: I follow.

A. Yes. So that's all I'm meaning there.

JUDGE HAVERY: Thank you.

MR CASTLETON: If you continue reading on, four lines from the bottom starts with, "By this time."

A. Yes.

Q. "I was very concerned and contacted the investigations team." Did you contact anybody else?

A. Well during the time I was speaking with my own line manager, but I've not made a note of how many occasions, but that was just (inaudible). And I also completed a request for (several inaudible words).

Q. Okay. There is no comment of the order you request in (several inaudible words)?

A. No.

Q. There is no. Is there a reason for that?

A. It would have either been on email or on my telephone records. I couldn't recall.

Q. So we have no copy of that occasion?

A. No.

Q. Did you progress the investigation yourself with anybody else in any other areas?

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A. I'd have to refer to my notes. I know I did make phone calls, but I don't know what the chronological order would be.

Q. Okay.

A. And I asked you to contact Gyro Bank, Savings Bank, Chesterfield for outstanding errors.

Q. So each and every time that you are (several inaudible words) I appreciate you know of that anyway. Did you have a concern, it seems, I mean, that's just my opinion, I appreciate that.

A. No. I was very concerned.

Q. But throughout this whole period with £8,000, over £8,200 worth of losses put into a book account, £1,100 made good by myself, and yet nothing from yourself to show any contact with Fujitsu or anybody, there was no contact whatsoever. Is there a reason for that?

A. No.

Q. (several inaudible words) investigations team, there is no evidence of, there is no paperwork of. You have contacted the, your line manager, the person above you, which again we have no paperwork for, and you also made contact again with the audit team with no paperwork again. And yet, throughout all those contacts, with all the hours that we had spent talking over the phone calls (several inaudible words), you didn't take the matter further with anybody other than those people?

A. What would you have wanted me to (several inaudible words)?

Q. Fujitsu, or --

A. I had no reason --

Q. Somebody who could read, obviously, the balance snap shots, the final balances, somebody who could give me an answer to my questions that I was raising?

A. I did ask you to contact the helpline, because that would be your first point of call the helpline.

Q. Which obviously, the calls that I have (inaudible) as having been taken (inaudible), but this affair, my physical contact of it is yourself. And throughout this whole period you tell us about the calls you made, and (inaudible) passed and those sorts of things, and there is absolutely no (several inaudible words) paperwork, yet there is no mention of any calls to any of the service providers, or --?

A. No.

Q. Is there a reason for that?

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A. No.

A Q. I put it to you Cathy, you didn't do it?

A. I didn't do what?

Q. You didn't make any calls on behalf of the Marine Drive Post Office. You never sought to find a remedy to process the problems that occurred in those weeks. Is
B that true?

A. We looked at the (several inaudible words), you have just said that I contacted the investigation team, and I talked to my line manager. But unless I go through and look at the chronological order I don't know if yet I have contacted Fujitsu.

C Q. We will move on if we may, to 27th February, which is paragraph 18 on the same page 353. "I visited the branch again, and we discussed the losses shown on the various cash account figures." Is that true?

A. To the best of my knowledge. Yes.

Q. I became stressed and angry and (several inaudible words) also upset. Could you
D understand why that was the case?

A. Yes.

Q. (several inaudible words) done.

A. When you say nothing done. I was giving you advice as to look, you know, how -
E - I was giving (several inaudible words) advices as to what to do. There wasn't anything physical I could do, except stand with you for the full week, was there?

Q. And you couldn't organise anyone else that could do that, or could, looking at the balance snap shots and final balances you claim not to be able to read in order to give us answers to those questions that we were obviously raising?

F A. But I did ask you. I said, "Is there anything that I can do? Are there any figures that are not ringing true," and you said, "No."

Q. Is that what I said?

A. Well you couldn't show me anything that the computer had done, and you kept
G saying it is the computer --

JUDGE HAVERY: Let her finish (several inaudible words).

MR CASTLETON: Sorry. I apologise, my Lord.

H A. You kept saying it was a computer problem, and then (several inaudible words) show me where the computer is changing a figure, or -- but you know, you had

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streams of paper transaction (several inaudible words) at one point, and there we were sat there, and there was nothing on them that you could say, "Well yes, look its done (several inaudible words)."

A

Q. Okay. So again, you chose not to ring anybody, no further advice required on your behalf (several inaudible words) final balance or a balance snap shot.

A. (several inaudible words) go through what we did on 27th. We had talked through all the balances, you know, you were obviously upset, and we talked about (several inaudible words) normal things that could occur like, the Gyro Bank error notices, and there was still no error (several inaudible words), was there, to hand. Again, we were talking about the Horizon system helpline.

B

Q. Yes.

A. And concerned that it was working correctly.

C

Q. Yes.

A. And --

JUDGE HAVERY: Who is HSH?

D

A. Horizon System Helplines.

JUDGE HAVERY: Oh, I see. Okay.

A. Yes. Was there another question?

E

MR CASTLETON: (several inaudible words) reasons whatsoever other than, it's the computer. (inaudible) that period?

A. Yes. As far as I can recall, that's what you were saying, it was the computer system.

F

Q. Yes. So I just blindly said, it's the computer, and there was no, we had obviously been through, as you quite correctly state, reams of paper, and it turned up with nothing.

A. That's my recollection. Yes.

G

Q. Yes. So throughout all this period you have been the person that you have just told the court, cannot read a final balance, or a balance snap shot?

A. No. I said I don't understand the bit at the top.

Q. Oh, sorry. Oh, okay. Then you would have no understanding of the bits at the top, the final balance, the balance snap shot. You were quite happy with just to leave us with that there?

H

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A. It wasn't that I wasn't doing, you know, I had made phone calls to the investigation team.

A Q. None of them logged.

A. Well, it's just that I'm ringing them on my mobile (several inaudible words) get my mobile phone records from (inaudible) years ago.

Q. Cath, if you had made those calls you would have presented them in evidence B today?

A. No. I don't need (several inaudible words).

Q. You explained about the paragraph 20, which actually passes over the page from 353 to 354, where you explain (inaudible) in, and taking balance snap shops prior to (several inaudible words).

C

A. Yes. I remembered that you had said to me that you (several inaudible words) on a certain day of the week when you were (inaudible) in, you stock, and I suggested -- and because you were doing that, and (inaudible) workings of the day it was quite difficult to know if anything had gone wrong, so I suggested that you might do that after you (several inaudible words) for the day, do a snap shot first, (several inaudible words) in, (several inaudible words) snap shot and just make D sure all the figures hadn't changed where they weren't supposed to change.

Q. Okay. And did you look at that paperwork?

A. I didn't. No.

E Q. You didn't look at that? You weren't interested in --?

A. No. It wasn't that I wasn't interested (inaudible), (several inaudible words) you could look at it as well as I can.

Q. Okay. And how long were you at the Post Office?

F A. Nearly 25 years.

Q. And my contract lasted?

A. Why? Are you not aware of how long it lasted?

G Q. (Several inaudible words).

A. Christine had worked in your branch for 18 years.

Q. Yes.

H A. She used (several inaudible words).

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Q. So you never saw any of those balance snap shots?

A A. I'm not saying I didn't see any. I can't recall seeing the one where you did those snap shot (several inaudible words) snap shots.

Q. Fine.

A. Yes. We looked at lots of things, didn't we, in the branch?

B Q. And so on your behalf no calls to Fujitsu or HSH or helpline? Just (several inaudible words)

A. If I can just refresh my memory of (several inaudible words).

Q. Yes. Please do.

C A. My summary of events, if that's here, because I tried to do (several inaudible words).

Q. (several inaudible words). Behind at page 373, 371.

A. Yes. Thank you. I can't see anything in there, Lee.

D Q. Okay. So as I say, I am sure you would have mentioned in the notes --

A. Yes. (several inaudible words) possibly, yes.

Q. Yes. So (several inaudible words) then?

E A. Well I can't say for sure. I cannot remember (several inaudible words).

Q. And you have not made notes, not in your notes. You were very concerned, I believe.

A. I was. Yes.

F Q. Do you know what an audit form P242 is, Cath?

A. No.

Q. You have never seen one?

G A. I don't recognise the number, but if you show me one I might recognise it.

MR MORGAN: (several inaudible words) copies. There is one for the court, which is the original. There is a copy for the file and one for the witness, one for Mr Castleton.

H MR CASTLETON: This is actually (inaudible) --

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A. Oh, right.

A JUDGE HAVERY: Is it (several inaudible words) form familiar to you, or not?

A. No. It's not really.

JUDGE HAVERY: Right, yes. (several inaudible words).

MR CASTLETON: You are not familiar with it?

B A. No.

Q. Do you preside over the handing over of offices?

A. No. (several inaudible words).

C Q. Only (several inaudible words).

A. I sometimes attend.

Q. Okay.

D A. I don't do the paperwork.

Q. You don't -- no, I appreciate that. So it's not a form that you have ever seen?

A. I can't say I've never seen one, but its not one I'm familiar with or would complete. The auditors maybe have them with them.

E Q. Have you ever seen one from March 23rd from Marine Drive? On 23rd March, obviously the auditors arrive.

A. Yes.

Q. It's around 08.00 in the morning, and the (inaudible) I would imagine you knew F (inaudible) a call from the auditors to yourself. Is that true?

A. No.

Q. No. Fine. Did you know that prior to that?

A. Yes.

G Q. Right. And what time were you asked to attend the office?

A. Approximately after lunch, maybe half one, something like, maybe two.

Q. Was I there?

H A. When I got there?

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Q. Yes.

A. A. I can't remember exactly, I believe so.

Q. So you obviously went through the details of the previous 12 weeks with Mrs Rose, the auditor?

A. I can't remember if we did on that day.

B Q. Right, okay. Would you rely on the report that she produces?

A. (inaudible) rely on.

Q. On the report that she produces, you know, the audit report, or would you rely on a phone call (several inaudible words), or another email, or, how would she report C her findings (several inaudible words)?

A. The morning I went to the branch I went into the secure area, and she told me what the (inaudible) balance was at that point.

Q. Right. Yes. And that's the only contact that you had --?

D A. And then I would receive an audit report after the (several inaudible words).

Q. You would receive the audit report? I see --

A. Yes.

E Q. Okay, and at that point you telephoned Leslie Joyce, the contracts manager?

A. (several inaudible words) not at that point.

Q. No.

F A. It would be from the day after the suspension, because I would need to get a letter out to you, and she would (inaudible) on my behalf.

Q. Yes. And the suspension was for my (several inaudible words)?

A. You are the sub-Postmaster. Yes.

G Q. That's fine. I'm just clarifying. And a temporary sub-Postmistress --?

A. The first one was Ruth Simpson.

Q. And how do you know Ruth?

H A. She is also a sub-Postmaster.

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Q. From?

A A. From (several inaudible words) in Hull.

Q. And you only know her through work?

A. Through work. Yes.

Q. And how did you contact her?

B A. Telephone.

Q. Telephone. And did you have her name on a list, or did you have to ring the helpline to contact (several inaudible words) or --?

C A. No. Ruth, I thought a lot of (several inaudible words) Ruth on her branch she had done, you know, really well, and she was my first. I rang her and asked whether she would be willing to come and (inaudible) the branch.

Q. So it is just purely from (several inaudible words)?

A. (several inaudible words). Yes.

D Q. Yes, okay. And did you speak to her on the evening of 24th March?

A. 24th would be the next day?

Q. The first chance, yes.

E A. I (several inaudible words) texting me just to let me know how the branch was run.

Q. And she never mentioned anything to do with the lottery either in a text or in conversation?

F A. Not to my knowledge.

Q. Okay. And just to clarify again where you -- obviously, Ruth Simpson had already clarified to ourselves that at some point in the afternoon she took control of the office by, signature, I presume?

G A. Well again, I would leave that down to them auditors. Ruth arrived probably quite late into the afternoon.

Q. Yes. (several inaudible words).

A. Yes. And then the auditors would transfer the cash and stock to Ruth. I wouldn't get involved in that.

H Q. In that transfer she would take the keys?

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A. Yes. She would take the keys.

A Q. She would put everything away in the safe, would she?

A. She should do. Yes.

Q. And she would change (several inaudible words)?

B A. I think you did that with her, didn't you?

Q. No, I didn't. She (several inaudible words).

A. (several inaudible words).

Q. Okay. So the alarm was changed at some point?

C A. I think so. Yes. I can't remember really, but I think so.

Q. A whole (inaudible) of things would have been done?

A. They should have been. Yes.

D Q. So nobody else had any access to the office after that point on 23rd March?

A. They shouldn't have done. No. That would then be her responsibility. Yes.

Q. Okay. Would you turn to tab 61, 8500 for me, please? Do you know what that is?

E A. I don't know. I'm just trying to read it.

Q. Ah.

A. No. What?

F Q. You don't know. No. This is a document given to me by Mr -- sat in Mr John Jones's evidence, and if you just flip two pages forward at 502 you will see an error (inaudible). Have you ever seen a document like that?

A. No.

G Q. You've never seen an error notice?

A. I've seen an error notice, but that's a statement of outstanding debt.

Q. Okay. Can you confirm the first other errors on 17th March 2004 for me, please? (several inaudible words).

H A. Sorry, where am I looking? I'm on page 502?

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Q. Yes. If you look at other errors, which is (inaudible).

A. Oh yes, sorry. (several inaudible words), yes. Other errors?

Q. And the first line we have got 17th March 2004, automated product and that is £1,256.88?

A. Yes.

Q. What are automated products?

A. They are plastic card payments that customers would come in and make a payment on a plastic card. They are like a utility bill, or a TV licence, or --

Q. All kinds of different things?

A. Yes. All kinds of different things.

Q. All the same sort of scenario?

A. Yes. All kinds of plastic swipe cards.

Q. Okay. Can we turn back to 500 please? Do you know what third column? It is the only column there with everything in --

A. What, the EAS UP?

Q. Yes. Do you know what that is?

A. No.

Q. You don't. Could you tell me what date that that line was transacted?

A. 13th May.

Q. Okay.

JUDGE HAVERY: Well that is what it says, but it is not in your own knowledge at all, is it?

A. Well no. (several inaudible words) reading from this document.

JUDGE HAVERY: No. (several inaudible words).

MR CASTLETON: Okay. So can we (several inaudible words)? If we can go back to the calls log, and --

A. Is that another tab?

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Q. Yes. It is page 319. (several inaudible words).

A. Same book?

Q. Yes. Same book, tab 48, page 319.

A. Yes.

Q. And this is just a representation of the actual call log for helpline, yes?

A. That's what it looks like. Yes.

Q. Yes. And if we -- in these calls these are relating to NBSC, is that correct?

A. I don't know.

Q. You don't know?

A. Well I don't know what I'm looking at really. I'm just looking at a log of calls.

Q. Okay. So is there any other --

A. There is two helpline numbers.

Q. Two.

A. The Horizon system helpline and the NBSC.

Q. So what would be dealt with on this particular helpline?

A. This is the NBSC, is it?

Q. Yes. NBSC, yes.

A. Well anything really, but I suppose (inaudible) wanted to ring up and ask. It could be anything from, "Can you tell me a phone number, a transaction that didn't come through, or help with the balance." You know, anything, absolutely anything that you didn't know that would be your first point of call, and they would try and sort it out and help you.

Q. So are there any other help lines?

A. There is the Horizon System Helpline.

Q. Okay.

A. That if you were having problems with your Horizon system --

Q. The Horizon system itself.

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A. Or the software, the hardware, you know, piece of kit, or --

A Q. Yes. That looks like (several inaudible words).

A. Yes.

Q. And you would obtain that directly, or do you have to go through a new (inaudible)?

B A. I can't remember to be honest.

Q. (several inaudible words). No, that's fine. So could you go to book 12, and tab 16? I think it will be behind you actually, its folder 120.

A. Thank you.

C Q. So these are --

JUDGE HAVERY: What are these?

MR CASTLETON: These are the Horizon, HSH help desk, my Lord.

D JUDGE HAVERY: They are records of calls received at the HSH help desk. Is that right?

MR CASTLETON: Yes, my Lord.

JUDGE HAVERY: Right. Are there any here that relate to the particular (several inaudible words), Mrs Simpson (inaudible), page 4148 I see.

E

MR CASTLETON: Could we go to page 4147, my Lord.

JUDGE HAVERY: Right. Yes, you are the caller apparently, Mrs Oglesby, on page 4147. Do you see that, about the second section of boxes?

F A. Oh yes.

JUDGE HAVERY: Yes. What is the question Mr Castleton?

MR CASTLETON: In the problem text, can you see, there is the long box, third box down? It starts with ROM states.

G A. Oh yes.

Q. If you just have a quick read through that.

JUDGE HAVERY: Who is RLM?

H A. Me. I am.

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JUDGE HAVERY: Do you know what RLM is?

A. Retail line manager.

JUDGE HAVERY: Ah. Well the first question, does that ring a bell?

A. No, not particularly, but I've no reason to doubt it.

JUDGE HAVERY: No. But what place is this referring to? Is this in your own post office (inaudible)?

MR CASTLETON: In the top right-hand corner, my Lord, it says, "Affected site, (several inaudible words)."

JUDGE HAVERY: Oh, that (inaudible). We are now talking about --?

MR CASTLETON: 213337, my Lord.

JUDGE HAVERY: Thank you. When it says, "The (inaudible) was (inaudible)," does it mean swapped, I wonder?

MR CASTLETON: I presume it does, my Lord.

JUDGE HAVERY: How do you read that, do you read that the same way?

A. I (several inaudible words), yes.

MR CASTLETON: It certainly was swapped at that time, my Lord.

JUDGE HAVERY: It could have been wapped as well, by the (several inaudible words) of it.

MR CASTLETON: It should have been, my Lord.

JUDGE HAVERY: Yes. Well you say, you do not seem to have a clear recollection of this, but it is a rather important point, is it not. Did you think there were discrepancies in the system?

A. Well Lee had told me that this is what he thought, since the base unit had been swapped, well it says February there, but I'm not sure that it was February, and so I was trying to chase that up and ask them to have a look --

JUDGE HAVERY: I follow. Do you know what answer they gave?

A. That there was nothing wrong with the system.

JUDGE HAVERY: Right.

MR CASTLETON: Can I just clarify one point, my Lord. Throughout all of these calls, which (several inaudible words) at no point during the 12 weeks I constantly

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A

badgered everybody that I could possibly contact, including yourself, which I am sure you will agree, did you ring HSH. Yet on 19th April, almost a month after I came out of that office you ring the HSH helpline, and in your own words, "RM states she thinks there is something wrong with the system, and wants the system to be checked from our end." At no point prior to that did you ever make that call, ever.

B

JUDGE HAVERY: You take that as a question, do you agree that you did not before then?

A. If the call log states so, I can't recall --

JUDGE HAVERY: Did you think there was something wrong with the system?

C

A. No. I was just asking for a check. I don't know whether they've typed that word-for-word, or I would have just said, "Look, there could be a problem with the system, can you check it for me."

D

JUDGE HAVERY: And going down it says, "RM wants the system checked as there have been discrepancies," and it says (inaudible) text as well.

A. Yes.

JUDGE HAVERY: Was that referring to the -- re Mr Castleton's figures, or something else?

A. That would be Mr Castleton.

E

JUDGE HAVERY: I see.

MR CASTLETON: You never made that call in the time period up to 23rd March?

A. Well if the call log is saying that, then it --

F

Q. And then -- so (inaudible) after, nothing changed, but you made the call to say that you felt that something was wrong with the system?

A. Well I thought I had made them earlier, but I can't dispute what you're saying with the call log.

Q. There were no problems in the branch from me coming out.

G

A. Not a far as I'm aware. Just a few, a few little bits and pieces (inaudible).

Q. Okay. So nothing changed after I came out.

A. What do you mean, nothing changed?

H

Q. Well, nothing was wrong, sorry, I apologise. Nothing was wrong in the branch?

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A. The only, you know, when you were really upset and I came in and I suspended you, I said, "Look, lets just change the people and keep the equipment the same and see how things go," which is what you wanted as well. Shall I put this one back Lee, yes?

Q. Yes please, do, yes.

JUDGE HAVERY: Just a moment, before you put it away.

MR CASTLETON: Sorry, my Lord.

JUDGE HAVERY: Would you mind opening it again at page 4147?

A. Yes, sure.

JUDGE HAVERY: Do you see about halfway down the big box at the bottom it says, "Call failed SLA, because power (inaudible) froze twice, and the RNM kept asking more questions." Can you clarify that, do you know what SLA means?

A. Service Level of Agreement, but I'm not sure where you are looking.

JUDGE HAVERY: Well just more than halfway down, the big box at the bottom. It is the third item headed, "Information (inaudible) 19th April."

A. I could only guess as to what it means. I don't know what it means.

JUDGE HAVERY: Well what is your guess?

A. I think they are meaning the call, I think they have a Service Level Agreement with the length of time that they take to answer a call, or something like that with it being a call centre.

JUDGE HAVERY: Oh, I see.

A. And I think the same, the call will fail, they must have a time limit, or probably because I was asking them things. I'm only guessing. I don't know what, "Power help froze," (several inaudible words).

JUDGE HAVERY: Right. Thank you. Do you recall being advised, I am now looking at the bottom two lines of the same box.

A. Right.

JUDGE HAVERY: It says, "Advised that events were normal and health check power." First of all, do you recall being given that advice?

A. I can't recall this particular call. No.

JUDGE HAVERY: No. Very well.

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A. Is that okay.

A JUDGE HAVERY: Yes.

MR CASTLETON: Have you ever worked on the counter?

A. A long time ago.

Q. (several inaudible words)?

B A. Yes, yes.

Q. That's fine.

A. Prior to (several inaudible words), prior something else.

C Q. Do you ever get involved in the daily workings of an office when you go to visit, do you have any problems?

A. Very occasionally I might try and help them something just from my own knowledge.

D Q. Okay, thank you.

A. I normally tell them to try and ring the helpline.

Q. So throughout the whole of this period, the 12 weeks of losses, various things, you say, occurred that there are no hard copies of the paperwork, no (several inaudible words), no call logs, nothing to say that you actually put into place some

E measure that you could have put into please. Is that true?

A. Well, I (several inaudible words) here.

Q. And almost a month after I had given power of the office I would never passed to HSH anything, any query of problem, or anything on my behalf having told me to

F do it myself, you ring HSH and you state that you feel there is a problem with the computer causing discrepancies. Did anything change from 23rd March to 19th April in your opinion?

A. No.

Q. Nothing changed whatsoever, nothing prompted that call?

G A. I can't remember Lee.

Q. You can't?

A. No.

H Q. You do not believe that anything changed?

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A. Well the balances were okay when they were with Ruth, and they were okay with Greg, and that would be round about that time.

Q. It was just after that; Greg came (inaudible) on 21st April (several inaudible words).

A. Right.

Q. So throughout this period nothing that occurred had changed anything in your opinion --?

A. Oh, I know there was some -- the computer crashed (inaudible) and things like that.

Q. Right.

A. I can't recall all, you know if you tell me what you're trying to --

Q. I'm just asking just to clarify (several inaudible words).

A. Not that I can't remember.

Q. There's nothing (inaudible)?

A. No.

Q. In your evidence you produced a list of all the things that you used with respect to the decision made on my termination.

A. Okay.

Q. Who (inaudible) that list of things as obviously (inaudible) the paperwork for, which I presume was produced by --

A. Show me where you're looking and I will --

Q. It's in the very front of the book you have a, of any of the books there should be a list of all the documents pertaining to the case. If you have a look on the third page of that listing, eight pages, pick out primary documents and all accounting (several inaudible words), and its tab number 77 (several inaudible words) particularly look at. I don't need to look at that particular item, I just want to question as to you have got four handwritten sides of A4 paper marked, CO week number listing weeks 34 to 42, and nothing and 1 to 3, prepared by Catherine Oglesby.

JUDGE HAVERY: Just a moment. What is the question?

A. Can I have a look at it?

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MR CASTLETON: You can have a look at it. Go on.

A JUDGE HAVERY: This is just the contents page.

MR CASTLETON: It is my Lord, yes.

JUDGE HAVERY: What is the question?

B MR CASTLETON: Well there is no paperwork for the whole of the period (inaudible), my Lord, from Mrs Oglesby's own workings out.

JUDGE HAVERY: I see.

MR CASTLETON: She has not released those A4s, for whatever reason, into the court, my Lord.

C JUDGE HAVERY: You say the contents are wrong, the page (several inaudible words)?

MR CASTLETON: No, my Lord. She has not -- it has not been released into evidence, my Lord.

JUDGE HAVERY: 2302 are you on.

D MR MORGAN: My Lord, I think that is a bit of an assumption. Perhaps Mr Castleton might do me the courtesy of asking us whether the paperwork exists before he says it has not been released.

MR CASTLETON: Okay.

E JUDGE HAVERY: Well what paperwork are you referring to other than what is shown on 77 here, Mr Castleton?

MR CASTLETON: From weeks 34 to 42 Mrs Oglesby prepared a cash account week analysis, I presume. Is that correct Mrs Oglesby?

F A. I don't know what it is unless --

Q. Oh, we can go to it, it is book 8, tab 77, page 238.

JUDGE HAVERY: (several inaudible words).

G A. Okay. All these handwritten notes? I think they are just extracts from my notepad. I will just have a read through.

MR CASTLETON: Yes.

A. What they look like is, I telephoned Chesterfield and I made some notes whilst I was talking on the phone to them.

H Q. Okay. Sorry, I'm just (inaudible). Is that this 2382?

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A. No, 2386.

Q. (several inaudible words) last, it is before the last one, 2382, tab number 77 it should be.

A. Oh yes.

Q. Have you got them?

A. Yes. They are just my own handwritten. There was cash account running from 34 with the (inaudible) in there.

Q. (several inaudible words) 32 --

JUDGE HAVERY: So what is the question, Mr Castleton?

A. I don't know.

MR CASTLETON: My Lord, I just would like to know why weeks 42 to 01 are missing from our workings out there.

JUDGE HAVERY: Well they are not, are they?

A. They are not.

JUDGE HAVERY: They are there, it is the index that is wrong not the contents --

A. This is my own --

MR CASTLETON: Sorry, (several inaudible words).

JUDGE HAVERY: Have you got 2382, bundle 8, tab 77.

A. They are just my own workings out, Lee.

MR CASTLETON: (several inaudible words).

JUDGE HAVERY: (several inaudible words) 43 to 52.

MR CASTLETON: That is the point, sorry, my Lord. I apologise. I misread (several inaudible words).

JUDGE HAVERY: Very well. (several inaudible words).

MR CASTLETON: That's fine, my Lord. Thank you.

FURTHER EXAMINED BY MR MORGAN

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MR MORGAN: Mrs Oglesby, I think Mr Castleton is suggesting to you that he does not have your mobile phone number.

A. It seems like that.

Q. Yes. Would it help your recollection if you were to look in bundle 8, page 2453?

MR CASTLETON: My Lord, just to clarify, that's not what I said, my Lord. I did not, not have Mrs Oglesby's --

JUDGE HAVERY: Leave it now. That is just comment.

MR CASTLETON: Okay. I apologise.

MR MORGAN: Do you see there at page 2453 behind divider 88, tab 88, letter from Mr Castleton to Mr (several inaudible words)?

A. I do. Yes.

Q. And if you look about halfway down the page you see, "Colin, I rang Cath today"?

A. I do now.

Q. Does that assist you with your recollection of whether there were phone calls?

A. To be honest, I spoke with Lee several times, and I cannot recall whether Lee rang me, I rang Lee. I would have thought Lee would have my mobile number

Q. Well now (several inaudible words) question of the support that you were meant to be providing Mr Castleton?

A. Yes.

Q. With whom was a sub-Postmaster meant to raise issues about the Horizon system?

A. To the helpline.

Q. Which helpline?

A. That would depend on the problem. There are two helplines, and if he rang either they would assess the problem, and make sure he was in touch with the right one.

Q. And could you help the court, what does NBSC stand for?

A. National Business Support Centre.

Q. And what calls are they likely to deal with?

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A. Transaction amounts, anything. As I said to Lee earlier, it could be absolutely anything. If they didn't know something, ring them and they would try and help.

A

Q. And by whom was NBSC rung by?

A. I'm not sure who it was rung by. It is a call centre (several inaudible words).

Q. Do you know by whom the Horizon system helpline was rung?

B

A. I've only Fujitsu.

Q. Finally, Mrs Oglesby, you were asked about why you made a call to the helpline to check the computer in April 2004. Could you look please, behind your witness statement in bundle 3 at tab 54, and turn to page 391? First of all, do you see it says there, "(inaudible) interview 10th April 2004." Could you tell the court what that is?

C

A. Yes. That's the reasons (several inaudible words) that Lee was invited to offer his explanations as to why his contract should not be terminated.

Q. And could you look down the page to just by the second hole-punch on the left-hand side, and do you see there a passage beginning, "CO went on to discuss actions she had taken"?

D

A. Yes.

Q. Could you tell the court, who is CO?

A. That's myself, Cath Oglesby.

E

Q. And what actions had you taken?

A. Asked for a system check twice and then (several inaudible words) although when Lee was asking me I couldn't remember the chronological order these notes were taken at that time, and I've been told that everything was okay with the system.

F

Q. Why did you ask for a system check?

A. Because Lee continually said that it was the computer that was at fault, and I wanted to try and support him.

Q. Sorry, you wanted to --?

G

A. Support him, and try and help him.

Q. Mrs Oglesby, I have no further questions, but maybe the learned judge has.

JUDGE HAVERY: I did not hear that.

H

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MR MORGAN: It may be the learned judge has some questions. I do beg your Lordship's pardon, my voice dropped slightly.

JUDGE HAVERY: Yes. I have -- just one moment.

Yes. Could you turn to page 358 of your own statement in bundle 2(?), tab 53?

A. Yes.

JUDGE HAVERY: If you look at paragraph 35, this is actually a transaction you had of Mr Booth, who was a successor -- I think -- of Mr Castleton, and I wonder if you could explain the technicalities. You say in line 5, "I asked Mr Booth to put £100 into the shortages line on the suspense account. First he ran an office snap shot, then he placed the £100 into the account, then he rang a second snap shot, and a suspense account report. During this time the same Horizon kit was still being used by the assistant. The £100 was in the correct place, and the cash figure on the snap shot had changed by £100. What I am really asking you is to explain that. I can give you the reference to the documents, because someone has helpfully written them in. I think the first document is this very bundle at page 597; in fact, they are all in this bundle.

A. My Lord, if you go back to paragraph 34, the paragraph before that.

JUDGE HAVERY: Yes, certainly.

A. The reason I did that with Mr Booth, was because Lee contacted me and said that he found a large amount of the losses, and he was (inaudible) saying that the suspense account had doubled the figures, and therefore I rang Greg and I asked Greg to carry out this, like, test, to make sure that the suspense was acting in the normal way.

JUDGE HAVERY: Yes. What I am asking you to do is explain to me how that satisfied you that the system was (inaudible)?

A. Right. Where do you want to go to --?

JUDGE HAVERY: 597, I think it is. Really, it is from 597 to 602.

A. Right. I said to Greg, "If you put £100 in the suspense account," but I asked him to run a snap shot first.

JUDGE HAVERY: Yes.

A. So if you are looking at page 597 the snap shot there, and at 10.22 in the morning.

JUDGE HAVERY: Yes.

A. And so, Greg put £100 in the suspense account.

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JUDGE HAVERY: That is after 10.22, (inaudible) after, its not (inaudible) on 597 and 598. Is that right?

A. So that was just a snap shot prior to doing anything, to sort of, give you a starting point.

JUDGE HAVERY: Pause a minute I will make a note.

A. Yes.

JUDGE HAVERY: Yes.

A. So if you just note on there the cash amount that the system thinks it has got is £41,777.87.

JUDGE HAVERY: Yes.

A. So that is like, the snap shot at 10.22.

JUDGE HAVERY: Yes.

A. Then Greg placed £100 into the suspense account.

JUDGE HAVERY: So this is 599 we are looking at?

A. Yes, sorry.

JUDGE HAVERY: All right.

A. Between (inaudible) 600 --

JUDGE HAVERY: Just pause a moment, I have got 599 here. Yes, 600 then.

A. On 600 there is an asterisk in the right-hand column with £100 entry there.

JUDGE HAVERY: Oh yes, yes.

A. That is the £100.

JUDGE HAVERY: That is the £100.

A. But it's like a fictitious amount. He just put £100 in there. But if you look at 599, the cash now at the top of the balance.

JUDGE HAVERY: Yes.

A. Its changed --

JUDGE HAVERY: But not by £100 has it?

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A. Well we were still serving customers, so if the branch had been closed it would have been exactly the £100, but we were still serving customers.

A

JUDGE HAVERY: So what you are saying is that 41,665 would have been 41,877, would it, but for the customers, is that right?

A. No. The previous £41,777 would have gone to £41,677.

JUDGE HAVERY: Oh, I see.

B

A. But because he was serving there was some other money, so it went to 65.

JUDGE HAVERY: So about £12?

A. Yes.

C

JUDGE HAVERY: Yes.

MR CASTLETON: My Lord, if you look at 568 that is (several inaudible words).

JUDGE HAVERY: Thanks for that, but if you just wait a moment. So what is the next thing we are looking at?

D

A. So then that was all he did at that point in time, entered it into the suspense account.

JUDGE HAVERY: Oh, I see, he did not take it out again?

E

A. No, no, not at that point. I think this would have been a Monday or a Tuesday, prior to the Wednesday balance, I don't know what 5th May was, it would have been a Monday or a Tuesday, perhaps.

JUDGE HAVERY: I see.

A. Then I asked him to balance on the Wednesday, leaving everything as it was.

F

JUDGE HAVERY: Yes. So where do we find that?

A. So that then we need cash for the next cash account, do we not? I'm not sure where the cash accounts are.

JUDGE HAVERY: (inaudible), are they not?

G

MR MORGAN: 85.2.

JUDGE HAVERY: 95.2 (several inaudible words). Thank you. We are going back in this bundle to find 502.

H

A. All right. Yes, so week 6, cash account there, you will now £100 in an authorised cash shortages, which is actually the suspense account. That is where he has put.

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JUDGE HAVERY: Ah.

A. And it has made £103 over, well £100, it would have been £3.11 over surplus, but by moving that £100 (inaudible) it made him £103,11, because it is just a fictitious sum we have now got.

JUDGE HAVERY: But this does not really prove anything, does it, because he has put £100 in, and we see the fourth one, 777 has gone down to £41,665.

A. Then when he balances after that the £100, it has made him £100 surplus, that's what it's done --

JUDGE HAVERY: Well you say it has made him do that.

A. Well that's what this means.

JUDGE HAVERY: How long did he have that surplus?

A. Well, I had asked him how it was balancing, and he said there was a couple of pounds (inaudible).

JUDGE HAVERY: And one of my hates, because it is assuming this thing is working.

A. Well then what he did after he balanced on cash account week number 6, I think on the Friday, or later on in that week we then removed the £100 from the suspense account, and it had the opposite effect.

JUDGE HAVERY: Now can you help me on that. That is (several inaudible words).

MR MORGAN: It is page 603, my Lord.

JUDGE HAVERY: 603, right.

MR MORGAN: Let us look at the (inaudible) stuff.

A. So again, the snap shot before anything was taken out of the suspense account, the cash was showing at £40,481.

JUDGE HAVERY: Yes.

A. The snap shot after --

JUDGE HAVERY: And then 605.

A. Again, if you look at the times he was actually serving customers during that point, so from quarter past two to twenty past two there were still customers in there, so the cash has then increased.

JUDGE HAVERY: So but for that it would be 40581, is that right?

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A. Yes. That's right. And then the balance for number 7, you have got week 7 --

A MR MORGAN: 571.

JUDGE HAVERY: I have (several inaudible words), that is page 606, is that right? Halfway down the right-hand column, am I right?

A. You are. Yes.

B JUDGE HAVERY: The slight problem with this as a proof or anything, is that the system would have gone on all the time?

A. Yes, it was, because the system is there all the time, well not all the time, there are customers there.

C JUDGE HAVERY: Well, I mean, one could check now, but the arithmetic on these things is correct.

A. Ah yes, because I didn't --

JUDGE HAVERY: Because of what they are showing.

D A. Yes. (several inaudible words).

JUDGE HAVERY: Yes, yes. Thank you. I think that answers that one.

But it is not quite right then, when you say the cash (inaudible) on the snap shot had changed by £100?

E A. Well that was more than or less.

JUDGE HAVERY: Because it is marginally different, because --

A. Because of the customers (several inaudible words).

F JUDGE HAVERY: We are talking about five minutes. You cannot really tell (inaudible). Could have been a payment out of £100 to a customer, pensioner or something. It could go in five minutes.

A. Yes.

G JUDGE HAVERY: That is (inaudible), thank you.

And then, would you mind going on to page 362 of your witness statement, page 53 to the first four lines of that?

A. Which page, my Lord?

H JUDGE HAVERY: I am sorry, page 362, paragraph 50.

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A. Paragraph 50, yes.

JUDGE HAVERY: Yes. The second sentence, or the third sentence and the second line, "The figure declared for cash on the system does not match the physical amount of cash he had in his office -- we are now back to Mr Castleton again. This shows that there was an actual loss rather than a completely different problem." Now can you explain that? I do not quite follow the logic of why that shows that there was an actual loss rather than a computer problem?

A. When I -- from the snap shot, the snap shot tells you in the beginning the amount of money that the computer thinks you should have in your branch for a perfect balance.

JUDGE HAVERY: Yes.

A. Therefore, if you look at your snap shot, and then count your memory, you should be somewhere near that amount to be balancing.

JUDGE HAVERY: Yes.

A. If you are a long way off then you are not (inaudible) balancing. That's what that means.

JUDGE HAVERY: But that is assuming that the computer has not got a problem (several inaudible words), does it not?

A. Well it is a double-entry --

JUDGE HAVERY: Well this is all printed out so you can check it manually anyway, all the figures are checked.

A. Yes, you can check -- that is what they do on a Wednesday when they balance. They physically count the money. They count their stamps --

JUDGE HAVERY: Yes, I see. So these things you have shown me at 600 and thereabouts, we need not look at them again, these are things which are all capable of being checked manually anyway.

A. Yes.

JUDGE HAVERY: Yes, I see, and if they all add up then that is the end of it?

A. Yes.

JUDGE HAVERY: Yes. Thank you. Any questions arising out of that.

FURTHER CROSS-EXAMINED BY MR CASTLETON

MR CASTLETON: My Lord, can I just refer back to page 571, please?

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JUDGE HAVERY: Yes.

MR MORGAN: (several inaudible words).

JUDGE HAVERY: Yes.

MR CASTLETON: In the top column there, my Lord, that is when the £103.11 is being taken out from the final balance of the following week, this was the -- the question that was raised throughout, or has been raised repeatedly from this point -- the balancing with the rise in both shows that in order for a further loss to have occurred the discrepancy shortage must show an increase of above the amount in the (inaudible), which is the line above, my Lord.

JUDGE HAVERY: Yes. (several inaudible words), what, £20,432?

MR CASTLETON: Yes, my Lord.

JUDGE HAVERY: Yes.

MR CASTLETON: If you look at the final balance in week 49.

JUDGE HAVERY: Just a moment. Week 49 is 4th March, is it not?

MR CASTLETON: Forgive me, my Lord.

JUDGE HAVERY: Page 571 is 13th May.

MR CASTLETON: Oh yes, my Lord, but this is a comparison between the two. This is an occurrence that happened --

JUDGE HAVERY: Yes. Just a minute.

MR CASTLETON: Which is --

JUDGE HAVERY: What should we be looking for? Are you looking for --

MR CASTLETON: Its book 9, my Lord.

JUDGE HAVERY: I am sorry?

MR CASTLETON: Book 9, my Lord, tab 49.

JUDGE HAVERY: Yes.

MR CASTLETON: And I believe -- I know that I have seen the discrepancies on numbers in that book, but I believe it is 2993.