

Management Summary - Version 3

Outlet Management Summary		Contracts Manager <input checked="" type="checkbox"/>
		Rural Transfer Advisor <input type="checkbox"/>
		Retail Advisor <input type="checkbox"/>
		URGENT/NON-URGENT* *Delete as applicable
Office name:- Brackenvale CFPO		
FAD Code:- 358704		
Current RLM Name:- Carol Heaps		
Subpostmaster:- Mrs Conway (Merit Retail)		
Date of Appointment:-		
Date	Event/Issue	Outcome
24/09/98	Audit resulting in large loss of funds due to giro impayments	Spm made good loss
25/05/01	MS Report	Int litter Name badge



By Email : [neil.thorneycroft](mailto:neil.thorneycroft)

GRO

21st June 2007.  
Mr. Neil Thorneycroft

Dear Neil,

Ref : Brackenvale Post Office – Branch No. 3587045

Further to our conversation on the 21<sup>st</sup> March and on several subsequent occasions I must record my dismay at the fact, that by your admission it has taken a time scale in excess of nine months to discover that there appear to be many discrepancies between the 'Rems' and the 'Activations' in relation to the lottery scratch cards account at the above Branch.

The reasons you gave me for the delay in discovering these alleged discrepancies was due to the new Post Office Branch Trading procedures which came into practice in 2005, which by your admission had caused such a huge number of errors that all of your time has been spent solving the backlog of problems, with the result that your focus on scratch card issues has been many months behind schedule.

It is difficult to accept this explanation, as the long delay over this nine month period has contributed to a situation where there is now an alleged shortfall of £15,000 approx.

For our Branch to be able to operate an internal system of controls checking records properly is almost impossible given this type of time lapse. Had a regular up to date weekly report been made available during this time, then the accuracy of the transactions could have been monitored on a much more timely and effective basis.

If, as it appears, this checking procedure is part of your role, I feel that the delay has certainly contributed towards the scale of the alleged shortfall, and in the event that you remain convinced that this alleged shortfall is correct, and that there are no errors contained within this area of the new system, then there has certainly been negligence on your part in not alerting us sooner to this alleged problem. As a result we do not accept that it is our responsibility to make good as a result of your shortcomings.

Yours sincerely,  
For Merit Retail Ltd.

Michael McElwee.



*Scanned + emailed to Denise  
on EFC 15/7.*

**Merit**   
**Retail**

Ms. Denise Reid  
Franchise Contract Manager  
Post Office Ltd.  
2<sup>nd</sup> Floor – The Markets Crown Office  
6 – 16 New York Street  
LEEDS  
LS2 7DZ

**RECEIVED**

8<sup>th</sup> July 2008.

Dear Ms. Reid,

Re: Franchise Post Office – Brackenvale Branch

I refer to your letter of 19<sup>th</sup> June, noting the contents contained therein, to which we respond as follows;

Following our previous letter dated 4<sup>th</sup> September 2007, we requested further conclusive evidence of the alleged £14,372 shortfall.

Mr. Neil Thorneycroft, of the Post Office National Lottery Team, subsequently provided data, by email, on 10<sup>th</sup> September to Mr. Brian Kearns of our office, to show where he had derived this amount from.

Mr. Kearns replied to Mr. Thorneycroft by email on September 18<sup>th</sup> 2007, and copied in Ms. Carol Heaps (I enclose a copy should you not have previously seen this correspondence).

In this email you can see that upon examination by us, the data provided contains errors and duplications and indeed contradictions. Our position still remains, as it was following this email – we continue to wait for conclusive documentary proof of the alleged shortfall, and almost ten months on, we have still had no response from Mr. Thorneycroft to our email.

Mr. Michael McElwee, General Manager, would be the normal point of contact within our organisation for Ms. Carol Heaps. Having checked with Mr. McElwee, regarding the alleged comments from Ms. Heaps, he states that he has not had a phone call or indeed a message from Ms. Heaps for more than six months, and that he strongly disagrees with the statement contained in your letter.

The £14,372 I believe is still held as stock on our system, but, at all times we have acted with the full knowledge of, and under original instructions from Ms. Heaps and Mr. Thorneycroft, therefore we do not accept that we are in breach of our Franchise Agreement. Again we must repeat, we require documentary proof that the shortfall is indeed real, and that there is definitely no possibility of errors within the Post Office System, which Mr. Thorneycroft commented on originally.

Please can you have this information provided, if indeed it exists – we do not see a re-send of the previous data as being conclusive?

Member of the  
**Conway**  
Group 

Tel: **GRO** Fax: **GRO** E-mail: **GRO** Web: [www.conwaygroup.co.uk](http://www.conwaygroup.co.uk)  
Company Reg. No. N.I. 29742

Merit Retail Ltd. 58 Moneymore Road, Magherafelt, Northern Ireland BT45 6HG



Secondly, the £7,239.82 central shortfall referred to, is something that we have no information on. We are curious to know why we are only now being informed of this alleged difference, and indeed why has it been settled on our behalf? Again, is this difference possibly the result of an error within the Post Office system, previously commented on by Mr. Thorneycroft?

Obviously we are not in a position to forward a plan detailing repayment terms for the £14,372 from above, or for the £7,239.82 which we are previously unaware of.

Please be informed that we will now be on holidays for two weeks from 14<sup>th</sup> July 2008. However should the information requested become available, please be assured that it will be given our full attention as soon as possible thereafter.

**GRO**

Mrs Matilda Conway  
Franchisee  
Merit Retail Ltd.

**GRO**

**GRO**





**Brian Kearns**

---

**From:** Brian Kearns  
**Sent:** 18 September 2007 17:10  
**To:** 'neil.thornycroft'; GRO  
**Cc:** 'carol.heaps'; GRO  
**Subject:** Alleged Shortfall in Scratchcards at Brackenvale Post Office.

Neil,

We must express our serious concerns having now analysed the data you have provided as back up to the alleged shortfall between scratch card activations and remittances (Rem's), that there are inaccuracies.

1) Activations – You have supplied two different reports as back up to “activations”, and when we make a comparison between these two reports we find differences therein and indeed duplication of entries.

2) Rem's – You have also provided two different sources of data as back up to Rem's. Again these two sources contain differences when compared to each other and differences to our existing weekly trading report data.

In summary, having examined the data provided by you, and given the fact that we have identified inaccuracies/differences, we must place significant doubt over the accuracy/validity of all the data supplied by you as a whole.

Furthermore as we have no way of double checking your list of activations you say have been made on site, and given the questions raised over the data provided we cannot accept that the data supplied by you is conclusive proof to the alleged shortfall.

In this circumstance we must look to you for further substantive proof relating to the alleged shortfall.

We await,

Yours sincerely

Brian Kearns

Hard copy: Michael McElwee.



Scanned, emailed + on EFC 6/9



Ms. Denise Reid  
Franchise Contract Manager  
Post Office Ltd.  
2<sup>nd</sup> Floor – The Markets Crown Office  
6 – 16 New York Street  
LEEDS  
LS2 7DZ

4<sup>th</sup> September 2007.

Dear Ms. Reid,

Re: Franchise Post Office – Brackenvale Branch

I refer to your letter of 3<sup>rd</sup> of September, noting the contents contained therein, which we do not accept. We respond as follows;

We were previously made aware that there may be the possibility of an alleged shortfall in scratch cards, and upon immediate investigation with our Post Office Manager (Martine Kearney), the following is our record of events.

Martine was initially advised of an alleged shortfall, amounting to approx. £15k.in April/May. Carol Heaps advised Martine that an error notice would come through on the Horizon system, and when the notice was received Martine was to contact Carol. The correction notice was received on 9<sup>th</sup> May whereupon Martine contacted Carol as instructed.

Following subsequent telephone conversations at that time Martine was advised by both Neil Thorneycroft and Carol Heaps to acknowledge the correction notice, but not to reduce the scratch card stock, this allowing additional time for both Neil and Carol to fully investigate the shortfall. Indeed, according to Martine, the exact wording of the instruction from Neil was “don’t reduce the stock figure and do nothing until further notice”.

We have subsequently written confirming correspondence to both Neil, in June and Carol, in August, (copies of both correspondences enclosed) and continue to await their promised responses.

Martine says that Carol has since visited the site around the end of July and again mid August telling her that the stock would now have to be zeroed. However we must repeat, that we continue to wait for conclusive documentary proof of the alleged shortfall– which we were promised after the further investigations. We also require documentary proof that the shortfall is indeed real, and that there is definitely no possibility of errors within the Post Office System.





At all times we have acted with the full knowledge of, and under instructions from Carol Heaps, therefore we do not accept that we have falsified Post Office Accounts. On these grounds we also contest that we are in breach of our Franchise Agreement.

We have never received any make up showing how this figure of £14,372 has been calculated. In fact this is different to the amount originally quoted in the correction notice received by Martine on 9<sup>th</sup> May.

Please now give this matter your immediate attention, in order that the full facts become known. We await your calculations with details and dates for the alleged shortfall and can assure you that upon receipt this will be given our urgent attention.





See email 24/8/07

Carol,

I refer to our recent telephone conversations - the following is my understanding of the sequence of events,

As a result of an "error notice" on 9th May 2007, Neil Thorneycroft advised Martine Kearney in a telephone call, not to zero the scratchcard stock until further notice, as he was not happy with his findings, and he would further investigate same.

I also had a similar conversation with Neil at this time. I was alarmed with some of my discussions with Neil as the figures he quoted, seemed to be changing almost on a daily basis and sometimes even during the course of the call.

Neil explained to me that part of the reason he was 9 months behind was that a large number of errors had been created due to new Post Office branch trading procedures. We are still awaiting conclusive proof that this particular, alleged problem is not an internal Post Office accounting issue.

In not zeroising the stock, the apparent "problem" has in our opinion been moved off Neil's system onto ours, in order to provide Neil more time to investigate – the results of which we still await!

Can you follow up to see what, if any further progress has been made?

Carol, you will agree that you were aware that Martine was acting on both Neil's and your advice not to zero the stock, and at no time do we consider that we were deliberately doing something, which you now suggest could amount to false reporting.

I am also attaching an email sent to Neil Thorneycroft on June 21st 2007, the contents of which we have briefly discussed. To date, I have had no further response from Neil, despite his commitments made during our phone call on the 7th of May 2007.

Thanks & regards

Michael McElwee



NIBROA

# Electronic memo

To: Mandy Talbot/e [redacted] GRO  
cc: Paul Large/e/f [redacted] GRO Vivien  
O'Hare/e/f [redacted] GRO Carol  
Heaps/e/f [redacted] GRO

Hard Copy To:  
Hard Copy cc:

Date: 15/05/2002 15:24  
From: David D Evans  
Subject: Brackenvale FPO Audit

Mandy

Further to our telephone conversation on Friday when we discussed the findings of an Audit visit that took place on Friday 10th May 2002, a report is provide below. This report details the circumstances which uncovered a practice where an amount of money had been withdrawn and personal cheques placed to cover the amount.

You should be aware that this is the same company franchise partner, Merit Retail, who were involved in alleged misappropriation of paying in slips totalling £34,000 in 1998. They were suspended, but quickly reinstated following an investigation.

We would now like your advise on whether the latest incident provides sufficient grounds for termination. Or indeed maybe a final warning would be sufficient. We don't believe that the directors of Merit Retail have tried to defraud us in the long term, but it is pretty clear that they are using our money in a most unacceptable way.

Please call if you need more information.

Regards

David E  
Franchise & Multiples Partnership Manager  
Post Office Ltd  
Operations

Prospero House, 1st Floor, 241 Borough High Street, LONDON, SE1 1 GG

Postline: [redacted] GRO STD Phone: [redacted] GRO Fax: [redacted] GRO Mobex: [redacted] GRO Mobile: [redacted] GRO  
[redacted] GRO

External Email: david.d.evans@ [redacted] GRO

----- Forwarded by David D Evans@ [redacted] GRO on 15/05/2002 14:47 -----

To: David D Evans  
cc:  
Hard Copy To:  
Hard Copy cc:

Date: 15/05/2002 11:14  
From: Colin Webster



**Subject: Brackenvale FPO Audit**

**David**

**Attached copy of audit report and copy of additional report as requested from Paul Large.**

**Regards  
Colin**



**Brackenvale (1).doc Brackenvale Audit.doc**



To: Carol Heaps  
Retail Line Manager

copy:

From: Colin Webster  
Security & Audit

Date: 16 May 2002

## **AUDIT OF Brackenvale**

The following control gaps were identified on the audit of *date*.

Delete as necessary

- Personal cheques on hand incorrectly treated
- Misuse of monies



To: Suzanne Winter  
Investigations

copy:

From: Colin Webster  
Security & Audit

Carol Heaps  
Retail Line Manager

Date: 16 May 2002

### **AUDIT OF Brackenvale 358704**

An audit at the above named office on Friday 10 May 2002 resulted in a deficiency of £ 7365.70.

The bulk of this deficiency could be determined to pertain to 76 personal cheques in the name of Merit Retail totalling £6625.50 which was also irregularly carried as cash held in the office snapshot balance. The cheques were all payable to employees of Merit Retail and dated 10 May 02 with no particular transaction entered on the reverse.

All of the remaining deficiency could be determined as relating to an irregular entry in the unclaimed payments for £772.56. This amount has been held in the suspense account for three years. There was no reference number or letter of authorisation to support the entry.

The personal cheques were produced by the Assistant in Charge at the outset of the audit and he stated that the total value of the cheques was to be included as cash. When advised that this was most irregular and that the Post Office Limited take a very serious view of such incorrect accounting, he stated that this practice was undertaken since he took over in Charge a number of months ago.

Apparently the Petrol Station would hand over the cash for the cheques later in the day and this practice is carried out every Friday.

One of the assistants at the counter also mentioned to John McKenny, Auditor, that she had completed a form with other colleagues in January 2002 to have their wages paid directly into a Bank account but it had still to be activated.



**IN CONFIDENCE**

To: Brian Stephenson  
Outlet Manager

copy: Carol Heaps  
Retail Line Manager

Mrs M Conway

From: Colin Webster  
Security & Audit

Date: 16 May 2002

Audit of Brackenvale Branch code 358704

An audit of the above branch was undertaken on 10 May 2002 by Colin Webster. This audit is a review of the product/process controls in place at the branch and not a comment on the performance of individuals.

The following page contains a brief summary of the areas that could be routinely tested at audit and the tests carried out are selected on a basis of risk assessment from branch performance data. The products/processes with a cross indicate items that have been tested by the auditors on this occasion and the findings revealed at audit.

Appendix A contains a more comprehensive report detailing our findings and recommendations for your information and attention. Any control gaps in bold were noted on a previous audit and had not been actioned at the time of our most recent visit. Please note the reference numbers preceding the control gaps are for our internal use only.

At the audit, you were given a questionnaire to provide feedback on the audit process. If there is anything else you wish to bring to our attention please feel free to write your comments on the reverse of this report or contact Paul Large, Audit Manager on telephone number **GRO**

Please retain one of these reports for your information and return the other one, signing it to confirm that you understand all the points made.

May I also take this opportunity to thank you and your staff for the hospitality and co-operation throughout the audit.

Security & Audit Signature .....

Date .....

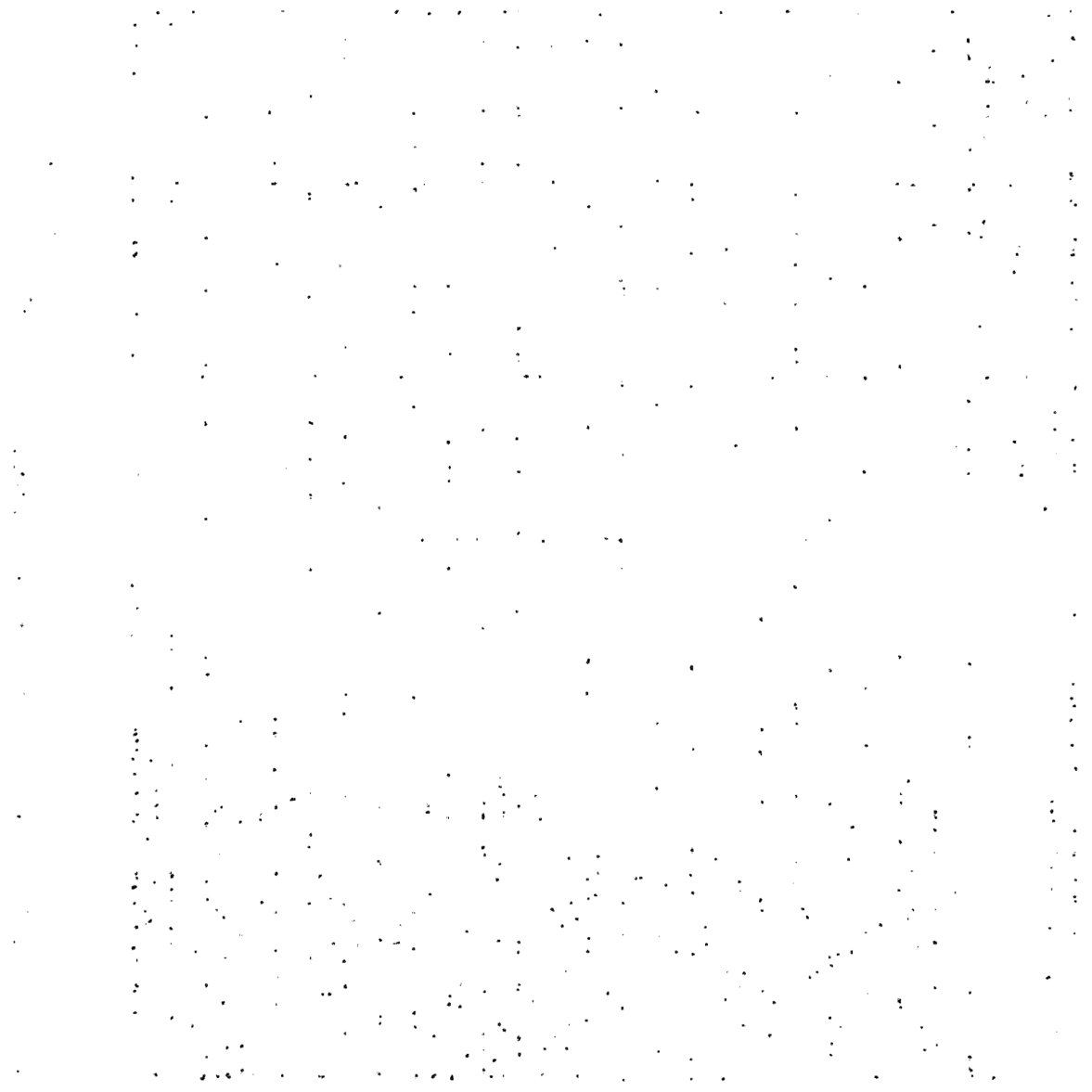
Auditee Signature .....

Date .....



Products/Processes	Controls in Place	Control Gap	
		Low Risk	High Risk
Procedural Security	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Horizon System Controls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash Account	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stock Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash Management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Royal Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franking Machines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stamp Vending Machines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alliance & Leicester Girobank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Banking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Lottery On Line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Lottery Instants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Littlewoods Scratchcards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bureau De Change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign Exchange Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Moneygram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benefits Agency	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Motor Vehicle Licences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rod Fishing Licences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UK Passport Agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Utility Schemes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Auditors can only comment on the areas examined during their visit. It should not be assumed that untested processes have satisfactory controls in place.



## Appendix A

**Audit of Brackenvale****Asset Verification**

A full check of cash, stock and vouchers revealed a shortage of £-7365.70 which is broken down as follows:

Net shortage declared week no. 06 = £ 14.36  
Difference at audit = £ 7351.34

An unauthorised amount of £ 772.56 has been held in the Suspense Account for three years. It was intimated that the Retail Line Manger is aware of the entry and is dealing with the matter which is thought to relate to a lottery error during the week of migration with the Horizon system.

Passon  
to  
Franchise  
Team

76 personal cheques in the name of Merit-Retail totalling £6625.50 were irregularly included as cash in the office snapshot balance. It is recommended that the RLM contacts you as soon as possible to agree a course of action to ensure that this incorrect accounting practice ceases.

The details of this report have been given to your RLM who will contact you about the irregularity.

**Comments and/or Recommendations**

Personal or Business cheques should not be encashed at the Post Office.

The Retail Line Manager should be contacted in order to have the long outstanding sum of £772.56 removed from the suspense account.

Franchise  
Team

**Procedural Security**

Your security procedures were examined in line with the Counter Attack Reference Manual and our findings were as follows:

**Control Gaps**

- SP01 • incorrect admittance procedures for visitors
- SP13 • the door and or safe keys were incorrectly secured
- SP24 • the safe keys are not rotated - at six monthly intervals
- SP28 • there was no money laundering pack available and/or staff were unaware of the regulations or helpline details

**Comments and/or Recommendations:**

It is recommended that a record is kept of all visitors including Post Office Limited Staff. Each visitor should sign upon arrival with the date and the time of the visit and their time of departure. (Counter Attack booklet, page 19 refers).



## Appendix A

It was ascertained that the door and safe keys are held in a private safe in the Retail side of the business when the Post Office is closed. Official keys should be removed from the premises outwith Post Office business hours. This is to minimise any risk of unauthorised entry to the secure counter area and safe in the event of a bandit attack and access to the keys gained. (Counter Attack booklet, page 31 refers).

The operational and reserve set of keys should be changed over at six monthly intervals to ensure that keys and locks wear evenly. (Counter Attack booklet, page 31 refers).

Money Laundering pack, P5682, should be ordered from Stores and contents of regulations made known to counter personnel upon receipt. This is a legal requirement.

### **Horizon System Controls**

Controls relating to the use of the Horizon system were examined, in line with the Horizon System User Guide (HSUG). The following control gap was found:

#### ***Control gaps - Low risk***

H10 • obsolete users had not been deleted from system

#### **Comments and/or Recommendations:**

Access to the system is adequately maintained. However, two obsolete users had to be deleted from the system during the audit. Obsolete users should be timeously deleted after staff leave employment in order to minimise any risk of unauthorised access to the system. (HSUG, Office Administration, section 1.1 refers).

Horizon equipment is adequately maintained and protected against accidental damage.

Abbeurix V

## Appendix A

### **Cash Account**

*Counters Operations Manual - Cash Account, Balancing & Preparation refers.*

The daily documentation for week 7 and weekly cash account documentation for weeks 52 to 06 was examined and the following was found:

#### **Control Gaps - High Risk**

CA04 • suspense account entries were not supported by proper documentation

Comments and/or Recommendations:

The long outstanding amount in the unclaimed payments for £772.56 should be cleared as it has been held in the suspense account for three years.

The NBSC should always be contacted when such amounts wish to be entered in the unclaimed payments. This is necessary in order to receive authorisation and a reference number to support the entry. (Balancing with Horizon, section 3 refers).

Daily summaries and other aspects towards the weekly cash account were adequately maintained and completed at the required frequency.

### **Cash Management**

Cash counted at the audit was compared to the declared figure and it was found that the cash was not accurately declared at the close of business. A discrepancy of £ 5708.00 was discovered.

#### **Control Gaps - High Risk**

CM01 • ONCH not listed accurately > £500  
CM03 • cash denominations are incorrectly listed

Comments and/or Recommendations:

The variance was mainly due to the irregular cheques held as cash and the fact that the ONCH daily summary declaration was printed out at 1700 hours i.e. 30 minutes prior to close of business.

All cash declarations should be undertaken at close of business. This is required in order that the Recall Section who undertake the review of overnight cash holding targets can arrive at accurate assessments based on realistic figures.

4-11-2007

## Appendix A

### **Benefits Agency**

*Counters Operations Manual - Benefit Agency refers.*

All 185 pension and allowance books on hand and a 10% sample of encashed foils were examined. The P3890 was also checked and compared against the cash account. The following gaps in controls were discovered:

#### **Control Gaps - Low Risk**

- BA10 • less than 2% of order books were out of date
- BA12 • less than 2% of order books did not have the date of receipt marked in pencil

#### Comments and/or Recommendations:

Three P & A books were found to be held outwith the correct retention period and two had not been suitably pencil dated with the day of receipt. All books should be examined during the first week of each month and any held over the two full calendar months past the month of receipt should be returned promptly to the Issuing Authority. This is required to minimise any risk of inconvenience e.g the issue of re-call notices etc. (Counters Operations Manual, subsection 10, page 41 refers).

Correct encashment procedures have been followed with regard to Benefit Agency payments.

Milk tokens are accounted for correctly.

### **MVLs**

*Counters Operations Manual - DVLA refers.*

Controls not fully examined. However, all MVL discs on hand were examined along with the reconciliation's for weeks 5 to 7 with the following results:

#### Comments:

All MVL discs reconciled by full physical count.

### **Utility Schemes**

Controls not fully examined. However, examination of the LS1 power card summary and reconciliation realised the following:-

#### Comments

All power cards reconciled by full physical count.



Appendix A



file

**IN CONFIDENCE**

To: Brian Stephenson  
Officer in Charge

copy: Carol Heaps  
Retail Line Manager

From: Tony Kennedy  
Security & Audit

Date: 15 October 2002

Audit of Brackenvale Branch code 358704

An audit of the above branch was undertaken on 09 October 2002 by Tony Kennedy. This audit is a review of the product/process controls in place at the branch and not a comment on the performance of individuals.

The following page contains a brief summary of the areas that could be routinely tested at audit and the tests carried out are selected on a basis of risk assessment from branch performance data. The products/processes with a cross indicate items that have been tested by the auditors on this occasion and the findings revealed at audit.

Appendix A contains a more comprehensive report detailing our findings and recommendations for your information and attention. Any control gaps in bold were noted on a previous audit and had not been actioned at the time of our most recent visit. Please note the reference numbers preceding the control gaps are for our internal use only.

At the audit, you were given a questionnaire to provide feedback on the audit process. If there is anything else you wish to bring to our attention please feel free to write your comments on the reverse of this report or contact Paul Large, Audit Manager on telephone number GRO

Please retain one of these reports for your information and return the other one, signing it to confirm that you understand all the points made.

I would like to take this opportunity to thank all the staff for their hospitality and co-operation during the audit.

Security & Audit Signature .....  
Date .....

Auditee Signature .....  
Date .....





Products/Processes	Controls in Place	Control Gap Low Risk	Control Gap High Risk
Procedural Security	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Horizon System Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cash Account	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stock Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Anti-Money Laundering	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Royal Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franking Machines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stamp Vending Machines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alliance & Leicester Girobank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Banking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Lottery On Line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Lottery Instants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Littlewoods Scratchcards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bureau De Change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign Exchange Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Moneygram	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benefits Agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motor Vehicle Licences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rod Fishing Licences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UK Passport Agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Utility Schemes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Auditors can only comment on the areas examined during their visit. It should not be assumed that untested processes have satisfactory controls in place.



## Appendix A

### Audit of Brackenvale

#### Asset Verification

A full check of cash, stock and vouchers revealed a shortage of £-1011.93 which is broken down as follows:

Net shortage declared week no.23 of £-68.79  
Various cash/stock discrepancies of £-170.58

An authorised amount of £-772.56 has been held in the Suspense Account since the migration of the office to Horizon, approx. three years ago.

#### Comments and/or Recommendations:

Confirmation that the suspense account figure was authorised was only obtained after completion of the audit. It is recommended that given the period of time that this figure has been held it should be dealt with immediately and cleared as soon as possible.

#### Procedural Security

Your security procedures were examined in line with the Counter Attack Reference Manual and our findings were as follows:

#### Control Gaps

SP12 • inadequate key management processes were in place

#### Comments and/or Recommendations:

Safe keys are being kept in a safe overnight in the retail side of the business, it is recommended that all official keys are removed from the premises when the post office is unoccupied.

#### Horizon System Controls

Controls relating to the use of the Horizon system were examined, in line with the Horizon System User Guide (HSUG). The following control gaps were found:

#### Control gaps High Risk

H01 • passwords were not confidential to the individual operator

#### Control gaps - Low risk

H11 • user accounts for staff on leave had not been disabled



## Appendix A

### Comments and/or Recommendations:

Passwords should only be known to individuals in order to maintain strict control over user accounts and to provide an audit trail for counter transactions.

When staff are on leave user accounts should be disabled to restrict access to the Horizon system.

### **Cash Account**

*Counters Operations Manual - Cash Account, Balancing & Preparation refers.*

The daily documentation for week (23) and weekly cash account documentation for weeks (16) to (22) was examined and the following was found:

### **Control Gaps - High Risk**

- CA06 • original transaction receipts to support all reversed APTs were not retained

### Comments and/or Recommendations:

When the need arises to reverse an APT, the original receipt and reversal receipts must be retained in order to support any enquiries that may be made at a later date.

### **Cash Management**

Cash counted at the audit was compared to the declared figure and it was found that the cash was not accurately declared at the close of business. A discrepancy of £-170 was discovered.

### **Control Gaps - Low Risk**

- CM04 • ONCH not listed accurately < £500

### Comments and/or Recommendations:

It is important to declare overnight cash holdings as accurately as possible in order to facilitate the Advanced Distribution system which provides an automatic ordering facility for cash.

### **Anti-Money Laundering**

Your anti-money laundering procedures were examined in line with the Guide to Money Laundering booklet, July 2002 edition. All the relevant controls were found to be in place.







OFFICE NAME: BRACKENVALE PO

FAD: 358704 ID NUMBER: 18566104

**ASSISTANT CHECK LIST**

1  
Date Assistant/Holiday Substitute forms (P250 & P13) received in Agents Attendance Team 13.01.05

2 Area Intervention Office

Belfast	Bournemouth	Bridgend	Bromley
Burnley	Chippenham	Colchester	Cumbernauld
Darlington	Edinburgh	Hertford	Leeds
Leicester	Maidstone	Stockport	

3  
Office Status (Sps/Co/Cfpo/Ifpo/Isps/Msps) /

4  
Check P356 database Registered Yes  No

5  
Check all forms completed & signed (P250 & P13) /

6  
Enter details in POSISDAT table (T:Access/people support) /

7  
Date CS200a form sent to POSIS/CIO Room 420, Impact House, Croydon /

8  
Date CS200a returned to Agents Attendance Team from POSIS /

9  
Attach CS200a form to P250 & P13 and send confirmation letter to Spmr /

10  
Input assistants details onto the P356 database (if already registered change 'office' only)  
*Please enter your initial and the date* /

11  
File papers locally or forward to relevant region for filing /

Document Title	Version or draft No	Date issued	Review date	Owner	Location stored
Assistant Checklist	01	October 03	October 04	Business Expenses Manager	T:HR_PEOPLESU P:PORT_TRAVEL/ ISO



P250



ASSISTANTS AT POST OFFICES

Section 1 of this form should be completed and signed by the subpostmaster or 'officer in charge' whenever proposing a change in assistants.

Section 2 of this form should be completed and signed by the prospective assistant.

(Please note that if more than one change is made to assistants at the office, a separate set of forms will need to be completed for each prospective assistant.)

PLEASE COMPLETE IN BLOCK CAPITALS

Section 1

POST OFFICE NAME BRACKENVALE. FAD CODE 38/1045.

SUBPOSTMASTER'S NAME: BRIAN STEPHENSON

ADDRESS OF WHERE AUTHORISATION LETTER SHOULD BE SENT:

BRACKENVALE P.O.  
520 SAINTFIELD ROAD  
BELFAST  
MTS 8EU

20/2/11

Cause of vacancy - (if caused by an assistant leaving, state name of assistant, last day of employment and reason for leaving. Please ensure the attached official secrets cessation form P301 is completed).

\_\_\_\_\_

If the new assistant has previously worked at a post office, please give details below

Office	Position held	Start date	End date	Reason for leaving

I have selected the person as stated to fill this vacancy. I have satisfied myself that their character is satisfactory, and that they are suitable for the relevant duty. The person is able to write easily and legibly. I have no reason to doubt that the post office service is fully stated above.

20/1/10

The personal declaration P13 is enclosed.

Signature GRO

Date 10/1/05.

Print Name B. STEPHENSON

Continued overleaf

Document Title	Version or draft No	Date issued	Review date	Owner	Location stored
P250	01	October 03	October 04	Business Expenses Manager	T:HR_PEOPLESUPPORT_TRAVEL/IS 0

P250

**Section 2**

**Assistant details**

Title and name in full (Mr/Mrs/Miss/Ms)  
Name at birth, if different from above  
Date of birth  
Town of birth  
Country of birth  
National Insurance number  
Position (i.e. Assistant/Holiday Relief)

MISS. DONNA MCKAY  
DONNA

**GRO**

**Home address**

**GRO**

Previous address (If less than 2 years at present address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Start date of assistant 16/3/02

Have you ever been found guilty of any offence in a court of law (including juvenile court or court martial) ?

**GRO**

If the answer is "Yes" give full particulars.

NOTE : In answering the question please note that it does NOT relate to any conviction or finding which is treated as spent by virtue of the Rehabilitation of Offenders Act 1974. If therefore, the only conviction or finding against you is treated as spent, your answer to the question should be "No".

I declare that I have answered all the questions truthfully and fully, and that I am not aware of any circumstances, which if known to Post Office Ltd, might cause question to my honesty and suitability.

Signature

**GRO**

Date 10/1/05

**ONCE ALL DETAILS HAVE BEEN COMPLETED, PLEASE RETURN THE FORM TO:  
Business Expenses Team (P250s), People and Organisation Services, Capstan House, 35 Broadway, SALFORD. M50 2PB**

**NOTE: DATA PROTECTION ACT**

Personal Data supplied on this form may be processed, and/or verified by reference to information already held by Post Office Limited.

Document Title	Version or draft No	Date issued	Review date	Owner	Location stored
P250	01	October 03	October 04	Business Expenses Manager	T:HR_PEOPLESUPPORT_TRAVEL/IS O

P13

**PERSONAL DECLARATION to Royal Mail Group (i.e. Royal Mail Group plc and its associated companies, including Post Office Limited)**

**ROYAL MAIL GROUP'S  
OBLIGATIONS**

Royal Mail Group must ensure that letters, parcels and all other communications or items entrusted to it are delivered as addressed promptly and safely, and that the information in them reaches no one not entitled to it.

To help Royal Mail Group provide this essential service to the community, there are important legal requirements which you must comply with. It is important for you to be aware of and understand those provisions, not only for your own sake but also in order that you should not, through any fault or omission on your part, enable or tempt others to break them.

**SAFETY OF  
POSTAL  
PACKETS**

It is a criminal offence to STEAL, DESTROY or damage a letter, parcel, mailbag or any other postal packet in course of transmission by post. It is also an offence to OPEN or DELAY (without proper authority and reasonable excuse) a letter, parcel, mailbag, or any other postal packet in course of transmission by post.

Persons suspected of criminal offences will be subject to investigation which may lead to prosecution in the Criminal Courts. Heavy penalties, including terms of imprisonment, are provided for such offences.

Other misconduct which endangers the safety of a mailbag or postal packet may lead to termination of employment or engagement or contract with Royal Mail Group.

**CONFIDENTIAL  
INFORMATION**

You shall neither whilst employed or contractually bound by Royal Mail Group or engaged in Royal Mail Group's Business, nor after that employment or engagement ceases, disclose to any other person, firm or company, or publish or broadcast or use for your own benefit or for the benefit of a Third Party any confidential information relating in any way to the activities, operations or business methods of Royal Mail Group or its business partners, except as previously authorised in writing by or on behalf of Royal Mail Group. Any unauthorised disclosure may amount to a criminal offence.

**OFFICIAL  
SECRETS  
ACT**

A person may be entrusted with information which is covered by the Official Secrets Act 1989 whilst engaged on business for the Royal Mail Group.

Under the Official Secrets Act 1989, it is a criminal offence for a Government contractor (which means any person or body who is employed in the provision of goods or services for the Crown) including any employee of a Government contractor, to:-

- disclose unlawfully any information obtained as a result of such work without authorisation, and
- fail to safeguard or improperly retain or provide access to documents or articles containing information which it would be an offence under the Act to disclose.

The above conditions apply even when work with Royal Mail Group ends.

**DATA PROTECTION  
ACT**

Any person who handles information about identifiable living people whether processed electronically or manually may also commit an offence under the

Data Protection Act 1998 if he/she improperly obtains, holds, uses or discloses any such information.

**YOU SHOULD READ THIS DOCUMENT CAREFULLY AND THEN SIGN YOUR NAME TO THE DECLARATION BELOW.**

**I HAVE READ AND FULLY UNDERSTAND BOTH PAGES OF THIS DOCUMENT AND HAVE RECEIVED A COPY TO RETAIN:**

Full Name DONNA MCKAY  
(Block Letters)

Signature GRO Date 10/1/05

In the presence of: Signature GRO  
Job Title MANAGER

NOTE - The person signing this form should sign with his ordinary signature in the presence of a witness. [[The Sub-postmaster/Franchisee should witness the signature of persons employed at a sub-Office]]

Retention Period: [ ]

IN CONFIDENCE



The Real Network

**Recruitment Risk Register Check\*\*/  
Criminal Record Check/  
Voters Check**

PLEASE PRINT CLEARLY

ADDRESS (Personnel/Agency)		ADDRESS (Office of Vacancy)	
Post Office Service Centre People Organisation Services Capstan House 35 Broadway SALFORD M50 2PB		BRACKENVALE POST OFFICE 520 SAINTFIELD ROAD BELFAST  BT8 8EU	
SERIAL NUMBER	GRO		
Personnel/Agency Officer requesting check		Angela Hague	
Contact telephone number (Include P/L No. if applicable)		GRO	Postline: GRO
Applicant's Starting Grade / Position ASSISTANT		(Casual, agency, subpostmaster, etc.)	
TYPE OF CHECK <span style="float: right;">Place ticks in applicable boxes</span>			
Recruitment Risk Register	<input checked="" type="checkbox"/>	A criminal record check will only be completed for those categories of staff approved for checking by HM Government	
Criminal Record	<input checked="" type="checkbox"/>		
Voters/Credit Reference	<input type="checkbox"/>		

Surname: McKay Title (Mr/Mrs etc.) Miss  
 Previous Surnames Used (if any..Include maiden name)  
 First Names (in full) Donna  
 Date of Birth (dd/mm/yy) GRO Place of Birth GRO  
 National Insurance Number GRO  
 Private Address (1) GRO Postcode GRO  
 Private Address (2) Postcode

ADDRESS (2) TO BE COMPLETED WHERE RESIDENCE AT ADDRESS (1) IS LESS THAN 2 YEARS

**Declaration (to be signed by the person being checked)**

**This form represents part of Royal Mail Groups vetting procedure. Any information must be treated in strictest confidence.**

Please read this statement carefully and sign your name to the declaration below.  
 I hereby declare by signing below that I consent to Royal Mail Corporate Security to carry out the Criminal Record and/or Recruitment Risk Register and/or voters/credit reference check(s) as indicated above. I am the person listed on this form. I understand that if I submit false information I may be liable to disciplinary action, up to but not excluding dismissal or criminal proceedings. Criminal Convictions which are spent under the Rehabilitation of Offenders Act 1974 do not need to be declared.

Signed: GRO Print Name: Donna McKay Date: 17/1/05  
 (Applicant)  
 Countersigned: GRO Print Name: B. STEPHENSON Date: 17/1/05  
 (Personnel/Line Manager)

Submit to Corporate Security Intelligence Transactions Team

RESULT OF CHECK	CLEAR	ACCEPTABLE	NOT ACCEPTABLE
Recruitment Risk Register check			
Criminal Record check			
Voters / Credit reference check (POL only)			

Clear = Satisfactory, Acceptable = Criminal offence(s) deemed acceptable to the business  
 Not Acceptable = Disputed information or offence(s) deemed unacceptable to the business  
 \* See attached \*\*Formerly Debarment check

CS250 Send form to: Intelligence Transactions Team, Battersea Delivery Office, Floor 2A, 202 Lavender Hill, London SW11 1AA  
 Version 5.0 08/04  
 Royal Mail is a trading name of Royal Mail Group plc. Registered number 4138203. Registered in England and Wales. Registered office: 148 Old Street, LONDON, EC1V 9HQ



IN CONFIDENCE



wa183

**Recruitment Risk Register Check\*\*/  
Criminal Record Check/  
Voters Check**



The Real Network

PLEASE PRINT CLEARLY

ADDRESS (Personnel/Agency)		ADDRESS (Office of Vacancy)	
Post Office Service Centre People Organisation Services Capstan House 35 Broadway SALFORD M50 2PB		BRACKENVALE POST OFFICE 520 SAINTFIELD ROAD BELFAST  BT8 8EU	
SERIAL NUMBER	GRO		
Personnel/Agency Officer requesting check		Angela Hague	
Contact telephone number (Include P/L No. if applicable)		GRO	Postline: GRO
Applicant's Starting Grade / Position ASSISTANT (Casual, agency, subpostmaster, etc.)			
TYPE OF CHECK <span style="float: right;">Place ticks in applicable boxes</span> Recruitment Risk Register <input checked="" type="checkbox"/> A criminal record check will only be completed for those categories of Criminal Record <input checked="" type="checkbox"/> staff approved for checking by HM Government Voters/Credit Reference <input type="checkbox"/> Voter/Credit Reference Check for POL only			

Surname: McKay Title (Mr/Mrs etc.) Miss  
 Previous Surnames Used (if any..Include maiden name)  
 First Names (in full): Donna  
 Date of Birth (dd/mm/yy) GRO Place of Birth Belfast  
 National Insurance Number GRO  
 Private Address (1) GRO Postcode GRO  
 Private Address (2) Postcode

ADDRESS (2) TO BE COMPLETED WHERE RESIDENCE AT ADDRESS (1) IS LESS THAN 2 YEARS

**Declaration (to be signed by the person being checked)**

**This form represents part of Royal Mail Groups vetting procedure. Any information must be treated in strictest confidence.**

Please read this statement carefully and sign your name to the declaration below.  
 I hereby declare by signing below that I **consent** to Royal Mail Corporate Security to carry out the Criminal Record and/or Recruitment Risk Register and/or voters/credit reference check(s) as indicated above. I am the person listed on this form. I understand that if I submit false information I may be liable to disciplinary action, up to but not excluding dismissal or criminal proceedings. Criminal Convictions which are spent under the Rehabilitation of Offenders Act 1974 do not need to be declared.

Signed: GRO Print Name: DONNA MCKAY Date: 17/1/05  
 Countersigned: GRO Print Name: B. STEPHENSON Date: 17/1/05  
 Submit to Corporate Security Intelligence Transactions Team

RESULT OF CHECK	CLEAR	ACCEPTABLE	NOT ACCEPTABLE
Recruitment Risk Register check	✓		
Criminal Record check			
Voters / Credit reference check (POL only)			

Clear = Satisfactory, Acceptable = Criminal offence(s) deemed acceptable to the business  
 Not Acceptable = Disputed information or offence(s) deemed unacceptable to the business  
 \* See attached \*\*Formerly Debarment check

**ANSWERED 25 JAN 2005**



STRICTLY CONFIDENTIAL

28 January 2005

Ref. No.

Office Name: Brackenvale

Dear Subpostmaster

**Miss Donna McKay**

You recently completed forms P250 regarding the employment of the above named candidate as an assistant/holiday substitute.

I can now advise you that our enquiries have not revealed anything that would prevent you from employing this person.

Yours sincerely

David Henderson

Business Expenses Probitu Team  
People and Organisation Services  
Capstan House  
35 Broadway  
SALFORD  
M50 2PB  
Tel:

Version 2  
14/01/2005



GM F/D TO SAM DR  
1/12/05.

IN CONFIDENCE

<b>To:</b> Miss Donna Mckay Branch Manager	<b>From:</b> Mr J Mckenny Branch Auditor	<b>cc:</b> Denise Reid Contract & Service Manager Belfast Area Intervention Office
<b>Date:</b> 16 November 2005		

Audit of Post Office® Brackenvale branch, FAD 358704

**Section 1 - Introduction**

An audit of the above branch was led by myself on Friday 11 November 2005. The purpose of this audit was to confirm compliance with a range of Business processes, procedures and regulatory requirements.

Section 2 provides a management summary.

Section 3 is a compliance certificate, which should be completed, signed and returned (in the addressed envelope provided) by \_\_\_\_\_, to confirm you have understood all the actions required for attention. **Please do not return the report, as this needs to be kept at your branch for reference.**

Appendix A details the areas of non-compliance to regulatory matters and Appendix B details areas of non-conformance identified during tests of selected policy and procedures. Both appendices include the actions agreed with yourself during the closing meeting.

At the audit, you were given a questionnaire to provide feedback on the audit process. If there is anything else you would like to bring to our attention please contact Operations Manager, John Jenkinson, on telephone no. **GRO**



## **Section 2 - Management Summary**

Based on sample tests, observation and discussion during our audit visit, we can provide assurance that controls are deployed correctly to comply with procedures in the areas of procedural security, financial controls and debit cards.

Actions to address the areas identified were agreed with yourself in the areas of regulatory requirements and standards, information security, travel insurance on demand, motor vehicle licences and card account at the Post Office®.

It was pleasing to note that concerns raised at the previous audit have been addressed.

We would like to take this opportunity to thank you and your staff for all your assistance and hospitality during the audit.



**Section 3 – Compliance Certificate Statement from Post Office® Brackenvale branch,  
FAD 358704.**

I have read and understood the report relating to the audit carried out on Friday 11 November 2005.

- There were no actions recommended to implement \*
- All actions recommended have been implemented \*
- I have implemented all of the actions recommended in the report with the following exceptions \*

**(\* Delete as applicable)**

Action No.	Reason why this has not been implemented:

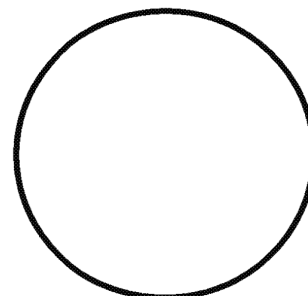
Datestamp and FAD Code - \_\_\_\_\_

Branch Name (please print) \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Signed \_\_\_\_\_





**APPENDIX A**

**Audit of Post Office® Brackenvale branch, FAD 358704 - Action Plan**

The following table details areas of non-compliance to regulatory issues and details actions agreed at the closing meeting.

Area / Action number	Non compliance	Impact of non-compliance	Reference	Action Required
<b><u>Regulatory Requirements And Standards</u></b>	<b><u>Anti Money Laundering</u></b>			
01	The branch training record (P6388) was not on hand.	Agent is unable to demonstrate competence of staff in carrying out regulated transactions. This could also result in a financial penalty being imposed Post Office Ltd	Anti Money Laundering - Training Workbook - page 41.	Maintain a training record detailing all branch members and the relevant training that they have received.
	<b><u>Financial Services Agency</u></b>			
02	The branch training record (P6417) was not on hand.	FSA regulations not complied with, which could lead to Post Office Ltd being fined or the removal of regulated products from the branch.	Post Office® financial services - subsection 3.5	Maintain a training record detailing all branch members and the relevant training that they have received.



**APPENDIX B**

**Audit of Post Office® Brackenvale branch, FAD 358704 - Action Plan**

The following table details areas of non-conformance identified during tests of selected areas at audit and details actions agreed at the closing meeting

<u>Information Security</u>				
03	Horizon passwords were not confidential to the individual operator.	Potential for fraudulent use of the Horizon system should a password become compromised.	HSUG Office admin – section 1.4	Any passwords that have been compromised must be changed immediately. In future, ensure that passwords are only known by the individual user.
04	Users on the Horizon system were unaware that they are accountable for any unauthorised usage carried out with their log on ID password.	Potential for fraudulent use of the Horizon system should a password become compromised.	HSUG Office admin – section 1.1	Ensure that all Horizon system users are aware of their accountability for any actions undertaken with their user name and password.
05	Users on the Horizon system were unaware of the need to change their passwords if they believe it has been compromised.	Potential for fraudulent use of the Horizon system should a password become compromised.	HSUG Office admin – section 1.4	Change passwords at regular intervals, or immediately, if it is felt that details have been compromised.
06	Horizon system user names were not in the correct format.	For legal purposes, the user is unable to be identified should the user account bear no resemblance to their name.	HSUG Office admin – section 1.3	Ensure that user names are set up in the following format: first initial of first name followed by the first and second initials of surname followed by 001. If 001 is not available then the user name should try 002 and so forth until the system accepts the request.



07	The MoneyGram PIN is not changed at the required frequency.	Potential for unauthorised transactions to be made through terminal. Agent liable for any consequential loss	COM - Postal Orders & International Money Orders - subsection 11.10	Ensure the Moneygram PIN is changed every 6 months. Change PIN immediately should it be compromised.
<u>Travel Insurance On Demand</u>				
08	The important notice card (P5507) was not on hand.	Inconvenience to customer if issued with a policy whereby a claim could be turned down due to failure to disclose certain information, as the important notice was not made available at the time of the transaction.	COM - Travel Insurance - subsection 4.19	Ensure that the British Insurers General Business Important Notice P5507 is on hand at all times.
09	Unaware of the important notice card regulations.	Potential to sell a policy to a customer without making them aware of certain aspects of the policy.	COM - Travel Insurance - subsection 4.19	Ensure that all staff are aware that the British Insurers General Business laminated Important Notice card (P5507) must be handed to all customers and that customers must read it before the purchase of Travel Insurance can be completed.
10	Correct fees were not charged.	Issuing of error notices. Delays in client settlement.	COM - Travel Insurance - subsection 5, subsection 7.1, 7.2	Ensure that all staff are aware of how to calculate the correct fees and that the weekly totals are recorded correctly in the cash account.



11	FOR POST OFFICE USE box not completed correctly.	Subpostmaster could be held liable for any client penalties.	Counters Operations Manual Travel Insurance - Version 6, December 2004, subsection 5	Ensure all staff are aware of how to correctly complete the FOR POST OFFICE USE box.
12	Application forms not fully completed by applicant	Subpostmaster could be held liable for any client penalties.	COM - Travel Insurance - subsection 5	Ensure all staff check completed application forms prior to undertaking the transaction
<b><u>Motor Vehicle Licences</u></b>				
13	The weekly reconciliation was not completed.	Potential for errors resulting in financial penalties imposed on the business.	COM - DVLA - subsection 20.3	Ensure reconciliation of MVLs is carried out each week before documents despatched to DVLA.
<b><u>Card Account At The Post Office®</u></b>				
14	Cards were held beyond their retention period and/or are not destroyed by cutting them into four pieces through the chip and magnetic strip	Cards not destroyed as required could be used in fraudulent manner as a means to obtain monies.	COM - On Line Banking Card Account at the Post Office - subsection 6.7	Ensure that card details are entered onto the card destruction log P6187 and destroyed after 26 weeks.





**Training Delivery Team**  
Sent by: Sarah Sampson

29/06/2006 13:58

To: Mandy Donaldson/e/f [GRO], Rosemary  
Curran [GRO] Area Intervention Office  
[GRO]

cc:

Subject: Re: Ad Hoc Request - Brackenvale

Mandy

I have arranged for Rosemary to attend on the 7, 10,11 and 14 July, as requested



Brackenvale.DOC  
regards  
Sarah Sampson

NOTE: Any response to this eMail should be sent to Training Delivery Team. Responding to the sender may incur a delay.

Training Delivery Team - Post Office Ltd.  
Capstan House, Chandlers' Point,  
35 Broadway,  
Salford Quays,  
Salford.  
M50 2PB

PL: [GRO]

STD: [GRO]



Our Ref: BNO/RNM02/VO'H/KB

29 April 1998

**In Strictest Confidence**

Merit Retail Limited  
58 Moneymore Road  
MAGHERAFELT  
BT45 6HG

Dear Sir/Madam

**BRACKENVALE FRANCHISE POST OFFICE**

As you know, in the course of carrying out an audit of your franchise post office at Brackenvale on 22 April 1998, a discrepancy of £34,349.20 was found in your accounts for which the Manager of the franchise could offer no explanation.

Due to the nature of the discrepancy, we have asked both the Police and the Post Office Security and Investigation Service to investigate the matter and we are awaiting the outcome of that investigation. Until this is completed, we do not know who, if anyone, within your organisation has any responsibility for this discrepancy, or whether any criminal offence has been committed. Nevertheless, it appears, at the very least, that a breach of the franchise contract has occurred.

Because of the seriousness of the situation, we have decided that it is essential that this franchise post office is closed for the time being. We have therefore invoked Chapter 8, Section 6.3 of the Operations Manual and we have suspended both Merit Retail and its employees from this franchise until further notice.

We will contact you again in due course, but in the meantime, please note that all our rights are hereby reserved, including without limitation the right to terminate the Franchise Agreement.

It is possible that we will want to deploy temporary agents in this franchise and we will be in touch shortly to make any necessary arrangements.

We are obviously extremely concerned at the turn which events have taken, and await the outcome of investigation with considerable anxiety. In this respect, we would draw your attention to Clause 7 (J)(v) of the Franchise Agreement which requires you to co-operate with this investigation.

Yours faithfully

**VIVIENNE O'HARE**  
Retail Network Manager





## MEMORANDUM

**To:** Mrs V O'Hare  
Retail Network Manager 02

**From:** W G Huey  
Audit Manager

**Date:** 27 April 1998

**Subject:** Audit of Brackenvale FPO

At your request an audit was carried out at Brackenvale FPO on Wednesday 22 April 1998. The result was a shortage of £34,349.20. The incoming officer in charge, Mrs G Gawley, then did an independent balance and this resulted in a shortage of £34,382.22.

On Friday 24/4/98 a second visit was made to the outlet - this was after all remittances from the office to the DC for the period 16 January 1998 (our last audit) to date had been confirmed.

When we attended on 24/4/98 we attempted to confirm that all GIRO DEPOSITS made by Merit, the company franchise, had been entered on the G6301s (Giro Inpayment Forms). This exercise showed that 5 deposits received from Merit had not been entered into Giro Deposits. These are as follows:

• Wednesday 4 February 1998	£ 7880.89
• Friday 6 February 1998	£ 7223.65
• Wednesday 18 February 1998	£ 7801.65
• Thursday 19 February 1998	£ 7635.76
• Friday 21 February 1998	£ 7164.12
	<u>£ 37706.07</u>

21

When I enquired of Chris Stewart, the officer in charge of the Post Office, what had happened with these deposits he said he did not know but he was instructed to bring them to account by the company accountant - Gerard McGarry. This he did on 15 April 1998 (W3). I then asked Chris how did he balance on Week 3, his reply was he inflated the cash on hand because he was aware he would be short. I then asked him how much he had inflated his cash by, but he could not remember. He also said it was his idea to inflate the cash.

These statements by Chris Stewart were witnessed by Mrs L McLaughlin Post Office Auditor and Mrs G Gawley Brackenvale Post Office.

**W G HUEY**  
Audit Manager



**FALSE ACCOUNTING THEFT**

**Offender:** Mr Christopher STEWART IC 1

**Rank:** Sub Office Assistant/Clerk in Charge

**Office:** Brackenvale FPO  
520 Saintfield Road  
BELFAST  
BT8 8EU

**Age:** GRO

**D.O.B:** GRO

**Service:** 18 months

**Home Address:** GRO

**Dismissed 22 April 1998**

---

**Regional Security & Investigation Manager**

The circumstances leading to enquiries in this case are fully detailed in the memorandum at Page 2 from Mr R. Sarwar.

The enquiry insofar as POCL is concerned relate to a deficiency of £34,349.20p revealed at an audit of Brackenvale FPO carried out on 22 April 1998 following the RNM's concern in relation to the bringing to account of Girobank Business Deposits. It will be seen from the report at Page 2 that Merit Retail, who have the franchise for the Post Office, also run a business at the Post Office site and the takings from the business are paid in to the Post Office for crediting to the Merit Retail Girobank Account. During February 1998 five such deposits were made but were not brought to account and when this became apparent to the company Finance Manager in April, he instructed Mr Stewart to bring them to account, which he did although there was clearly no money to balance the accounts and this was the direct cause of the audit shortage.

Details of the missing deposits are enclosed at Appendix A.

On being informed of the outcome of the audit the company immediately reported the facts to the Royal Ulster Constabulary and all subsequent enquiries have been carried out by D/S Tom Clements and D/C Godfrey Donaldson of Carryduff CID ( GRO ) with whom I have maintained constant liaison and on the 14 May and 18 June 1998 I also attended interviews between the police and the above named offender which were tape recorded.

I have also been in regular contact with Vivienne O'Hare, RNM and Leslie Oldfield of the Risk Team in Chesterfield.

I have obtained from Girobank copies of all in-payment documents relative to Merit Retail in payments at Brackenvale, which are retained in my office because of their bulk. Examination of these forms clearly indicates that Mr Stewart did not send away daily records as he should have done and in consequence there was regular delay in the submission of documents. Various other failures revealed immediately following the discovery of the deficiency due to Merit Retail's lax or non existent management controls have been taken up with the Directors of the company by the RNM and have already been remedied.



Also found at the office during the course of the enquiry was a locked cash box which when forced open was found to contain the Pension Orders and cheques due to have been remitted from the office on 15 April 1998 but which had not been sent away. Mr Stewart was questioned as to why this had happened but he maintained that he had failed to despatch them due to pressure of work and he denied having intended to reintroduce them at a later date for his financial gain.

During the interviews Mr Stewart has strenuously denied the theft of monies from Brackenvale which, in addition to the audit shortage, totals a further £14,000 in relation to private business takings which had not been accounted for through Girobank.

His only admissions relate to the taking of £400 on 3 April 1998 which he states he later replaced and to falsifying various Cash Accounts.

Police enquiries are ongoing but at the present time no further assistance is required. The police officers are aware of my impending leave.

The audit deficiency has been made good by Merit Retail.

The file is submitted for the present position to be noted and it will no doubt be returned at the end of July in order that I may continue liaison. During my leave it is suggested that Mr Sarwar retains the file in case of any query from the Northern Ireland Network Office.

**GRO**

P. WEBB  
Investigation Manager  
22 June 1998

01383 721126

*Report noted and file control  
arrangements agreed  
for file  
23/6/98*

*RAM:*

*I have confirmed today that*





## MEMORANDUM

**To:** Billy Huey  
Audit Manager

**From:** Vivienne O'Hare  
Retail Network Manager 02

**Date:** 17 February 1998

**Ref:** RNM02/VO'H/KB

---

**Subject:** Audit, Brackenvale FPO - 16 January 1998

In response to the above audit I have been in contact with the office and visited Mr McCaffrey, Site Manager, and the Post Office Manager on Friday 13 February.

It is clear that a training requirement is evident, however it was identified that the existing manager wishes to revert to counter clerk and I have confirmed that Mr McCaffrey is actively seeking a new manager.

I have taken some action to assist the existing manager in plugging some of the gaps in job knowledge and I have also managed to have most of the retail outlet responsibilities removed from the Post office manager to enable him to dispatch all POCL requirements, outline and maintain controls. Training will be arranged when the new manager is appointed.

Referring to the actual points raised in your reports:

- *Balancing Record - Cause of overages and shortages has been identified and rectified*
- *Security of Cash & Stock - Actioned*
- *Cash Holdings not entered on daily sheet - Actioned*
- *In-house change supplies - Actioned*
- *P4571 Reconciliation of Powercards - Actioned*

**GRO**

VIVIENNE O'HARE  
Retail Network Manager 02





## MEMORANDUM

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Audit Manager

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**GRO**

VIVIENNE O'HARE  
Retail Network Manager 02



U

Brackenvale

To Vivienne O'Hare  
Retail Network Manager  
Belfast Network Office

From Mandy Donaldson  
Audit Section  
Belfast Network Office

Date 19 January 1998

Subject SCHEDULED/LP AUDIT, BRACKENVALE FPO  
FRIDAY 16 JANUARY 1998

This audit was undertaken as a result of S&IS identifying variance between ReCall and Cash Account ONCH.

An audit of accounts was carried out at the above office on 16 January 1998 which resulted in a surplus of £284.53. Systems compliance tests were not undertaken at audit as Office Manager appears to have little knowledge of backroom work.

Although audit was performed on Friday, the cash account had not been completed or despatched. Office Manager stated that cash account and associated documents are not usually despatched until Saturday. This was confirmed at audit as pension and allowance dockets, paid postal order and redeemed saving stamps proper to the previous week were still on hand. Cheques, which had been accepted during cash account week 42, were also on hand despite the fact that Office Manager had "claimed" the amount in his cash account. Savings Bank documents proper to 8 January 1998 were still on hand.

Balancing at office is erratic - record of balances since current Manager assumed responsibility is detailed below:

WEEK NO	SHORTAGE	SURPLUS
35	£ 127.22	
36		£1040.42
37		£5552.75
38	£ 4246.22	
39		£8620.91
40	£ 351.78	
41	£10506.10	
42	£ 3291.82	



Not all cash and stock was secured overnight. Cash was "found" at audit under datestamp pads, on counter, sitting on chairs and stock was left on top of cupboard and unsecured in counter drawer.

No figures had been entered on daily sheet for current cash account week. Office Manager enters cash holdings each morning directly onto P4102 and no record is maintained at office.

Office supplies change to inhouse retail business but no records/control are maintained to monitor usage.

P4571 (Reconciliation of Powercards) is not completed weekly thus providing no effective control of powercards.

Office is issuing "old style" milk tokens - these should have been withdrawn last year.

Could you please advise this section in writing, of whatever action you deem necessary to address this situation.

Mandy Donaldson



04-06 '96 17:34 FAX 0246 217991

BPI CONSULTANCY

00

**Brooker, Clare**

**From:** Brooker, Clare  
**To:** Large, Paul  
**Subject:** Brackenvale Franchise Post Office Insurance  
**Date:** 04 June 1996 4:13  
**Priority:** High

We spoke on the phone today and I promised to spell out the insurance position at Brackenvale Franchise Post Office.

POCL will include cover for POCL cash and Stock held at Brackenvale on our own Crime Catastrophe insurance policy, until we have the POCL Franchise Post Office Insurance option up and running. We expect that this will be available in the very near future. This temporary cover will be at no cost to Merrit Retail Ltd, however there are two exclusions to this cover:-

- i) negligence on the part of Merrit Retail Ltd's staff at Brackenvale, and
- ii) staff fidelity at Brackenvale FPO.


Exclusion i) applies as we consider that Merrit Retail Ltd (in common with all our Franchise partners and Subpostmasters) has a duty of care to protect POCL cash and stock at the FPO. Exclusion ii) applies because Merrit Retail Ltd are responsible for the recruitment of staff for the FPO (as are all our agents).

Essentially we are giving insurance cover for POCL Cash and Stock held at the FPO in the event of burglary or robbery provided that any loss is not caused by either i) and/or ii) above. Any losses as a result of i) and/or ii) above will have to be made good to POCL by the Franchisee.

Once we have implemented the POCL FPO Insurance scheme, we would expect Merrit Retail Ltd to arrange cover via POCL.

I hope that the above is clear and that the terms are acceptable to Merrit Retail. Can I ask you, please, to let me know as soon as possible. In the mean - time, please don't hesitate to give me a call if you need any further detail.

LESLEY ELLIOTT  
Insurance Manager

To	Paul Large	 <b>Post-It<sup>®</sup> Fax Note</b> Ref No: 763E
Company	SCN (Gald)	
From	Lesley Elliott	
Company		
Tel No		No of Pages

**GRO**



**Large, Paul**

---

**From:** Brooker, Clare  
**To:** Large, Paul  
**Subject:** Franchise Insurance for Company Franchises  
**Date:** 30 May 1996 15:25

As I promised Paul, here are the options for the insurance of POCL Cash and Stock held at Company Franchise Post Offices.

The Counters Operations Manual - Franchise Post Offices states that -

**LIABILITY FOR LOSSES --**

Franchisees will be responsible for all losses, however caused, and deficiencies due to such losses must be made good immediately or at the next cash account period.

**INSURANCE REQUIREMENT-**

It is the responsibility of the Franchisee to insure against loss or damage of POCL Cash and Stock and other POCL property, howsoever caused. The limit of cover required for the insurance of POCL Cash and Stock held at a FPO will be determined by the POCL Risk & Insurance Team.

**OPTIONS FOR INSURANCE ARE -**

- A) to self insure, where the Franchisee can prove that they have the financial ability to make good all losses should a loss occur at a FPO;
- B) to include cover for POCL Cash and Stock held at the FPO on an existing company policy, ie the extension of a current shop policy to include POCL Cash and Stock;
- C) to arrange their own insurance policy, provided that any such policy is acceptable to POCL; and
- D) to arrange cover through POCL.

POCL aim to have in place by July 1996 a policy that will cover POCL Cash & Stock held at FPOs. This cover will, however, be subject to two exclusions ;

- i) negligence on the part of the Franchisee or their employees at the FPO;and
- ii) Franchisee staff fidelity at the FPO.

**In the event of an office opening prior to the POCL insurance becoming live, POCL will provide temporary insurance cover for POCL Cash & Stock held at an FPO. This cover is subject to two exclusions;**

- i) negligence on the part of the Franchisee or their employees at the FPO;and
- ii) franchisee staff fidelity at the FPO.

**This temporary cover will be provided at no cost to the Franchisee, however, when POCL's insurance scheme is live, the Franchisee will be expected to take up this insurance.**

I hope that this info will help you with your problem, however if you need any further help, please give me a call.

PS hope you get this, this is my first E-Mail !

Lesley Elliott



04/06 '96 17:34

FAX 0246 217991

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LESLEY ELLIOTT  
Insurance Manager

To	Paul Large	<b>FAX</b>
Company	SW Retail	
From	Lesley Elliott	<b>Post-It Fax Note</b>
Company		Ref No: 768E
Tel No	No of Pages	

**GRO**



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I hope that this info will help you with your problem, however if you need any further help, please give me a call.

PS hope you get this, this is my first E-Mail !

Lesley Elliott



**DRAFT**

**GRO**

AC/7111/JM

Merit Retail Limited  
58 Moneymore Road  
Magherafelt  
BT45 6HG

**WITHOUT PREJUDICE**

Dear [.....]

**RE: BRACKENVALE FRANCHISE POST OFFICE**

I refer to my letter of [.....] April 1998.

Since then, as you are aware, the Police have arrested a member of the franchise post office staff in connection with the discrepancies in the audit. It appears that this is the only person who was involved in the discrepancies and we have therefore allowed you to reopen the post office on condition that you comply with the requirements set out in the attached annex until further notice.

All POCL's rights with regard to the losses are reserved.

Yours sincerely

.....

# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

30th April, 1998.

Post Office Counters Ltd.,  
Scotland & Northern Ireland,  
Belfast Network Office,  
Queens House,  
14 Queen Street,  
Belfast, BT1 6EX.

For the attn of Mrs. Vivienne O'Hare

Dear Madam,

**RE: BRACKENVALE FRANCHISE POST OFFICE**

Please find attached Recommendations resulting from meeting on Wednesday, 29th April, 1998, duly signed as requested. We would confirm that these Recommendations have all now been actioned.

Yours faithfully,  
**FOR MERIT RETAIL LTD.,**

**GRO**

T. Conway (Mrs),  
DIRECTOR.

## RECOMMENDATIONS RESULTING FROM MEETING

*Wednesday 29 April 1998 - Brackenvale FPO*

- Summary of till totals to be amended to include: prepared by, checked by, lodgement prepared by.
- Retail checks and lodgement to be prepared by an independent member of staff - not post office personnel processing transaction.
- Merit Retail lodgement book to be removed from Post Office and retained by site manager who should ensure receipts are available for daily lodgements.
- Retail cash should be checked, lodged and dispatched on same day.
- Produce list of authorised personnel to the secure area and introduce a recorded system of such personnel entering and leaving the secure area.
- Site Manager or nominated substitute to carry out Ad Hoc checks of cash on hand at the Post Office and reconcile with cash locked up in daily book at least once a month.
- Introduce a process to ensure timely reconciliation of Merit Retail bank account.

I confirm the above recommendations will be introduced with effect from Thursday 30 April 1998.

**GRO**

Signature:

Date:

30/4/98



April 1998

Claiming for a loss  
of £100k approx  
had our insurance.  
internal negligence or  
a clerk was responsible  
but no proof.

They made good the loss  
but are now trying to  
claim

Mrs Conway  
Merit Retail Ltd  
58 Moneymore Road  
Magherfelt  
Co Derry  
N Ireland BT45 6HG

3 March, 2000

Dear Mrs Conway,

RNAL Vivien O'Hale  
clarification of facts

RE: Franchise Renewal Agreement For Brackenvale Post Office



As you know, we are in the fourth year of this particular Franchise Agreement. I am pleased to enclose two copies of our current form of Franchise Agreement. Please note that it is in our standard form, and generally, amendments are unacceptable. I also enclose detail of the renovation works we now require you to carry out. These works are our current franchise standard & will be at your cost.

Renewal is dependent on the conditions precedent as set out in Clause 3(A). This letter and enclosures cannot be regarded as an admission by us that the conditions precedent have been complied with. All of Post Office Counters Ltd rights in relation to any breaches are reserved.

If you wish to renew the Franchise Agreement, please affix your company seal on page 27 and on the current plans that are attached inside of the back cover of the agreement. The seal should be witnessed by a Director and Company Secretary and returned recorded delivery to me by the 04/04/2000.

The new Franchise Agreement will take effect from the expiry of the current Franchise Agreement. Once you return the Franchise Agreement to us, we will take it that you have agreed the renovation works. Please note that the renovation works must be completed within 60 days (of receipt by you of our requirements). POCL will require access to your premises in order to inspect the completed works and will give you notice of such visits.



18. I would:/  
I would:/  
deposits from the retail  
side were not paid in.  
reversing the accounts.  
18. Controls recommendations  
put in place  
GRO

2

3 March, 2000

I would like to remind you of the provisions of Clause 3 (c) generally, and in particular the effect of sub-clause (iv). You will lose your right to a new Franchise Agreement in the circumstances set out in that clause and POCL's rights in relation to this are reserved.

If you are considering not renewing the contract, an alternative could be to sell on the post office to another retailer. Please remember that you should approach us - we may be able to help you with marketing, and indeed finding a suitable buyer.

I look forward to hearing from you as soon as possible and if you have any queries, please do not hesitate to contact me. I hope that we can continue to work together successfully in the future.

Yours sincerely

**Chris Sutton**  
**Franchise Project Manager**

**GRO**

**Enc. 2 x Franchise Agreements & works required under sub clause 3 (C) i**

cc: **Liz Schumann**  
**Franchise Account Manager**

Ken  
Merric Retail  
Raymond Cray phoned  
Re: Brakenvale FPO.  
**GRO**  
**GRO**

To: Carol Heaps  
Retail Network Manager

From: William Sodden  
Post Office Network (North)  
Security Section

Date: 07 February 2000

Subject: Investigation at Brackenvale CFPO

(our reference: 08/SNI/011/989 )

---

Please find enclosed a copy of a report relating to an investigation affecting one of your Post Offices. The report should not be copied and should be dealt with in strictest confidence.

The investigation is now complete and I would ask that you now:

- deal with any outstanding accounting issues
- deal with any outstanding disciplinary matters, if appropriate
- review any procedural or supervisory matters you feel necessary
- re-iterate to staff the importance of following proper procedures, if you feel it appropriate to do so.

Should you wish to discuss any aspect of the case please contact either Rashid Sarwar on GRO or the Security Manager whose name appears on the report.

Thank you for your assistance.



Post Office Counters Limited  
Security & Investigation Section  
Dunfermline Branch Office  
42/44 Queen Anne Street  
DUNFERMLINE  
KY12 7AA

Tel: GRO

4 February 2000

Dawn,

As promised, copies of the e-mails and the losses we were aware of.

In the letter you send to the Territory you may wish to include our file reference,

08/SNI/11/989, as someone might wish sight of it.

Regards

**GRO**

PETER WEBB  
Security Team Leader.



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our ref gmg/mr/brac/cartwright2

8 December 1999

Ms Dawn Cartwright  
Group Treasury  
3<sup>rd</sup> Floor  
Block A  
Rowland Hill House  
Chesterfield  
S49 1HQ

Dear Ms Cartwright

Further to your telephone call yesterday, please find enclosed a copy of our letter from Lesley Oldfield on 5<sup>th</sup> May 1998.

Trusting that this meets with your requirements.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

Enc



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: GRO

FAX: GRO

Gmg/mr/brac/oldfield2

17 November 1999

Ms Lesley Oldfield  
Insurance Manager  
Banking & Risk Team  
Post Office Counters Ltd  
Chetwynd House  
Chesterfield  
S49 1PF

Dear Ms Oldfield

Further to your letter of 23 June 1998, we have now received the enclosed letter from the Royal Ulster Constabulary.

Therefore, we now seek compensation for our losses, as outlined in our letter of 6<sup>th</sup> May 1998, under the Post Office Insurance Scheme.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

Enc





# THE ROYAL ULSTER CONSTABULARY

POLICE STATION: CARRYDUFF RUC

OUR REFERENCE:

YOUR REFERENCE:

ANY REPLIES TO THIS COMMUNICATION SHOULD BE  
ADDRESSED TO D/SERGEANT CLEMENTS

TELEPHONE NO:

GRO  
Ext: GRO

DATE:

12 November 1999

MsT Conway  
Brackenvale Service Station  
520 Saintfield Road  
Carryduff  
BT8 8ES

Dear MsConway

With reference to the theft of monies in excess of £52,000.00 between 16 January 1998 and 22 April 1998 from Brackenvale Post Office, 520 Saintfield Road, Carryduff, to date no persons have been made amenable for this offence. Employees and former employees of Brackenvale have been interviewed, however, there is insufficient evidence to sustain a prosecution against anyone at this time.

Yours sincerely

**GRO**

T CLEMENTS  
D/Sergeant  
Carryduff CID



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our ref: bb/mr/bvale/po

24 March 1999

National Franchise Sales & Account Manager  
Post Office Counters Ltd  
King Edward Building  
King Edward Street  
London  
EC1A 1AA

**FOR THE ATTENTION OF LESLEY CARTWRIGHT**

Dear Lesley

**REFERENCE: BRACKENVALE POST OFFICE**

Subject to our telephone conversation I am writing to you to request the cancellation of our insurance waiver agreement which expires on 31 March 1999.

We have arranged alternative cover with our insurance brokers and we will furnish you with copies of same as soon as we receive them.

Thanking You.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Bronagh Birt

GRO



58

Territorial Security Manager.

It has been ascertained, from information within the attached e mail that there was insufficient evidence in this case to proceed against the suspected offender, Christopher Stewart.

**GRO**

3/2/99.

**GRO**



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our Ref: tc/po

8 July 1998

Chris Sutton/Lesley Cartwright  
National Franchise Sales & Account Manager  
Post Office Counters Limited  
King Edward Building  
King Edward Street  
London  
EC1A 1AA

Dear Sir/Madam

In response to your letter of 1 July in respect of Franchise Post Office Insurance Waiver, we hereby confirm our intent to commence with the waiver and await receipt of the relevant documentation for same.

Please acknowledge receipt of this letter at your earliest convenience.

Yours sincerely

GRO

GRO

Mrs T Conway

GRO



**FALSE ACCOUNTING THEFT**

**Offender:** Mr Christopher STEWART IC 1

**Rank:** Sub Office Assistant/Clerk in Charge

**Office:** Brackenvale FPO  
520 Saintfield Road  
BELFAST  
BT8 8EU

**Age:** GRO

**D.O.B:** GRO

**Service:** 18 months

**Home Address:** GRO

**Dismissed 22 April 1998**

---

**Regional Security & Investigation Manager**

The circumstances leading to enquiries in this case are fully detailed in the memorandum at Page 2 from Mr R. Sarwar.

The enquiry insofar as POCL is concerned relate to a deficiency of £34,349.20p revealed at an audit of Brackenvale FPO carried out on 22 April 1998 following the RNM's concern in relation to the bringing to account of Girobank Business Deposits. It will be seen from the report at Page 2 that Merit Retail, who have the franchise for the Post Office, also run a business at the Post Office site and the takings from the business are paid in to the Post Office for crediting to the Merit Retail Girobank Account. During February 1998 five such deposits were made but were not brought to account and when this became apparent to the company Finance Manager in April, he instructed Mr Stewart to bring them to account, which he did although there was clearly no money to balance the accounts and this was the direct cause of the audit shortage.

Details of the missing deposits are enclosed at Appendix A.

On being informed of the outcome of the audit the company immediately reported the facts to the Royal Ulster Constabulary and all subsequent enquiries have been carried out by D/S Tom Clements and D/C Godfrey Donaldson of Carryduff CID ( GRO ) with whom I have maintained constant liaison and on the 14 May and 18 June 1998 I also attended interviews between the police and the above named offender which were tape recorded.

I have also been in regular contact with Vivienne O'Hare, RNM and Leslie Oldfield of the Risk Team in Chesterfield.

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Also found at the office during the course of the enquiry was a locked cash box which when forced open was found to contain the Pension Orders and cheques due to have been remitted from the office on 15 April 1998 but which had not been sent away. Mr Stewart was questioned as to why this had happened but he maintained that he had failed to despatch them due to pressure of work and he denied having intended to reintroduce them at a later date for his financial gain.

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The audit deficiency has been made good by Merit Retail.

The file is submitted for the present position to be noted and it will no doubt be returned at the end of July in order that I may continue liaison. During my leave it is suggested that Mr Sarwar retains the file in case of any query from the Northern Ireland Network Office.

**GRO**

P. WEBB  
Investigation Manager  
22 June 1998

**GRO**

*Report noted and file content  
arrangement agreed  
feather  
23/6/98*

*RAM:*

*I have confirmed today that*





Mr G McGarry  
Merit Retail Ltd  
58 Moneymore Rd  
Magherafelt  
BT45 6HG

Post Office Counters Ltd

23 June 1998

Dear Mr McGarry,

**RE: Brackenvale Franchise Post Office**

Thank you for your note of 22 June, re the above office.

I can confirm that your claim is currently being dealt with by myself and our Regional Security Team. The cover provided, free of charge, to your company for Post Office Cash and Stock held at your Franchise Post Office is an internally run scheme operated solely by Post Office Counters Ltd (POCL) and as you are aware, does not cover losses of POCL cash and stock where theft is proven to be as the result of staff infidelity at the Franchise Office.

I understand from Peter Webb, our Regional Security Manager, that unfortunately, staff infidelity could be an issue in this particular case and the case has now been referred to the Director of Public Prosecutions (DPP). Until we have DPP confirmation that staff infidelity is not an issue in this loss, we are unable to progress this claim further.

Please be assured, as soon as I and Peter Webb have the PDD verdict on this case, we shall promptly proceed with the claim.

Yours faithfully,

**GRO**

Lesley Oldfield  
Insurance Manager

Post Office Counters Ltd  
Chetwynd House  
Chesterfield S49 1PF

Facsimile: **GRO**

Post Office Counters Ltd is a registered company in England and Wales. Registered office: 100, Broad Street, London, W1A 2AB. Registered number: 02068812. Registered in England and Wales. Registered office: 100, Broad Street, London, W1A 2AB. Registered number: 02068812.



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our Ref: gmg/mr/brac/oldfield.

22 June 1998

Ms Lesley Oldfield  
Insurance Manager  
Banking & Risk Team  
Post Office Counters Ltd  
Cherwynd House  
Chesterfield  
S49 1PF

Dear Ms Oldfield

I refer to our telephone conversation this morning when you said that you would find out who I should contact regarding pursuing the claim lodged on 6 May 1998.

At this time we request that the relevant department/ individual confirms in writing your receipt of this claim and of the procedure to follow regarding its pursuance.

Yours faithfully  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry  
Accountant



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

Our Ref: gmg/mr/brac/oldfield

6 May 1998

Ms Lesley Oldfield  
Insurance Manager - Banking & Risk Team  
Post Office Counters Ltd  
Cherwynd House  
Chesterfield. S49 1PF

Dear Ms Oldfield

I have received your letter of 5 May 1998 regarding insurance cover for Brackenvale Post Office.

We hereby confirm that the terms outlined on this same letter are acceptable to us and therefore request written confirmation from you that we are presently covered for losses as detailed thereon.

At this time we hereby inform you that a claim is now being lodged under this scheme, the details of which are documented below.

Cash relating to shop sales on the following dates and due to be credited to Brackenvale account with Girobank was misappropriated between 4 February and 22 April 1998.

February	4	£7880.89	
	6	£7223.65	
	18	£7801.65	
	19	£7635.76	
	27	£7164.12	
March	27	£5706.69	
April	6	£7363.23	
	16	£7177.75	
	17	<u>£6195.48</u>	
		£64149.48	
Less		<u>£ 8466.63</u>	Credited in error
		£55682.59	

Please furnish us with any additional documentation you require for submission of the claim.

Yours faithfully  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry  
Accountant



05/05 '98 15:40

GRO

POCL

001

POST  
OFFICE

Mr G McGarry  
Merit Retail  
58 Moneymore Road  
Magherafelt  
BT45 6HG

Post Office Counters Ltd  
5 May 1998

Dear Mr McGarry,

RE: INSURANCE COVER FOR BRACKENVALE FRANCHISE POST OFFICE

Thank you for your call re the above. I can confirm that POCL continues to provide temporary insurance cover for POCL cash and stock held at the above office.

This cover continues to be subject to the following conditions :

- 1) POCL will not provide cover for losses of POCL cash and stock should such losses be proven to be as the result of i) negligence on the part of staff employed at the office and/or ii) staff infidelity.
- 2) POCL expects that every care will be taken by you, as the franchisee, to ensure the safe keeping of POCL cash and stock at the Franchise office and implement any recommendations POCL may make with regard to physical and procedural security at the office.
- 3) Once POCL is able to implement the FPO waiver, you as our franchise partner, will take up the new waiver scheme.

Can I ask you please to confirm the above is acceptable to you.

Yours sincerely,

**GRO**

Lesley O'Brien  
Insurance Manager  
Banking & Risk Team

Tel GRO

Post Office Counters Ltd  
Chetwynd House  
Chesterfield S49 1PF  
Facsimile **GRO**

Post Office Counters Ltd Registered in England  
No: 2154540 Registered Office King Edward Building  
King Edward Street London EC1A 1AA



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

30th April, 1998.

Post Office Counters Ltd.,  
Scotland & Northern Ireland,  
Belfast Network Office,  
Queens House,  
14 Queen Street,  
Belfast, BT1 6EX.

For the attn of Mrs. Vivienne O'Hare

Dear Madam,

**RE: BRACKENVALE FRANCHISE POST OFFICE**

Please find attached Recommendations resulting from meeting on Wednesday, 29th April, 1998, duly signed as requested. We would confirm that these Recommendations have all now been actioned.

Yours faithfully,  
**FOR MERIT RETAIL LTD.,**

**GRO**

T. Conway (Mrs),  
DIRECTOR.



## RECOMMENDATIONS RESULTING FROM MEETING

*Wednesday 29 April 1998 - Brackenvale FPO*

- Summary of till totals to be amended to include: prepared by, checked by, lodgement prepared by.
- Retail checks and lodgement to be prepared by an independent member of staff - not post office personnel processing transaction.
- Merit Retail lodgement book to be removed from Post Office and retained by site manager who should ensure receipts are available for daily lodgements.
- Retail cash should be checked, lodged and dispatched on same day.
- Produce list of authorised personnel to the secure area and introduce a recorded system of such personnel entering and leaving the secure area.
- Site Manager or nominated substitute to carry out Ad Hoc checks of cash on hand at the Post Office and reconcile with cash locked up in daily book at least once a month.
- Introduce a process to ensure timely reconciliation of Merit Retail bank account.

I confirm the above recommendations will be introduced with effect from Thursday 30 April 1998.

Signature:

**GRO**

Date:

30/4/98



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

30th April, 1998.

Post Office Counters Ltd.,  
Scotland & Northern Ireland,  
Belfast Network Office,  
Queens House,  
14 Queen Street,  
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For the attn of Mrs. Vivienne O'Hare

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**GRO**

T. Conway (Mrs),  
DIRECTOR.



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- Introduce a process to ensure timely reconciliation of Merit Retail bank account.

I confirm the above recommendations will be introduced with effect from Thursday 30 April 1998.

**GRO**

Signature:

Date:

30/4/98



Our Ref: BNO/RNM02/VO'H/KB

29 April 1998

**In Strictest Confidence**

Merit Retail Limited  
58 Moneymore Road  
MAGHERAFELT  
BT45 6HG

Dear Sir/Madam

**BRACKENVALE FRANCHISE POST OFFICE**

As you know, in the course of carrying out an audit of your franchise post office at Brackenvale on 22 April 1998, a discrepancy of £34,349.20 was found in your accounts for which the Manager of the franchise could offer no explanation.

Due to the nature of the discrepancy, we have asked both the Police and the Post Office Security and Investigation Service to investigate the matter and we are awaiting the outcome of that investigation. Until this is completed, we do not know who, if anyone, within your organisation has any responsibility for this discrepancy, or whether any criminal offence has been committed. Nevertheless, it appears, at the very least, that a breach of the franchise contract has occurred.

Because of the seriousness of the situation, we have decided that it is essential that this franchise post office is closed for the time being. We have therefore invoked Chapter 8, Section 6.3 of the Operations Manual and we suspended both Merit Retail and its employees from this franchise until further notice.

We will contact you again in due course, but in the meantime, please note that all our rights are hereby reserved, including without limitation the right to terminate the Franchise Agreement.

It is possible that we will want to deploy temporary agents in this franchise and we will be in touch shortly to make any necessary arrangements.

We are obviously extremely concerned at the turn which events have taken, and await the outcome of investigation with considerable anxiety. In this respect, we would draw your attention to Clause 7 (J)(v) of the Franchise Agreement which requires you to co-operate with this investigation.

Yours faithfully

**VIVIENNE O'HARE**  
Retail Network Manager



28/04 '98 TUE 16:06 FAX

**GRO**

LEGAL SERVICES

003

**DRAFT**

Merit Retail Limited  
58 Moneymore Road  
Magherafelt  
BT45 6HG

**GRO**

AC/7111/JM

28 April 1998

*IN STRICTEST CONFIDENCE*  
**WITHOUT PREJUDICE**

Dear [.....]

**RE: BRACKENVALE FRANCHISE POST OFFICE**

As you know, in the course of carrying out an audit of your franchise post office at Brackenvale on 22 April 1998, a discrepancy of at least £34,000 was found in your accounts for which the Manager of the franchise could offer no explanation.

Due to the nature of the discrepancy, we have asked both the Police and the Post Office Security and Investigation Service to investigate the matter and we are awaiting the outcome of that investigation. Until this is completed, we do not know who, if anyone, within your organisation has any responsibility for this discrepancy, or whether any criminal offence has been committed. Nevertheless, it appears at the very least that a breach of the franchise contract has occurred.

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We will contact you again in due course but in the meantime, please note that all our rights are hereby reserved, including without limitation the right to terminate the Franchise Agreement.



**DRAFT**

**GRO**

AC/7111/JM

Merit Retail Limited  
58 Moneymore Road  
Magherafelt  
BT45 6HG

**WITHOUT PREJUDICE**

Dear [.....]

**RE: BRACKENVALE FRANCHISE POST OFFICE**

I refer to my letter of [.....] April 1998.

Since then, as you are aware, the Police have arrested a member of the franchise post office staff in connection with the discrepancies in the audit. It appears that this is the only person who was involved in the discrepancies and we have therefore allowed you to reopen the post office on condition that you comply with the requirements set out in the attached annex until further notice.

All POCL's rights with regard to the losses are reserved.

Yours sincerely

.....



~~COPY FOR REFERENCE ONLY~~ X

THIS SUPPLEMENT AGREEMENT is made of 1998

BETWEEN:

(1) POST OFFICE COUNTERS LIMITED ("Franchisor") of King Edward Building,  
King Edward Street, London EC1A 1AA

and

(2) ● FULL COMPANY NAME ("Franchisee") of ● REGISTERED ADDRESS

RECITALS

- (A) The Franchisor and the Franchisee have entered into a Franchise Agreement ("Franchise Agreement") dated ● START DATE OF FRANCHISE OR IF RENEWED + 5 YRS
- (B) This agreement is supplemental to the Franchise Agreement.

IT IS BY THIS AGREEMENT AGREED as follows:

1. In this Agreement references to:

- (i) persons include bodies corporate, unincorporated associations and partnerships;
- (ii) a person includes the person's legal personal representative(s) or successor(s);
- (iii) an agreement or other document are to that agreement or document as from time to time supplemental or amended;
- (iv) references to persons include all firms, partnership and bodies corporate and unincorporate.

2. This Agreement shall be construed together with the Franchise Agreement. If there is any conflict or inconsistency between the provisions of this Agreement and the Franchise Agreement then this Agreement shall prevail insofar as the conflict concerns matters dealt with in this Agreement. Otherwise the provisions of the Franchise Agreement shall prevail.

## COPY FOR REFERENCE ONLY

3. The words and expressions used in this Agreement have the meanings set out in paragraph 9.
4. In the event that any of the Products are stolen from or lost or damaged at the premises of the Franchisee, the Franchisor agrees to waive its rights to commence legal proceedings or otherwise bring a claim against the Franchisee in respect of the theft, loss or damage in consideration for payment by the Franchisee of an annual waiver fee in the sum of £3,000 (plus VAT) or such other sum as the parties may agree in accordance with paragraph 6 below. The fee shall be payable annually in advance on the Renewal Date. For the avoidance of doubt for any period of less than one year for which this Agreement is in force the annual waiver fee (as may be varied from time to time) shall be such amount pro rated on the basis of time.
5. This agreement shall commence on the date hereof and shall continue until midnight immediately before the Renewal Date. Thereafter the Agreement shall continue in force from 1 April to 31 March from year to year unless terminated under the provisions of this Agreement.
6. The level of the annual waiver fee shall be reviewed annually by the Franchisor. The amended annual waiver fee shall be notified to the Franchisee by posting such notification to the Franchisee by ordinary first class delivery not later than (*date*) prior to the Renewal Date on which such amendment is to take effect. If the Franchisee does not accept such amendment by the date specified in the notice (or such later date as the Franchisor may accept), this Agreement shall terminate with effect from midnight immediately before the Renewal Date.
7. The waiver of rights shall not apply and the Franchisor shall not be precluded from commencing legal proceedings or otherwise make a claim against the Franchisee in circumstance where the theft, loss or damage is caused by or contributed to by the Franchisee's failure to ensure that:
  - 7.1 any safe or strong room containing the Products is securely locked and that all keys are removed from the premises or kept by an employee whenever the premises are unattended;
  - 7.2 a complete record of the Products is kept and deposited in a secure space other than a safe or a strong room containing the Products;

## COPY FOR REFERENCE ONLY

- 7.3 all security alarms and protections as recommended by the Franchisor are installed at the premises and in working order;
  - 7.4 any burglar alarm is put into full and effective operation at night and whenever the premises are closed for business or left unattended;
  - 7.5 the burglar alarm is maintained under a contract by an installer approved by the National Supervisory Council for Intruder Alarms or by the Franchisor;
  - 7.6 where an Employee of the Franchisee occupies part of the premises for residential purposes the key to the safe or strong room is removed from the business part of the premises; and
  - 7.7 any other security precautions as may be advised by the Franchisor to the Franchisee are observed at all times.
- 8 Further, the waiver shall not apply and the Franchisor shall not be precluded from commencing legal proceedings or otherwise bringing a claim against the Franchisee in the event that the theft, loss or damage to the Products is caused by or due to:
- 8.1 any dishonest act or negligence of any Employee or Employees;
  - 8.2 any clerical or accounting errors of any Employee or Employees.
9. For the purposes of this Agreement the following expressions have the following meanings:
- 9.1 "Products" has the meaning set out in Recital (A) and the First Schedule to the Franchise Agreement and shall include any cash, cheques or banker's drafts, bills of exchange, negotiable instruments, other item of value used to pay for any Products which are in the custody, possession or control of the Franchisee, or other property papers and documents belonging to the Franchisor.
  - 9.2 "The premises" means the buildings situated at ● ADDRESS OF SITE.

## COPY FOR REFERENCE ONLY

- 9.3 "Employee" means: anyone who has entered into or works under a contract of service or apprenticeship with the Franchisee; any labour only sub-contractor or anyone employed by the Franchisee, any self-employed person; anyone who is engaged by the Franchisee under a work experience scheme or similar scheme; anyone who is hired or borrowed or is an agent contracted to the Franchisee.
- 9.4 "Renewal Date" means 1 April in any year during the continuance of this Agreement.
10. The Franchisor may at its absolute discretion cancel this Agreement by notice sent by ordinary first class delivery in writing to the Franchisee to the address set out above not less than <sup>30</sup> days prior to the Renewal Date. Such cancellation shall take effect from midnight immediately prior to the Renewal Date. Cancellation shall be without prejudice to the accrued rights of the parties.
11. This Agreement shall be governed by and construed under and in accordance with English law and shall be subject to the jurisdiction of the English Courts.

SIGNED by ●

(for and on behalf of)

POST OFFICE COUNTERS LTD

SIGNED by ●

(for and on behalf of ●) - name of company

SIGNED by ●

(for and on behalf of ●) + name of company



# THE ROYAL ULSTER CONSTABULARY

POLICE STATION: CARRYDUFF RUC

OUR REFERENCE:

YOUR REFERENCE:

ANY REPLIES TO THIS COMMUNICATION SHOULD BE  
ADDRESSED TO D/SERGEANT CLEMENTS

TELEPHONE NO:

**GRO**

DATE:

12 November 1999

Ms T Conway  
Brackenvale Service Station  
520 Saintfield Road  
Carryduff  
BT8 8ES

Dear Ms Conway

With reference to the theft of monies in excess of £52,000.00 between 16 January 1998 and 22 April 1998 from Brackenvale Post Office, 520 Saintfield Road, Carryduff, to date no persons have been made amenable for this offence. Employees and former employees of Brackenvale have been interviewed, however, there is insufficient evidence to sustain a prosecution against anyone at this time.

Yours sincerely

**GRO**

T CLEMENTS  
D/Sergeant  
Carryduff CID

# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: GRO

FAX: GRO

Gmg/mr/brac/oldfield2

17 November 1999

Ms Lesley Oldfield  
Insurance Manager  
Banking & Risk Team  
Post Office Counters Ltd  
Chetwynd House  
Chesterfield  
S49 1PF

Dear Ms Oldfield

Further to your letter of 23 June 1998, we have now received the enclosed letter from the Royal Ulster Constabulary.

Therefore, we now seek compensation for our losses, as outlined in our letter of 6<sup>th</sup> May 1998, under the Post Office Insurance Scheme.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

Enc

# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

Our ref: bb/mr/bvale/po

24 March 1999

National Franchise Sales & Account Manager  
Post Office Counters Ltd  
King Edward Building  
King Edward Street  
London  
EC1A 1AA

**FOR THE ATTENTION OF LESLEY CARTWRIGHT**

Dear Lesley

**REFERENCE: BRACKENVALE POST OFFICE**

Subject to our telephone conversation I am writing to you to request the cancellation of our insurance waiver agreement which expires on 31 March 1999.

We have arranged alternative cover with our insurance brokers and we will furnish you with copies of same as soon as we receive them.

Thanking You.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Bronagh Birrell



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

Our Ref: tc/po

8 July 1998

Chris Sutton/Lesley Cartwright  
National Franchise Sales & Account Manager  
Post Office Counters Limited  
King Edward Building  
King Edward Street  
London  
EC1A 1AA

Dear Sir/Madam

In response to your letter of 1 July in respect of Franchise Post Office Insurance Waiver, we hereby confirm our intent to commence with the waiver and await receipt of the relevant documentation for same.

Please acknowledge receipt of this letter at your earliest convenience.

Yours sincerely,

**GRO**

**GRO**

Mrs T Conway

**GRO**





Mr G McGarry  
Merit Retail Ltd  
58 Moneymore Rd  
Magherafelt  
BT45 6HG

Post Office Counters Ltd

23 June 1998

Dear Mr McGarry,

**RE: Brackenvale Franchise Post Office**

Thank you for your note of 22 June, re the above office.

I can confirm that your claim is currently being dealt with by myself and our Regional Security Team. The cover provided, free of charge, to your company for Post Office Cash and Stock held at your Franchise Post Office is an internally run scheme operated solely by Post Office Counters Ltd (POCL) and as you are aware, does not cover losses of POCL cash and stock where theft is proven to be as the result of staff infidelity at the Franchise Office.

I understand from Peter Webb, our Regional Security Manager, that unfortunately, staff infidelity could be an issue in this particular case and the case has now been referred to the Director of Public Prosecutions (DPP). Until we have DPP confirmation that staff infidelity is not an issue in this loss, we are unable to progress this claim further.

Please be assured, as soon as I and Peter Webb have the PDD verdict on this case, we shall promptly proceed with the claim.

Yours faithfully,

**GRO**

Lesley Oldfield  
Insurance Manager

Post Office Counters Ltd  
Chetwynd House  
Chesterfield S49 1PF

Facsimile **GRO**

Post Office Counters Ltd Registered in England  
No. 2154540 Registered Office King Edward Building  
King Edward Street London EC1A 1AA



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our Ref: gmg/mr/brac/oldfield.

22 June 1998

Ms Lesley Oldfield  
Insurance Manager  
Banking & Risk Team  
Post Office Counters Ltd  
Cherwynd House  
Chesterfield  
S49 1PF

Dear Ms Oldfield

I refer to our telephone conversation this morning when you said that you would find out who I should contact regarding pursuing the claim lodged on 6 May 1998.

At this time we request that the relevant department/ individual confirms in writing your receipt of this claim and of the procedure to follow regarding its pursuance.

Yours faithfully  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry  
Accountant



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED  
58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: **GRO** FAX: **GRO**

Our Ref: gmg/mr/brac/oldfield

6 May 1998

Ms Lesley Oldfield  
Insurance Manager - Banking & Risk Team  
Post Office Counters Ltd  
Chetwynd House  
Chesterfield. S49 1PF

Dear Ms Oldfield

I have received your letter of 5 May 1998 regarding insurance cover for Brackenvale Post Office.

We hereby confirm that the terms outlined on this same letter are acceptable to us and therefore request written confirmation from you that we are presently covered for losses as detailed thereon.

At this time we hereby inform you that a claim is now being lodged under this scheme, the details of which are documented below.

Cash relating to shop sales on the following dates and due to be credited to Brackenvale account with Girobank was misappropriated between 4 February and 22 April 1998.

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April	6	£7363.23	
	16	£7177.75	
	17	<u>£6195.48</u>	
		£64149.48	
Less		<u>£ 8466.63</u>	Credited in error
		£55682.59	

Please furnish us with any additional documentation you require for submission of the claim.

Yours faithfully  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry  
Accountant



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: GRO FAX: GRO

Our ref gmg/mr/brac/cartwright2

8 December 1999

Ms Dawn Cartwright  
Group Treasury  
3<sup>rd</sup> Floor  
Block A  
Rowland Hill House  
Chesterfield  
S49 1HQ

Dear Ms Cartwright

Further to your telephone call yesterday, please find enclosed a copy of our letter from Lesley Oldfield on 5<sup>th</sup> May 1998.

Trusting that this meets with your requirements.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

Enc



28/04 '98 TUE 16:06 FAX

**GRO**

LEGAL SERVICES

003

**DRAFT**

**GRO**

Merit Retail Limited  
58 Moneymore Road  
Magherafelt  
BT45 6HG

AC/7111/JM

28 April 1998

*IN STRICT CONFIDENCE*  
**WITHOUT PREJUDICE**

Dear [.....]

**RE: BRACKENVALE FRANCHISE POST OFFICE**

As you know, in the course of carrying out an audit of your franchise post office at Brackenvale on 22 April 1998, a discrepancy of at least £34,000 was found in your accounts for which the Manager of the franchise could offer no explanation.

Due to the nature of the discrepancy, we have asked both the Police and the Post Office Security and Investigation Service to investigate the matter and we are awaiting the outcome of that investigation. Until this is completed, we do not know who, if anyone, within your organisation has any responsibility for this discrepancy, or whether any criminal offence has been committed. Nevertheless, it appears at the very least that a breach of the franchise contract has occurred.

Because of the seriousness of the situation, we have decided that it is essential that this franchise post office is closed for the time being. We have therefore invoked Chapter 8, Section 6.3 of the Operations Manual and we suspended both Merit Retail and its employees from this franchise until further notice.

We will contact you again in due course but in the meantime, please note that all our rights are hereby reserved, including without limitation the right to terminate the Franchise Agreement.

1/04 '98 TUE 16:07 FAX

**GRO**

LEGAL SERVICES

004

It is possible that we will want to deploy temporary agents in this franchise and we will be in touch shortly to make any necessary arrangements.

We are obviously extremely concerned at the turn which events have taken, and await the outcome of investigation with considerable anxiety. In this respect, we would draw your attention to Clause 7 (J)(v) of the Franchise Agreement which requires you to co-operate with this investigation.

Yours sincerely

.....

04 '98 TUE 16:07 FAX

**GRO**

LEGAL SERVICES

004

It is possible that we will want to deploy temporary agents in this franchise and we will be in touch shortly to make any necessary arrangements.

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Yours sincerely

.....



*Internal Memo*

**Group Treasury  
Finance  
Rowland Hill House  
CHESTERFIELD  
S49 1HQ**

To: Carol Heaps  
Retail Network Manager

Our Ref: DC03-020

From: Dawn Cartwright  
Asst. Post Office Insurance Manager

Tel: **GRO**  
Fax: **GRO**

Date: 15 February 2000

**GRO**

**BRACKENVALE FRANCHISE POST OFFICE**

We have received a letter from Merit Retail regarding losses sustained at Brackenvale PO, Carryduff. They are attempting to claim for cash (£55.6k) relating to shop sales due to be credited to the Brackenvale account with Girobank. The cash was misappropriated on various dates between 4 February and 22 April 1998 by person / persons unknown.

A letter to lodge the claim was initially sent to POCL Insurance department in May 98 who confirmed to Merit Retail that the claim was being dealt with in conjunction with Regional Security and would not be progressed further until it could be confirmed that staff infidelity was not an issue.

Prior to this a letter was issued to Merit Retail to confirm that POCL provided temporary insurance cover for POCL cash & stock held at Brackenvale PO. Lesley Cartwright, who deals with the Franchise PO Waiver has, however, confirmed to me that the waiver did not come into effect until 1 July 1998 (I have managed to get copies of most of the paperwork including a draft letter from Legal Services). As a result of the loss the FPO was closed and Merit Retail and its staff were suspended. I have received a letter from The Royal Ulster Constabulary confirming that employees and former employees of Brackenvale have been interviewed, however, there is insufficient evidence to sustain a prosecution against anyone at this time, but the inference being that staff infidelity was an issue.

The PO currently carries theft insurance, but the excess on the policy is £1m, therefore all losses by theft below £1m are borne by the PO (POCL/RM etc.). Under the circumstances I am unable to deal with the claim as this is no longer an insurance related issue (as the waiver insurance did not commence until 1 July 98) and a decision is required on how to progress.

Please find attached the paperwork for your reference and we will be grateful if you will let us know who will be dealing with the claim to enable us to inform Merit Retail.

We look forward to hearing from you but please give me a call should you wish to discuss.

Regards

**GRO**

**DAWN CARTWRIGHT**

**Enc.**



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL: GRO

FAX: GRO

Our ref gmg/mr/brac/cartwright3

10 February 2000

Ms Dawn Cartwright  
Group Treasury  
3<sup>rd</sup> Floor  
Block A  
Rowland Hill House  
chesterfield  
S49 1HQ

Dear Ms Cartwright

Having requested a copy of our letter from your Lesley Oldfield of 5<sup>th</sup> May 1998, you were furnished with same on 8<sup>th</sup> December 1999.

However, we still await notification of the progress of our claim of 6<sup>th</sup> May 1998 and in this respect request that you hereby move to settle this claim without further delay.

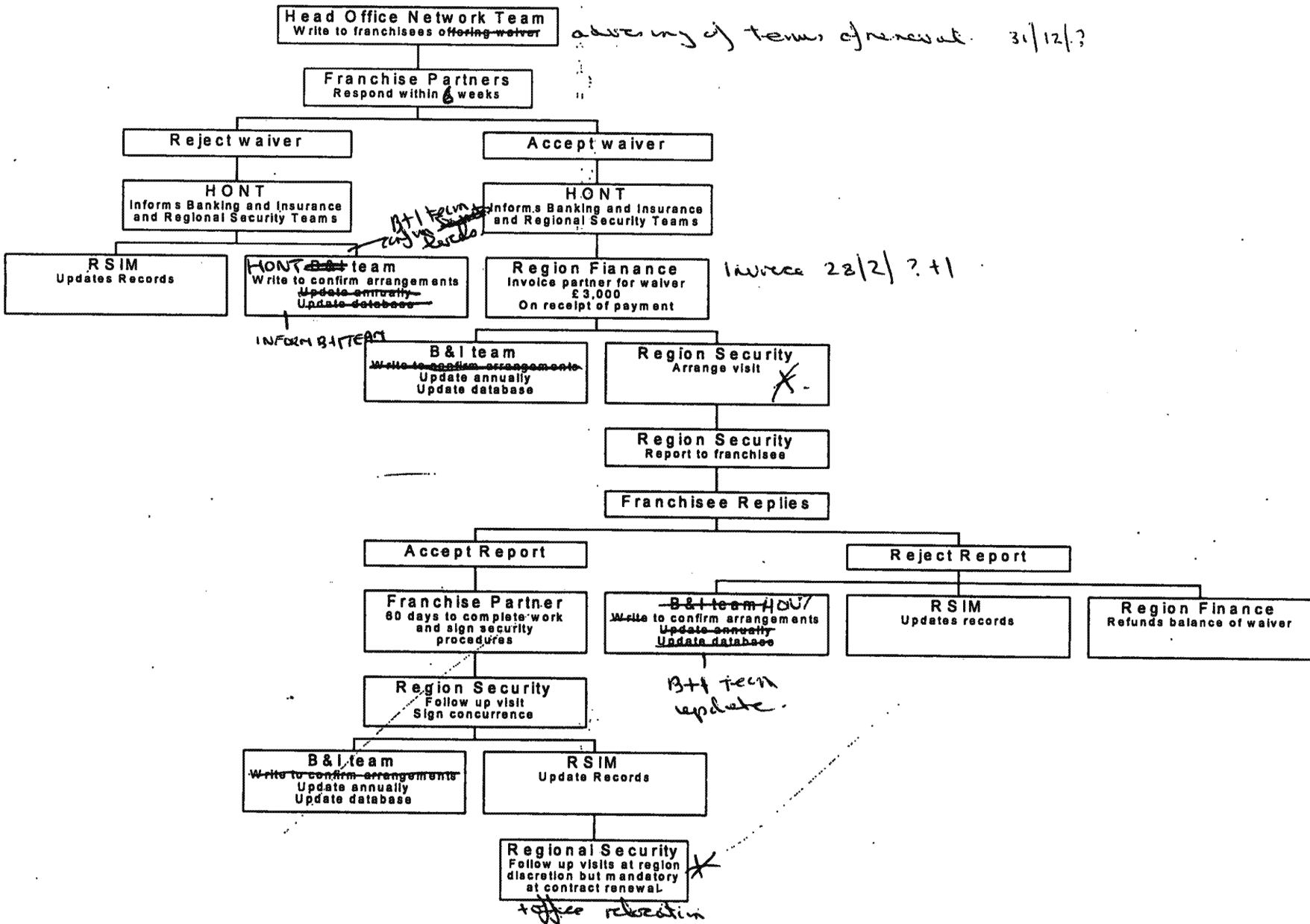
Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA



*Renewal Process*  
Insurance Waiver ~~for offices currently covered by P.O.C.L~~



**Insurance Waiver for Company Franchises**

**The Waiver:** The legal wording has been agreed, the waiver will last for 1 year and the fee can be reviewed each year.

**Process:** There are three procedures for each of the following scenario

1. Franchise offices which we currently cover
2. Franchise offices which currently have alternative arrangements
3. New franchise offices

**Charges:** Waiver fee £3,000 + VAT this would be an annual charge and would be subject to annual review . The fee incorporates £400 + VAT for security visits, the cost of which has been agreed with Graeme Kelly on behalf of all the RSIM's.

**Income:** Best case All franchise offices £k ex VAT

Region	M	NE	NT	NW	SE	SNI	SW	Total
No of offices	22	42	29	28	39	50	17	227
Waiver Fees	66	126	87	84	117	150	51	681

Worst case Franchise offices we currently cover £k ex VAT

Region	M	NE	NT	NW	SE	SNI	SW	Total
No of offices	5	4	6	11	17	9	5	57
Waiver Fees	15	12	18	33	51	27	15	171

**Expenditure:** Security visits, the fee has been calculated to cover the cost of the visits and report writing which will entail 3 days @ CM1 plus T&S.

**Potential Exposure:**

The franchise team is unaware of any loss at a franchise office to date. The potential loss if an incident should occur would be borne by the region and below is a table with the average insurance value in £k for franchise offices in each region. The figures are based on the highest week cash and stock holding plus 10% the offices currently covered .

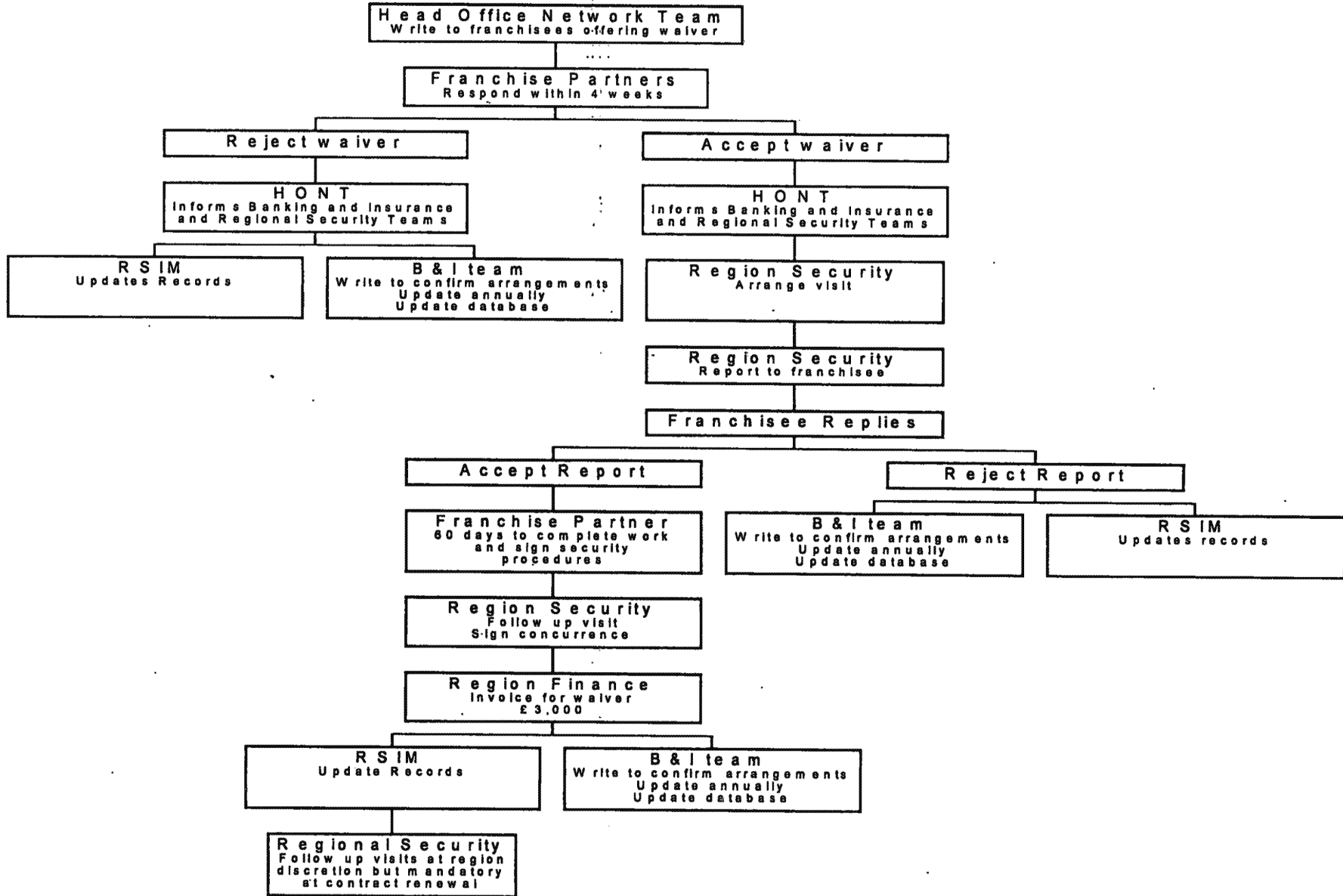
Region	M	NE	NT	NW	SE	SNI	SW	Total
Insurance Value	398	250	277	392	363	235	395	339

**Timescales:** Subject to approval

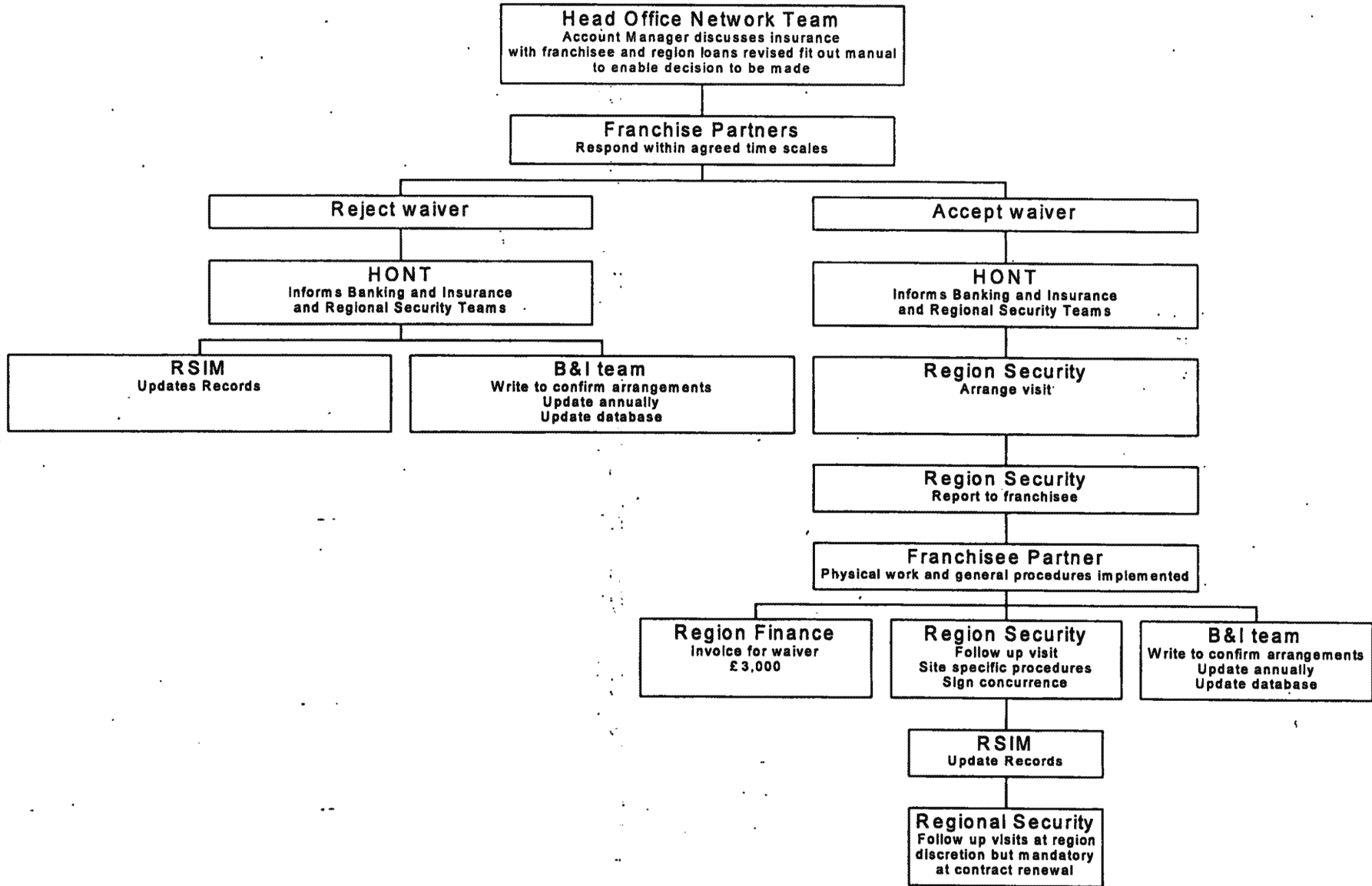
1. Offer letter sent to all franchise partners 12 June 1998
2. Reply required by 10 July 1998
3. Inform Regions and Banking & Insurance 24 July 1998
4. Security visits and reports completed by 31 December 1998
5. Franchisees complete recommendations by 28 February 1999
6. Follow up security visits completed by 31 March 1999
7. Waiver comes into effect 1 April 1999

**Way ahead:** Agreement to fees and regional security resource to complete visits.

Insurance Waiver for offices not currently covered by P O C L



### Insurance Waiver for new offices



Dear

RE: Post Office Counters Franchise Post Office Insurance Waiver

We are pleased to announce the introduction of the above waiver scheme to our Franchise Partners, attached is a copy of the waiver for your information.

The waiver will be available from 1 April 1999 and the fee for the year 1 April 1999 - 31st March 2000 is set at £3000 plus VAT. per office.

Once we have received a letter from you expressing interest, we shall arrange for our Regional Security team to carry out an audit of both physical and procedural security at your office/s before 31 December 1998. A copy of their report and recommendations will be provided to you. Before the waiver can be implemented we require that all the recommendations made are implemented. We shall arrange a further security audit of your office/s prior to the waiver commencement date of 31 March 1999 to confirm security concurrence.

On receipt of this concurrence we will issue an invoice for the waiver fee per office and two copies of the waiver will be sent to you. Please arrange for both copies to be signed by authorised signatories and return both copies to POCL. We will then arrange for the waiver to be executed and return a copy to you for your records.

If you are interested in the waiver scheme or have any queries, can we ask you please to write to us expressing your interest before Friday 17th July 1998, in order that we can provide our Regional Security Teams with an idea of the extent of interest and enable them to plan security audits to everyone's satisfaction.

Should you have not contacted us by this date, we will assume that you intend to continue with your existing insurance arrangements.

Yours etc.

*Dawn,*

*I do not have copies of the original letters as these were sent by RNM but we had them drafted by POLS.  
Hope this helps.*

**GRO**



W.A. McNally, LL.B  
P. O'Brien, LL.B  
J. McGeown, LL.B

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B  
L. Magill, LL.B  
G. Truesdale, LL.B

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Telephone:  • Facsimile:

Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Our Ref: **JMcG/MQ/B569**

Your Ref:

Date: **8 May 2000**

**FIRST CLASS**

Ms Liz Schumann  
Franchise Account Manager  
Post Office Counters Ltd  
Gabrelle House  
2-14 Bunhill Row  
LONDON EC1Y 8HQ

Dear Madam

**RE: INSURANCE CLAIM BY MERIT RETAIL LIMITED  
BRAKENVALE FRANCHISE POST OFFICE**

We act on behalf of Merit Retail Limited of 58 Moneymore Road, Magherafelt.

Our clients have furnished us with copies of their correspondence relating to the above matter. They have communicated to us their utter dismay and distress at the manner in which their claim has been handled.

Please let us have your response by return confirming that our client's claim will be dealt with in full with the next seven days.

Yours faithfully

**GRO**

POL00107549  
POL00107549

W.A. McNally, LL.B  
P. O'Brien, LL.B  
J. McGeown, LL.B

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B  
L. Magill, LL.B  
G. Truesdale, LL.B

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Telephone:  Facsimile:

Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Our Ref: **JmcG/PY/B569**

Your Ref:

Date: **15th May 2000**

**PLEASE QUOTE OUR REFERENCE  
IN ALL CORRESPONDENCE**

**FIRST CLASS  
Ms Liz Schumann  
Franchise Account Manager  
Post Office Counters Ltd  
Gabrelle House  
2-14 Bunhill Row  
LONDON BC1Y 8IIQ**

**Dear Madam**

**RE: INSURANCE CLAIM BY MERIT RETAIL LIMITED  
BRACKENVALE FRANCHISE POST OFFICE**

**We refer to the above. Please let us hear from you in respect of our letter of 8 5 00.**

**Yours faithfully,**

**GRO**

POL00107549  
POL00107549

Post Office Counters Ltd

**FACSIMILE TRANSMISSION**

**TO** Joe Ashton

**FROM** Liz Schumann

**TELEPHONE**

GRO

**FACSIMILE**

Mobile

GRO

GRO

**NUMBER OF PAGES**  
*(including header)*

3

**COMMENTS**



# Merit Retail

FIRST FOR QUALITY

MERIT RETAIL LIMITED.

58 MONEYMORE ROAD MAGHERAFELT BT45 6HG

TEL:

GRO

FAX:

GRO

Our ref gmg/mr/brac/schum

11 April 2000

Ms Liz Schumann  
Franchise Account Manager  
Post Office Counters Ltd  
Gabrelle House  
2-14 Bunhill Row  
London  
EC1Y 8HQ

Dear Ms Schumann

I have been informed of your telephone call earlier this afternoon, but was disappointed to learn that you were only advising us that you are now dealing with the case.

This claim was lodged on 5<sup>th</sup> May 1998 with Lesley Oldfield, then passed to Dawn Cartwright. We were advised on 10<sup>th</sup> March, Mr Raymond Crea, of your Belfast Office was dealing with the case. After two letters to Mr Crea requesting a progress report, we now learn that the file has been passed on again, to yourself.

After a delay of almost 2 years, we can only consider that these tactics are intended to delay processing our claim. Your last request for copy correspondence was fulfilled on 8<sup>th</sup> December 1999.

This matter will in future be dealt with by our solicitors (below).

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

cc Mr Joe McGeown  
J J McNally & Co, 2 Moneymore Road, Magherafelt, BT45 6AD



W.A. McNally, LL.B  
P. O'Brien, LL.B  
J. McGeown, LL.B

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B  
L. Magill, LL.B  
G. Truesdale, LL.B

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Our Ref: **JMcG/MQ/B569**

Telephone: **GRO** Facsimile: **GRO**

Your Ref:

Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Date: **8 May 2000**

**FIRST CLASS**

Ms Liz Schumann  
Franchise Account Manager  
Post Office Counters Ltd  
Gabrelle House  
2-14 Bunhill Row  
LONDON EC1Y 8HQ

Dear Madam

RE: INSURANCE CLAIM BY MERIT RETAIL LIMITED  
BRAKENVALE FRANCHISE POST OFFICE

We act on behalf of Merit Retail Limited of 58 Moneymore Road, Magherafelt.

Our clients have furnished us with copies of their correspondence relating to the above matter. They have communicated to us their utter dismay and distress at the manner in which their claim has been handled.

Please let us have your response by return confirming that our client's claim will be dealt with in full with the next seven days.

Yours faithfully

**GRO**

AUTHORISED TO CARRY ON INVESTMENT BUSINESS BY THE LAW SOCIETY OF N.I.

5709 9278

*Received 25/5/00*

W.A. McNally, LL.B.  
P. O'Brien, LL.B.  
J. McGeown, LL.B.

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B.  
L. Magill, LL.B.  
G. Truesdale, LL.B.

2. Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Téléphone:  • Facsimile:   
Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Our Ref: **JmcG/PY/B569**  
Your Ref:  
Date: **23rd May 2000**

**PLEASE QUOTE OUR REFERENCE  
IN ALL CORRESPONDENCE**

*1st*  
**FAO Liz Schumann  
Post Office Counter Ltd  
Gabrelle House  
2-14 Bunhill Row  
LONDON BC1Y 81IQ**

Dear Madam

**INSURANCE CLAIM BY MERIT RETAIL LTD  
BRACKENVALE FRANCHISE POST OFFICE**

We refer to previous correspondence herein.

Our clients have been writing to you for two years asking you to meet your responsibilities to them under the insurance scheme. Their correspondence has consistently been met with delays, procrastination and requests for further time by you.

We note that both of our initial letters to you were simply ignored. Your most recent response is yet another effort to delay dealing with this matter.

Our firm instructions from our clients are to issue proceedings to compel you to indemnify them in respect of their losses to date. Unless we hear from you within the next two working days we will issue those proceedings without further notice or warning.

Yours faithfully,

**GRO**

AUTHORISED TO CARRY ON INVESTMENT BUSINESS BY THE LAW SOCIETY OF N.I.

POL00107549  
POL00107549



**FAX**

**Date** 22<sup>nd</sup> March 2000

**Number of pages including cover sheet** 2

**TO:** Liz Schumann  
Franchise Account Manager  
Gavrelle House  
London

**Phone**  
**Fax Phone** GRO

**FROM:** Meg Alton  
Post Office Counters  
Limited  
Belfast Network Office  
Queen's House, 14 Queen  
Street,  
Belfast, BT1 6EX

**Phone**  
**Fax Phone** GRO

**REMARKS:**  Urgent  For your review  Reply ASAP  Please Comment

Liz,

**Re: Brackenvale FPO**

I enclose herewith correspondence received today from Gerald McGarry of Merit Retail in the above connection. Raymond is away from the office on leave at present however I understand that he referred this matter to you recently. So as not to confuse the issue, I have not acknowledged receipt of this letter to Merit Retail but I wonder if you could make contact with Mr McGarry and let him know what's happening.

Thanks very much

GRO

MEG ALTON

PS to Raymond Crea

Head of Retail Network - Northern Ireland

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# Merit Retail

FIRST FOR QUALITY  
MERIT RETAIL LIMITED.  
88 MONEYMORE ROAD MAGHERAFELT BT45 8HG  
TEL: GRO FAX: GRO

Our ref gmg/mr/brac/crea

21 March 2000

Mr Raymond Crea  
Head of Retail Network  
Post Office Counters Ltd  
Queen's House  
14 Queen Street  
Belfast  
BT1 6EX

Dear Mr Crea

We have been advised by Ms Dawn Cartwright from your Chesterfield Office that our case is now being dealt with by yourself.

This advice has been the only communication that we have received from yourselves in response to our letters of 8<sup>th</sup> December 1999, 10 February 2000 and 9<sup>th</sup> March 2000.

As we have provided copies of any earlier communications that were requested, we again urge you to settle this claim without any further delay.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry FCCA

cc Mr Joe McGeown  
John J McNally & Co  
2 Moneymore Road  
Magherafelt  
BT45 6AD

(Brackenvale)



*Received 19/5/00*

W.A. McNally, LL.B.  
P. O'Brien, LL.B.  
J. McGeown, LL.B.

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B.  
L. Magill, LL.B.  
G. Truesdale, LL.B.

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Telephone:  Facsimile:

Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Our Ref: **JmcG/PY/B569**

Your Ref:

Date: **18th May 2000**

**PLEASE QUOTE OUR REFERENCE  
IN ALL CORRESPONDENCE**

**First Class  
Ms Liz Schumann  
Post Office Counters Ltd  
Gabrelle House  
2-14 Bunhill Row  
LONDON BC1Y 8IIQ**

**Dear Madam**

**INSURANCE CLAIM BY MERIT RETAIL LIMITED  
BRACKENVALE FRANCHISE POST OFFICE *BELFAST***

**We refer to the above. We wrote to you 8 5 00 complaining that you had failed to respond to our clients correspondence. We repeated this complaint to you in our letter of 15 5 00.**

**As you are aware we have not received a response to any of our correspondence and it appears that our clients are entirely justified in the complaints they have raised.**

**Please note that if we do not receive a response within the next 3 working days we will report this matter to your superiors at the highest possible level.**

**We await hearing from you by return.**

**Yours faithfully,**

**GRO**

*J.H. Steg. 2015*  
*Bill*

GRO

*fax*

GRO



John J McNally & Co  
Solicitors  
2 Moneymore Road  
Magherafelt  
County Derry  
BT45 6AD

22 May 2000

Your Ref: JmcG/PY/B569

Dear Sirs

**Re: Insurance Claim by Merit Retail Limited, Brackenvale FPO**

In my capacity as Liz Schumann's line manager, I am writing to acknowledge receipt of your letter dated 18<sup>th</sup> May 2000.

I have arranged for Liz to fully update me on the circumstances of your clients complaints. When I have reviewed all the relevant facts, I will then be in a position to comment further.

Yours faithfully

David Evans  
National Franchise and Multiples Account Manager  
Tel:

Post Office Network  
Post Office Counters Ltd  
2-14 Bunhill Row  
London  
EC1Y 8HQ  
[www.postoffice-counters.co.uk](http://www.postoffice-counters.co.uk)

Post Office Counters Ltd Registered in England  
No: 3154540 Registered Office: Garrelle House  
2-14 Bunhill Row London EC1Y 8HQ



Liz

Post Office Network  
Franchise and Retail Development Team  
2<sup>nd</sup> Floor - South  
Gavrelle House  
London  
EC1A 1AA

# INTERNAL FAX

Date 15 September, 2000  
Number of pages including cover sheet 3

**To:**  
\_\_\_\_\_  
**Joe Ashton**  
\_\_\_\_\_  
**Post Office Legal  
Services**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_  
Fax \_\_\_\_\_  
CC: \_\_\_\_\_

**From:**  
\_\_\_\_\_  
**David Evans**  
\_\_\_\_\_  
**Franchise and Retail  
Development Team**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_  
Fax \_\_\_\_\_

GRO

GRO

**REMARKS:**

- Urgent    /     For your review     Reply ASAP     Please comment

Joe

I understand that you have been contacted by Liz Schumann in respect of a claim made by Merit Retail.

We have now received the attached correspondence from their solicitors - John J. McNally -

As requested we have not replied to this letter. When you respond would you please ask them to address future correspondence to you.

Many thanks

GRO



W.A. McNally, LL.B  
P. O'Brien, LL.B  
J. McGeown, LL.B

**JOHN J. McNALLY & Co.**

*Solicitors*

M. Kelly, LL.B  
L. Magill, LL.B  
G. Truesdale, LL.B

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD

Telephone:  Facsimile:   
Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

Our Ref: **LMcN/EM/ B 569**  
Your Ref: **DC 11-030**  
Date: **7 September 2000**

**Post Office Counters Ltd.  
Gabrelle House,  
2/14 Bunhill Row,  
LONDON**

*Dear Madam,*

*In the matter of Merit Retail Ltd.*

*As you will be aware, we have previously addressed correspondence to you on the 23rd May, 2000, 18th May, 2000, 15th May, 2000 and 8th May, 2000 seeking certain information having regard to your dealing with our client, Merit Retail Limited and the franchise for a Post Office at Brackenvale. To date we have not received any satisfactory reply to certain queries.*

*However, at the core of our client's concern remains the fact that Merit Retail Limited lost to the Post Office, the sum of £55,682.59 on or about May of 1998. Our previous correspondence has sought to ascertain whether the loss of this sum was covered in any form of insurance agreement which may exist between the Post Office and our client by virtue of the franchise agreement. However, further to this enquiry, we now seek the following specific information :*

- [a] Please provide a specific and precise breakdown as to how it is alleged that the sum of £55,682.59 became payable to the Post Office from Merit Retail Limited, identifying each and every figure and amount which it is alleged constitutes the global sum.*
- [b] Please provide all documentation within your custody, possession, power and control which was used by the Post Office in calculating the sum as referred to above identifying the source of the document and its author.*
- [c] Please provide copies of any correspondence within your custody, possession, power and control which relates to any criminal investigation which may have been conducted by any Police Officer in relation to the above sum.*
- [d] Please identify whether this sum became payable, as alleged, to the Post Office as a result of a criminal act, negligence, inadequate housekeeping or otherwise*



*We urgently seek this information in order to demonstrate the basis upon which this amount of money was lost to the Post Office. Our instructions suggest that the entirety of this sum may not have been owing, if it was owing at all. In the circumstances, it may be our client's intention to seek the recovery of all or part of this sum, but at this time we need to obtain all the information which you have to identify the calculation of the sum and reason why it was allegedly owing. It is not our client's intention to be difficult about this matter, but rather that all information is made available to diminish or remove uncertainty as to why this money was paid in the first place.*

*We look forward to hearing from you at your earliest.*

*Yours faithfully*

**GRO**



Ring Tuesday.

THE POST OFFICE

**Internal memo**

**To** Liz Schumann  
Franchise Account Manager  
2 Floor North  
Gavrelle House  
2-14 Bunhill Row  
London EC1Y 8HQ

Legal Services  
Impact House  
2 Edridge Road  
CROYDON  
CR9 1PJ

**From** CAROLINE INGRAM

Telephone:  
Postline:  
Fax:  
Email: caroline.ingram

**GRO**

**Date** 6 October, 2000

**GRO**

Our Ref: LD/59357/CI/yj  
Your Ref:

**Merit Retail Ltd**

I enclose a copy of a letter I have sent to Merit Retail's solicitors. As you will see I have argued the contractual interpretation as put by Joe Ashton in his memo of 13 June and not referred to the possible misrepresentation as to the details of the insurance policy.

I will be in touch again when I hear further.

**GRO**

**Caroline Ingram**

---



THE POST OFFICE

6 October, 2000

Catherine Churchard LLB  
Solicitor & Legal Services Director

Legal Services  
Impact House  
2 Edridge Road  
CROYDON CR9 1PJ

John J McNally & Co  
Solicitors  
2 Moneymore Road  
Magherafelt  
Co. Derry BT45 6AD

Telephone: **GRO**  
Fax:  
Email: caroline.ingram **GRO**

Our Ref: LD/59357/CI/yj  
Your Ref: LMcn/EM/B569

Dear Sirs

**Merit Retail Ltd**

Thank you for your letter of 7 September 2000. We apologise for the delay in replying. We would be grateful if you would direct any future correspondence to us.

From a review of the correspondence, it seems that your clients have not provided you with all of the relevant paperwork. In your clients' letter of 6 May 1998 (copy enclosed) your client sets out the sums of money which were misappropriated between 4 February and 22 April 1998. Several deposits from your clients had not been entered as Giro Deposits. The details are as follows:

4.2.98	£7,880.89
6.2.98	£7,223.65
18.2.98	£7,801.65
19.2.98	£7,635.76
21.2.98	£7,164.12
27.3.98	£5,706.69
6.4.98	£7,363.23
16.4.98	£7,177.75
17.4.98	£6,195.48

Less £8,466.63 which had been credited to the account in error.

£55,682.59

Your clients signed a franchise contract with POCL, under which it is responsible to POCL for cash and stock.



Your clients seem to be suggesting that the extent of this responsibility has been changed in some way which has not been made clear.

Your letter refers to the existence of insurance. It was not until 1 July 1998 that the Post Office introduced the "Post Office Counters' Franchise Post Office Insurance Cover". Prior to this time POCL included cover for POCL cash and stock held at Brackenvale on its Crime Catastrophe insurance policy. This cover was subject to two exclusions:

- (i) negligence on the part of Merit Retail Ltd's staff at Brackenvale; and
- (ii) staff infidelity at Brackenvale FPO.

Both of these exclusions apply here as Merit Retail has a duty of care to protect POCL cash and stock and also it is responsible for the recruitment of staff. As your client accepts that funds were misappropriated, it is unable to bring a claim under the policy. The policy was designed to offer protection for losses in the event of burglary or robbery where Merit was not at fault.

As to the details of the investigation, we do not have copies of the statements taken as they were prepared by the RUC. From their letter of 12 November 1999 it is clear that they interviewed employees and former employees of Brackenvale but there was insufficient evidence to sustain a criminal prosecution. This does not mean that all was in order. Indeed, your clients accepted that misappropriations had taken place and implemented improved procedures, following a meeting on 29 April 1998, to ensure that the losses were not repeated.

In these circumstances it is not clear to us what basis your client is seeking to bring a claim.

Yours faithfully

**Post Office Legal Services**





The new name for The Post Office Group  
Catherine Churchard LLB  
Solicitor & Legal Services Director

*As sent.  
Caroline Ingram  
6/04/01*

John J McNally & Co  
Solicitors  
2 Moneymore Road  
Magherafelt  
Co Derry  
BT45 6AD

6 April, 2001

BY FAX: **GRO**

Dear Sirs

**Merit Retail Ltd**  
Your ref: LMcN/EM/B 569

We attach the report prepared by Mr Webb of POSIS into the audit deficiencies at Brackenvale FPO. The only circumstances in which The Post Office repays money is if an actual robbery has taken place, not in circumstances such as this where the deficiencies are likely to have been caused by a member of staff.

Yours faithfully

**Consignia plc**

Ref: LD/59357/CI/yj  
c:\data\winword\caroline\59357101.doc

Legal Services, Impact House, 2 Edridge Road, CROYDON, CR9 1PJ

Tel: **GRO** Fax: **GRO**  
e-mail: caroline.ingram@**GRO**



**FALSE ACCOUNTING THEFT**

Offender: Mr Christopher STEWART IC 1

Rank: Sub Office Assistant/Clerk in Charge

Office: Brackenvale FPO  
520 Saintfield Road  
BELFAST  
BT8 8EU

Age: GRO D.O.B: GRO

Service: 18 months

Home Address: GRO

Dismissed 22 April 1998

**Regional Security & Investigation Manager**

The circumstances leading to enquiries in this case are fully detailed in the memorandum at Page 2 from Mr R. Sarwar.

The enquiry insofar as POCL is concerned relate to a deficiency of £34,349.20p revealed at an audit of Brackenvale FPO carried out on 22 April 1998 following the RNM's concern in relation to the bringing to account of Girobank Business Deposits. It will be seen from the report at Page 2 that Merit Retail, who have the franchise for the Post Office, also run a business at the Post Office site and the takings from the business are paid in to the Post Office for crediting to the Merit Retail Girobank Account. During February 1998 five such deposits were made but were not brought to account and when this became apparent to the company Finance Manager in April, he instructed Mr Stewart to bring them to account, which he did although there was clearly no money to balance the accounts and this was the direct cause of the audit shortage.

Details of the missing deposits are enclosed at Appendix A.

On being informed of the outcome of the audit the company immediately reported the facts to the Royal Ulster Constabulary and all subsequent enquiries have been carried out by D/S Tom Clements and D/C Godfrey Donaldson of Carryduff CID GRO with whom I have maintained constant liaison and on the 14 May and 18 June 1998 I also attended interviews between the police and the above named offender which were tape recorded.

I have also been in regular contact with Vivienne O'Hare, RNM and Leslie Oldfield of the Risk Team in Chesterfield.

I have obtained from Girobank copies of all in-payment documents relative to Merit Retail in payments at Brackenvale, which are retained in my office because of their bulk. Examination of these forms clearly indicates that Mr Stewart did not send away daily records as he should have done and in consequence there was regular delay in the submission of documents. Various other failures revealed immediately following the discovery of the deficiency due to Merit Retail's lax or non-existent management controls have been taken up with the Directors of the company by the RNM and have already been remedied.



L

Also found at the office during the course of the enquiry was a locked cash box which when forced open was found to contain the Pension Orders and cheques due to have been remitted from the office on 15 April 1998 but which had not been sent away. Mr Stewart was questioned as to why this had happened but he maintained that he had failed to despatch them due to pressure of work and he denied having intended to reintroduce them at a later date for his financial gain.

During the interviews Mr Stewart has strenuously denied the theft of monies from Brackenvale which, in addition to the audit shortage, totals a further £14,000 in relation to private business takings which had not been accounted for through Girobank.

His only admissions relate to the taking of £400 on 3 April 1998 which he states he later replaced and to falsifying various Cash Accounts.

Police enquiries are ongoing but at the present time no further assistance is required. The police officers are aware of my impending leave.

The audit deficiency has been made good by Merit Retail.

The file is submitted for the present position to be noted and it will no doubt be returned at the end of July in order that I may continue liaison. During my leave it is suggested that Mr Sarwar retains the file in case of any query from the Northern Ireland Network Office.

**GRO**

P. WEBB  
Investigation Manager  
22 June 1998

GRO

*Report noted and file control  
arrangement agreed  
Faulstich  
23/6/98*

*RAM:*

*I have confirmed today that*



THE POST OFFICE

**Internal memo**

**To** Liz Schumann  
Franchise Account Manager  
2nd Floor North  
Gavrelle House  
2-14 Bunhill Row  
London EC1Y 8HQ

Legal Services  
Impact House  
2 Edridge Road  
CROYDON  
CR9 1PJ

**From** CAROLINE INGRAM

Telephone:  
Postline:  
Fax:  
Email: caroline.ingram

**GRO**

**Date** 6 December, 2000

**GRO**

Our Ref: LD/59357/CI/yj  
Your Ref:

**Merit Retail Ltd**

I enclose a copy of a letter I have received from Merit's solicitors. Are you willing to disclose the POSIS report on the events at Brackenvale or would you prefer a meeting to discuss this and try to clear the air?

**GRO**

**Caroline Ingram**



**JOHN J. McNALLY & Co**

*Solicitors*

W.A. McNally, LL.B  
J. McGeown, LL.B

N. Finch, M.A.  
M. Kelly, LL.B  
L. Magill, LL.B  
G. Truesdale, LL.B

LMcN/EM/B 569

Our Ref: LD 59357/Cl yj  
Your Ref: 28 November 2000  
Date:

RECEIVED  
30 NOV 2000  
LEGAL SERVICES

2 Moneymore Road, Magherafelt,  
Co. Derry, BT45 6AD  
Telephone: GRO Facsimile: GRO  
Also at: Draperstown, Friday 12.00 pm - 3.00 pm  
DX 3308 NR Magherafelt

The Post Office,  
Legal Services,  
Impact House,  
2 Edridge Road,  
CROYDON CR9 1PJ

Dear Sirs,

re Merit Retail Ltd.

Thank you for your letter of 6th ult.

You will be aware that our clients made payment to you following upon your assurances that the money had been stolen by one of our client's employees.

During a meeting with our clients and their accountant an ultimatum was delivered that either the money should be repaid or the franchise would be terminated.

On the basis of the representations made by the Post Office that there was strong evidence that the money had been stolen our clients decided to make payment of the money in order to protect their franchise

**IT WAS SOLELY ON THE BASIS OF THESE REPRESENTATIONS THAT THE MONEY WAS REPAYED.**

The allegations of theft were subsequently investigated by the RUC who concluded, as detailed in your letter of 6th ult, that there was insufficient evidence to sustain a criminal prosecution. Our clients now find themselves in the position of having refunded a substantial sum of money to the Post Office on the basis of allegations of theft which have not been substantiated.

Our clients, therefore, have absolutely no evidence that the money was stolen. If it was not stolen they are entitled to be repaid by the Post Office.



- 2 -

*If you continue to allege, therefore, that the money was stolen it is essential that you furnish us immediately with all evidence in your possession confirming that the money was stolen*

*We would be grateful if you would forward such evidence by return*

*Alternatively, our clients are willing to meet with a representative of the Post Office at any time in order to view the evidence of theft.*

*We await your reply.*

**Yours faithfully**

**GRO**



# Memo



"an essential part of everyday life" [www.postoffice.co.uk](http://www.postoffice.co.uk)

<b>To:</b> Liz Schumann Franchise Account Manager 1 <sup>st</sup> Floor Prospero House 241 Borough High Street LONDON SE1 1GG	<b>From:</b> Carol Heaps Retail Line Manager Level 7 Royal Mail House 20 Donegall Quay BELFAST BT1 1AA Tel: <span style="border: 1px dashed black; padding: 2px;"><b>GRO</b></span>	<b>CC:</b>
--	--	------------

**Date:** 4<sup>th</sup> December 2001

## **BRACKENVALE CFPO**

The above office has been carrying an unauthorised shortage since November 1999.

As you can see from the attached correspondence, I have made several attempts to recover the outstanding amount.

Can you please advise me how I should proceed, as they are clearly in breach of contract.

Many thanks

Regards

Carol



Our Ref BNO/Issues/CH/kb

14<sup>th</sup> May 2001

Mr Gerald McGarry  
Merit Retail  
58 Moneymore Road  
MAGHERAFELT  
BT45 6HG

Dear Mr McGarry

Thank you for your letter dated 9<sup>th</sup> May 2001. In response I would like to address the following issues: Training, Shortage & Timescales.

#### Training

Although I do sympathise and understand that the transition period moving from manual accounting to automation, through the Horizon System, was a very stressful time for your Post Office Manager and staff, the same level of training, thought appropriate by our business, was given to every Subpostmaster or office manager within our Network of 18,000 outlets.

#### Shortage

You stated that Mr McCaffrey expressed his belief that the shortage was within the Post Office system. Unfortunately there is no evidence to suggest this is the case.

As discussed in great detail with Mr McCaffrey, Mr Stephenson and Mr Bailey on at least two occasions, there are possible reasons why the office did not balance that week. Unfortunately I cannot provide you with exact reasons why this shortfall has arisen. I can only state that all paperwork which left the office during that particular Cash Account Week was found to be correct. This indicates a mistake may have been made at the counter with cash and or stock. However, I cannot rule out the possibility that an error may have occurred during a National Savings Bank transaction which will not come to light until a customer sends their savings book back to the client to have interest added to their account.

#### Timescales

When the shortage originally occurred, I exceptionally gave your Post Office Manager authority to carry this loss in her accounts for a period of eight weeks, after which the outstanding amount should have been made good.



-2-

Since then, I have asked for this shortage to be made good at least twice in writing and during both meetings with Mr McCaffrey, Mr Stephenson and Mr Bailey.

In closing, it is normal procedure to make good all shortages at your office as they occur, except in this case where the shortage should have been brought to account eight weeks hence.

Therefore, can you give me specific reasons why you feel you should not comply with normal procedure.

If you require any further information, please do not hesitate to contact me on

**GRO**

Yours sincerely

**GRO**

**Carol Heaps**  
**Retail Network Manager**



Our ref gmg/mr/brac/po/heaps

Your ref bno/shortage/ch/kb

9 May 2001

Carol Heaps  
Retail Network Manager  
Post Office Network  
Queens House  
14 Queen Street  
Belfast  
BT1 6EX



58 MONEYMORE ROAD  
MAGHERAFELT BT45 6HG

TEL: GRO

FAX:

EMAIL: info@GRO

Dear Ms Heaps

We refer to your letter of 25 April 2001 and memorandum dated 6 November 2000.

During the course of your meeting with our Mr McCaffrey, Mr Stephenson and Mr Bailey on Thursday 16 November 2000, the following two shortages were detailed:

£772.56 (27 November 1999)  
£741.46 (15 December 1999)

This total shortage of £1514.02 had since been reduced to £762.25 as per your memo.

Mr McCaffrey expressed our belief that this "shortage" was within the Post Office system.

We believe it is no coincidence that this occurred during the first week of operation of the Horizon software, when our sub-postmaster was left to maintain the system without the appropriate level of training thereon.

Over four months later, you come back to say that the shortage still exists but do not detail either the checks that you have carried out nor where exactly the "shortage" has originated.

We therefore still await such details and evidence of how exactly this shortfall arose.

We continue to be dissatisfied with the delay between "errors" arising and receipt of notification of same; over 16 months have elapsed on this occasion, during which the sub-postmaster has been replaced.

Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry



Our Ref BNO/Shortage/CH/kb

25<sup>th</sup> April 2001

Mrs Conway  
Subpostmaster  
Brackenvale Post Office  
58 Moneymore Road  
MAGHERAFELT  
BT45 6HG

Dear Mrs Conway

My records indicate that your office is holding an unauthorised shortage for the value of £772.56, since November 1999.

Over recent months I have attended two meetings with John, Gerard and Brian, to discuss their concerns and reasons why this amount has never been accounted for.

All relevant docket checks have now been completed, unfortunately no discrepancies were found.

Therefore, can you please arrange for this outstanding amount to be made good as soon as possible.

If you have any concerns you wish to discuss with myself, or indeed require any further information, please contact me direct on **GRO** or in writing to the below address.

Many thanks.

Yours sincerely

**GRO**

Carol Heaps  
Retail Network Manager





# MEMORANDUM

**To:** Subpostmaster  
Brackenvale SPSO

**From:** Carol Heaps  
Retail Network Manager 02

**Date:** 13<sup>th</sup> February 2001

**Subject:** Unauthorised Shortage

---

My records indicate that your office is holding a shortage for the value of £1514.02.

All relevant docket checks have now been completed, unfortunately no discrepancies were found.

Therefore, can you please drop this amount from your suspense account, with immediate effect.

If you have any queries regarding the above, please contact me on

**GRO**

Many thanks.

**GRO**

**Carol Heaps**



## **Electronic memo**

**To:** Lesley Cartwright GRO  
**cc:**  
**Hard Copy To:**  
**Hard Copy cc:**  
**Date:** 28/10/2002 14:53  
**From:** Carol Heaps  
**Subject:** Brackenvale IFPO - FAD CODE 358 704

Leslie,

I am sending you some correspondence between myself and Merit Retail, with regard to an outstanding amount in their suspense account. It was previously drawn to the attention of Liz Schumann. I know this won't be top of your long list but if you get a minute could you advise me on how to proceed. As you will read they have been asked to make good the outstanding amount on several occasions.

Many thanks.  
Regards  
Carol



Our Ref BNO/Issues/CH/kb

14<sup>th</sup> May 2001

Mr Gerald McGarry  
Merit Retail  
58 Moneymore Road  
MAGHERAFELT  
BT45 6HG

Dear Mr McGarry

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Therefore, can you give me specific reasons why you feel you should not comply with normal procedure.

If you require any further information, please do not hesitate to contact me on GRO

Yours sincerely

**GRO**

**Carol Heaps**  
**Retail Network Manager**



Our ref gmg/mr/brac/po/heaps

Your ref bno/shortage/ch/kb

9 May 2001



Carol Heaps  
Retail Network Manager  
Post Office Network  
Queens House  
14 Queen Street  
Belfast  
BT1 6EX

58 MONEYMORE ROAD  
MAGHERAFELT BT45 6HG

TEL: **GRO**  
FAX: **GRO**  
EMAIL: info@ **GRO**

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Yours sincerely  
MERIT RETAIL LIMITED

**GRO**

Gerald McGarry



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Many thanks.

Yours sincerely

**GRO**

Carol Heaps  
Retail Network Manager





## MEMORANDUM

**To:** Subpostmaster  
Brackenvale SPSO

**From:** Carol Heaps  
Retail Network Manager 02

**Date:** 13<sup>th</sup> February 2001

**Subject:** Unauthorised Shortage

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If you have any queries regarding the above, please contact me on

**GRO**

Many thanks.

**GRO**

Carol Heaps





**FRANCHISE**

**BRACKENVALE BRANCH**

**5 year**

**COMPANY AGREEMENT**

**29<sup>th</sup> MAY 2006**



THIS FRANCHISE AGREEMENT is made the 16<sup>th</sup> day of MAY  
Two THOUSAND AND FIVE between Post Office Ltd whose  
registered office is situated at 80-86 Old Street London EC1V 9NN (hereinafter called "the  
Franchisor") of the one part and Merit Retail Ltd whose registered office is at 58  
Moneymore Road Magherfelt County Derry BT45 6HG (hereinafter called "the  
Franchisee") of the other part

#### WHEREAS

- (A) The Franchisor and its predecessors in title have for many years past carried on the business ("the Post Office Business") of a Post Office comprising the provision of a range of services ("the Services") primarily to Government departments and divisions and other subsidiaries of Royal Mail Group plc ("Royal Mail") involving the issue and or sale of articles valuable documents and negotiable instruments ("the Products") the encashment thereof and the receipt of monies on behalf of third parties and otherwise as described in the First Schedule hereto and has obtained and acquired considerable knowledge about the conduct of the Post Office Business and have established a substantial demand and goodwill for the Post Office Business and a substantial and exclusive reputation in the name the "Post Office" (the "Trade Name")
- (B) The methods ("the System") of conducting and marketing the Post Office Business are secret and confidential and are the exclusive property of the Franchisor
- (C) The System includes methods of conducting transactions in the provision of the Services and the issue and sale of the Products and a recognised design decor and colour scheme for the business premises to be occupied by Franchisees equipment furniture layout service format standards of quality and uniformity of products and services offered and procedures for accounting cash inventory and management control
- (D) The Trade Name is associated with uniformly high standards of service
- (E) The provision of some of the Services requires the highest standards of confidentiality and since most of the organisations on whose behalf such services are provided are Government departments which are subject to strict rules of confidentiality including the operation of the Official Secrets legislation the Franchisee accepts and acknowledges that it is essential that the same standard of confidentiality will be required from it and all its staff who may have access to information which is affected by such rules or legislation
- (F) The Franchisor operates and has granted and may from time to time grant franchises permitting the operation of businesses (the "Post Office Network") providing the Services under the Trade Name in accordance with the System from certain premises
- (G) The Franchisee desires to obtain the benefit of the Franchisor's knowledge skill and experience and the right to provide the Services and to issue and sell the Products in accordance with the System from part of the existing trading premises of the Franchisee at 520 Saintfield Road Belfast BT8 8EU under the Trade Name ("the Post Office branch")





- (H) The Franchisee acknowledges that the Franchisor has agreed to enter into this Agreement with the Franchisee on the basis of the existing nature of the business ("the Basic Business") which will continue to be carried on by the Franchisee on part of the Franchisee's existing trading premises
- (I) The Franchisor is the registered proprietor of certain trademarks and service marks ("the Trade Marks") which are employed in the Post Office Business and has agreed that the Franchisee may use the Trade Marks upon the terms and conditions hereafter appearing

**NOW IT IS HEREBY AGREED as follows:-**

**1. RIGHTS GRANTED**

- (A) Subject to and in accordance with the terms hereof the Franchisor hereby grants to the Franchisee the rights for the purposes of the Said Business (as hereinafter defined):
  - (i) to operate the System and
  - (ii) to use the Trade Name and
  - (iii) to use all relevant Trade Marks and symbols insignia distinctive designs and building plans or specifications required for the operation of the Said Business and
  - (iv) the royalty free right to use the copyright of the Franchisor in any printed matter distinctive features marks decor fabric design and drawings and any other relevant matter or materials
- (B) For the avoidance of doubt the Franchisee hereby acknowledges that all goodwill associated with or arising from the use of the System the Trade Name the Trade Marks or any other industrial and intellectual property rights of the Franchisor shall at all times belong to and be vested in the Franchisor and that the Franchisee only has the right to benefit from such goodwill to the extent and upon the terms provided by this Agreement
- (C) The Said Business shall only be carried on by the Franchisee from a part designated and delineated on the attached plan ("the Said Premises") of the existing trading premises occupied by the Franchisee for the purposes of the Basic Business.
- (D) In this Agreement the expression "the Said Business" shall mean the business to be carried on by the Franchisee in exercise of the above rights and pursuant to and in accordance with this Agreement
- (E) The Franchisee shall also have:
  - (i) the benefit of the Franchisor's accumulated experience and knowledge and
  - (ii) the benefit of the Franchisor's accounting and merchandising knowledge and experience and
  - (iii) all other rights and benefits which may accrue to the Franchisee by virtue of this Agreement

## 2. TERM OF AGREEMENT

This Agreement shall be subject to the provision for termination hereinafter contained and shall subsist for a period of Five years commencing on the Twentieth ninth day of May in the year Two Thousand and Six with the benefit of the Franchisee's right of renewal contained in the next following clause

## 3. RIGHTS OF RENEWAL

The Franchisee shall have the right to renew this Agreement at the expiration of the term hereby granted upon the following terms and conditions

- (A) Subject to the following conditions precedent such right shall be exercised by the Franchisee by notice in writing to the Franchisor given not less than twelve months before the expiration of the said term. The conditions precedent are that:
  - (i) there shall be no outstanding substantial breach by the Franchisee of the terms of this Agreement
  - (ii) the Franchisee shall have substantially observed and performed the terms and conditions hereof
- (B) The Franchisor shall not later than 3 months prior to the expiry of the fourth year of this Agreement provide the Franchisee with details of the proposed volume related commissions to be applicable in the new Agreement together with details of such works as required under sub-clause 3(C)(i). In providing such information the Franchisor shall not be admitting that the conditions precedent referred to in sub-clauses 3(A)(i) and (ii) are satisfied.
- (C) The terms upon which the Agreement shall be renewed shall be the following:
  - (i) the Franchisee shall undertake to carry out at its own expense within a period of sixty days (or such longer period as may be specified by the Franchisor) from the date of the notification of its requirements by the Franchisor to the Franchisee such works of renovation modernisation and refurbishment and to replace such fixtures signs furnishings and equipment as may be reasonably necessary to bring the Said Premises up to the then current standards of design and decor for franchised branches within the Post Office Network and to comply with any relevant statutory or other requirements or regulations
  - (ii) The Franchisor shall grant and the Franchisee shall execute a new Franchise Agreement for a period at least equal to the term granted by this Agreement upon the terms of the Franchisor's then current form of Franchise Agreement provided however that (i) the Franchisee will not be under any obligation to pay any sum expressed to be by way of initial fee (ii) the financial terms notified to the Franchisee as aforesaid shall be incorporated and (iii) the Franchisor shall not be obliged to provide any of the initial or other obligations contained in such agreement which are appropriate to the establishment in business of a new franchisee
  - (iii) both parties to this Agreement shall upon the commencement of the new Franchise Agreement be deemed to have released and discharged each of

them from and against all claims and demands whether or not contingent which each may have against the other arising from this Agreement

- (iv) Provided further that if after the service of the notice referred to in Sub-Clause (A) of this clause and prior to the entry into the new Franchise Agreement the Franchisee shall fail to carry out the works and replacements referred to in subclause 3(C)(i) hereof or shall commit a breach of this Agreement such as to justify the termination hereof or which may result in the termination hereof the Franchisee's right to a new Franchise Agreement shall cease and be of no effect.

#### 4. FRANCHISOR'S INITIAL OBLIGATIONS

To assist the Franchisee in opening for business the Franchisor will (in addition to training to be provided pursuant to the provisions in that respect hereinafter contained) provide to or make available to the Franchisee the following services and/or goods:

- (A) Consultation and advice with regard to the suitability and the alterations refurbishment renovation or other work necessary for the conversion and adaptation of the Said Premises into a Post Office branch and any fittings required therefore
- (B) The use on loan of standard plans drawings and specifications of a Post Office branch. If it shall be necessary to amend such plans and drawings to suit the Said Premises the Franchisee shall at its own expense employ an Architect or Surveyor for the purpose. No plans or drawings so amended shall be used for any purpose until they shall have been approved in writing by the Franchisor (such approval not to be unreasonably withheld).
- (C) Consultation and advice with regard to the way in which fixtures fittings and equipment are to be installed in the Said Premises with a view to the efficient operation of the Said Business and the security of the valuable items of which the Franchisee will be holding stocks
- (D) General supervision of the said conversion not including day to day or immediate supervision which will be the responsibility of the Franchisee's Architect or Surveyor
- (E) Consultation (including consultation with the designated officers and general management of the Franchisor) and advice with a view to enabling the Franchisee to commence the Said Business including advice and consultation with regard to the purchase of materials the selection training and supervision of staff cash handling security accounting book-keeping advertising and the day to day operation of the Said Business
- (F) Advice on and the provision of the range and quantity of the stock of the Products for the Said Business prior to its opening.

#### 5. FRANCHISOR'S CONTINUING OBLIGATIONS

The Franchisor shall at all times during the subsistence of this Agreement:

- (A) provide the Franchisee with an operational manual or manuals ("the Operations Manual") which shall contain details of the System and the Services including

instructions on the methods of transacting the Post Office Business and shall provide the Franchisee with details of any alterations and/or improvements in or to the System or the Services to enable the Franchisee to keep the Operations Manual up to date. In the event of any dispute the authentic text of the Operations Manual shall be the copy kept as such by the Franchisor at its Head Office. The Operations Manual shall at all times remain the property of the Franchisor. The Franchisee hereby acknowledges that the copyright in the Operations Manual is vested in the Franchisor

- (B) provide the Franchisee with reasonable facilities for consultation with the designated officers of the Franchisor in relation to the conduct of the Said Business with a view to assisting and enabling the Franchisee to maintain the operation of the System
- (C) provide the Franchisee with advice know-how and guidance in such areas as management cash handling security finance promotion and methods of operation to be employed in or about the conduct of the Said Business
- (D) provide the Franchisee with a continuing service which subject to the provision by the Franchisee to the Franchisor of such information as the Franchisor may reasonably require will enable the Franchisor to monitor the performance of the Said Business and to offer guidance to assist in the achievement and maintenance by the Franchisee of standards of operation service and product
- (E) the Franchisor shall have the right to enter into contracts or arrangements with those "Post Office Ltd Clients" (which expression shall include any suppliers or other third parties with whom arrangements are made by the Franchisor for the Post Office Network to provide services to them which may or may not involve the issue or sale of Products) on whose behalf the Products are handled by the Post Office Network or prospective suppliers of other products whether or not similar to the Products for the handling thereof by the Post Office Network on such terms as the Franchisor shall consider reasonable. The Franchisor shall also have the right to enter into contracts or arrangements with others for the supply of Services and Products in relation to the Said Business by the Franchisee on such terms as the Franchisor shall in its discretion consider to be in the interests of the Post Office Network as a whole (including the provision of credit on reasonable terms) bearing in mind the potential benefits to the Post Office Network
- (F) in accordance with the Operations Manual to provide the Franchisee at the Franchisor's expense with all necessary Products written material books of account, forms and other documentation for use by the Franchisee in its dealings with customers and other third parties. Supplies of all products shall be made at the Franchisor's discretion and are provided solely for the purposes of the Post Office Business at the Said Premises only.
- (G) procure that if necessary any client of the Franchisor will enter into a registered user agreement with the Franchisee authorising the use of the Trade Marks and establishing the Franchisee as a registered user thereof if and to such extent as that client may consider it necessary to protect the Trade Marks
- (H) to repair and maintain the Said Equipment as requested by the Franchisee and any items referred to in clause 7(H)(iv) hereof.

## 6. LEASE OF EQUIPMENT

- (A) The Franchisor agrees to lease to the Franchisee during the subsistence of this agreement and any renewal thereof the equipment signs and goods (hereinafter called "the Said Equipment") set forth in Part I of the Second Schedule hereto and the Franchisee agrees to take the Said Equipment on lease from the Franchisor upon the terms of payment set forth in Part II of the Second Schedule
- (B) The Franchisee shall not sell or offer for sale mortgage or pledge underlet lend or otherwise deal with or part with the possession of the Said Equipment
- (C) The Franchisee shall not interfere with or adjust the Said Equipment except as specifically authorised in the Operations Manual and the Franchisee shall keep the Franchisor indemnified against all loss and damage to the Said Equipment caused by the wilful or negligent misuse thereof
- (D) The Franchisor may affix to the Said Equipment or any part thereof such plates or other marks indicating that the Said Equipment is the property of the Franchisor and the Franchisee shall not obliterate deface or cover up the same and the Franchisor shall at all reasonable times have access to the Said Equipment for the purpose of inspecting such plates and keeping the same in good repair
- (E) The Said Equipment shall not be used or be permitted to be used by the Franchisee for any other purpose other than for the Said Business and as provided in the Operations Manual
- (F) The Franchisee shall not permit any lien or other encumbrance to affect the Said Equipment. In particular the Franchisee shall inform any person to whom a debenture over any part of the Franchisee's assets is to be issued that the Said Equipment is not the property of the Franchisee
- (G) The Franchisee shall at all times keep the Said Equipment insured to the full value thereof in accordance with the provisions of Clause 13 hereof
- (H) Subject to the provisions of the Second Schedule the Franchisee shall at its own expense return to the Franchisor the Said Equipment in good working order and in a good state of repair (fair wear and tear excepted) upon the termination of this Agreement.

## 7. FRANCHISEE'S OBLIGATIONS

In order to maintain uniformly high standards amongst franchisees carrying on business under the Trade Name in accordance with the System and to protect for the Franchisor the Franchisee and the Post Office Network the demand for the Products and the Services sold supplied or provided in the Post Office Business under the Trade Name and the reputation and goodwill thereof the Franchisee shall:-

- (A) ensure that the Said Premises are altered refurbished adapted equipped and fitted out (including signage) in accordance with the Franchisor's requirements and the provisions of the Operations Manual so as to be fully able to be used by the Franchisee for the purposes of carrying on the Said Business from the Twentieth ninth day of May in the year Two thousand and Six and for the remainder of the Term of this Agreement. The Franchisee shall be responsible for obtaining any necessary planning by-law or other consents therefor
- (B) acquire such equipment and other items whatsoever which are necessary for the performance by the Franchisee of its obligations hereunder
- (C) (i) operate the System properly and in accordance with the provisions of the Operations Manual current from time to time. The Franchisee shall not make use of the Operations Manual for any purpose other than for the conduct of the Said Business nor shall it make any copies thereof. The Franchisee shall further ensure that the Operations Manual with which it is provided is kept up-to-date at all times subject to the Franchisor complying with its obligations in clause 5(a)
- (ii) not do anything which may bring the System into disrepute or which may damage the interests of the Franchisor or Post Office Network
- (iii) not promote or advertise at the Said Premises or in or about the Basic Business any political party or support in any manner any political causes in such a way that the Post Office Business the Post Office Network or the Post Office branch may in any way be associated therewith.
- (D) (i) use its best endeavours to maintain the standards in all matters connected with the Said Business and shall not in the conduct of the Said Business sell anything or provide any service which does not conform with the standards associated with the Trade Name or of which the Franchisor does not approve. The Franchisee shall comply with all reasonable instructions given to it by the Franchisor with regard to the standard or quality of services provided in or about the conduct of the Said Business
- (ii) continuously operate the Said Business upon such days and during such hours as specified in the Fifth Schedule or such revised days or hours as may from time to time be approved by the Franchisor such approval not to be unreasonably withheld or delayed
- (iii) ensure that there are employed in the Said Business a number of staff sufficient to enable the Said Business to operate efficiently and to meet the demand for the Products and the Services. The Franchisee shall appoint as the Manager ("the Manager") from time to time of the Said Business such person as is approved by the Franchisor (such approval not to be unreasonably withheld).
- (iv) ensure that all personnel employed by it (including the Manager) in the Said Business shall receive training as specified by the Franchisor and comply with the Franchisor's reasonable instructions regarding standards of appearance (including use of uniforms) behaviour and skill in accordance with the provisions of the Operations Manual and clause 8 hereof
- (v) the Franchisee shall in particular use its best endeavours to ensure that in normal circumstances no customer is kept waiting for service for a period longer than five minutes or such other reasonable period as may from time to time be specified by the Franchisor. The Franchisee shall also (without derogating from the generality of the foregoing) comply in all respects with the Franchisor's quality improvement programmes and with the Franchisor's requirements for putting the customer first as described in the

- Operations Manual. The Franchisee shall keep the Franchisor fully and effectively indemnified in respect of any and all claims demands damages costs and expenses which the Franchisor may reasonably or properly incur as a result of the failure by the Franchisee to perform this obligation without prejudice to any other remedy which the Franchisor may have
- (vi) permit the Franchisor without any further or other authority to speak and/or write to customers about the services being provided to such customers by the Franchisee so as to ensure that the standards associated with the System are being achieved and maintained
- (E)
- (i) display in such manner and upon such part or parts of the Said Premises as the Franchisor may reasonably direct a sign or signs bearing the following words (or such other words to similar effect as may from time to time be specified by the Franchisor and if the Said Premises are in the principality of Wales also in the Welsh language) "a Post Office<sup>®</sup> Franchise owned and operated under franchise by" followed by the Franchisee's name
  - (ii) place upon all letter headings bill invoices and any other documents or literature employed by it in connection with the Said Business in such manner and in such place as the Franchisor may reasonably direct the following words (or such other words to similar effect as may from time to time be specified by the Franchisor and if the Said Premises are in the principality of Wales also in the Welsh language) "a Post Office<sup>®</sup> Franchise owned and operated under franchise by" followed by the Franchisee's name
  - (iii) comply with the requirements of the Business Names Act 1985 and shall comply with the provisions of any statute which may repeal re-enact or amend such Act
  - (iv) use only such stationery and other documentation and literature of whatever nature in its dealings with third parties in connection with the Said Business as the Franchisor shall provide (at the Franchisor's expense) stipulate or approve
- (F) not pledge the credit of the Franchisor or represent itself as being the Franchisor or an agent or partner of the Franchisor and the Franchisee shall not permit any person connected in any way with the Franchisee to represent himself or the Franchisee in such a way that others dealing with him or the Franchisee may regard him as a director officer employee agent or otherwise authorised to act on behalf of the Franchisor except and only to the limited extent necessary to comply with the provisions of Clause 7(I)(i) hereof. The Franchisee being a corporate entity no part of the Trade Name or the Trade Marks shall form part of the Franchisee's corporate name
- (G)
- (i) use only such signs for or in connection with the issue or sale of the Products at the said Premises as shall contain the Trade Name the Trade Marks or such other name and/or trade mark and/or symbol as may be designated by the Franchisor from time to time. Without prejudice to any other remedy available to the Franchisor including termination of this Agreement the Franchisor may remove from the Said Premises any material or other thing whatsoever which in the reasonable opinion of the Franchisor does not comply with the uniformly high standards associated with the Trade Name or the Trade Marks
  - (ii) operate the Said Business in accordance with the System only under the Trade Name specified by the Franchisor without any accompanying words or symbols of any nature (save as required by the provisions hereof) unless first approved in writing by the Franchisor. The Franchisee shall not do

anything which may adversely affect the Franchisor's rights in the Trade Name or the Trade Marks

- (H)
- (i) not alter or convert the Said Premises in any way without the previous consent in writing of the Franchisor such consent not to be unreasonably withheld. Each such alteration or conversion shall be carried out only in accordance with plans drawings and specifications previously submitted to and approved by the Franchisor. The detailed preparation of the said plans drawings and specifications and the day to day or immediate supervision by an architect or surveyor shall be the responsibility and at the expense of the Franchisee.
  - (ii) at all times maintain the interior and exterior of the Said Premises and all parts thereof in a good state of repair and cleanliness and properly decorated in a manner and to a standard specified in the Operations Manual
  - (iii) use only such machinery equipment fixtures and fittings in the conduct of the Said Business as shall have been previously specified or approved in writing by the Franchisor
  - (iv) provide facilities within the Said Premises (including but not limited to the provision of electronic information displays video displays and other electronic or computerised information and advertising display material) in a manner and to the extent stipulated by the Franchisor for the display of notices and leaflets for the provision of information to customers of the Post Office Business or of a public nature on behalf of Post Office Ltd Clients
- (I)
- (i) offer for issue or sale the Services and the Products as identified specified or authorised in accordance with the provisions of the First Schedule and which from time to time are dealt with in the course of the conduct of the Post Office Business on behalf of the Post Office Ltd Clients who originate documents or items of such a nature as licenses negotiable or valuable products (including stamps) Premium Bonds Government Stock and UK Passports Applications and at the respective face values shown thereon together with any specified charges or fees payable in respect thereof. The Franchisee's authority shall be strictly limited to the issue of such documents or items upon the terms of the issue thereof laid down by the Post Office Ltd and the Franchisee has no authority in any way to vary such terms
  - (ii) at all times maintain a supply and stock of the Products sufficient to meet public demands for those products from the Said Business only
  - (iii) The Franchisee shall not transfer or sell (either to itself or to any third party) any Products (except discounted packs of postage stamps which it may sell in accordance with the requirements of the operations manual) for subsequent resale in any other retail outlet belonging to or operated by either the Franchisee, any company forming part of the same group of companies as the Franchisee, any business owned or controlled by the Franchisee, any person on behalf of the Franchisee or such a company or such a business. Where the Franchisee has not complied with this clause the Franchisor will deduct from future payments of commission to the Franchisee any commission paid in respect of such prohibited sales or transfers. This will be without prejudice to any other rights the Franchisor may have as a result of such breach on the part of the Franchisee. The Franchisee shall obtain a supply of the Products and uniforms (which the Franchisee is required to use in the conduct of the Said Business) from the

Franchisor upon the Franchisor's terms of business current from time to time. All products supplied by the Franchisor to the Franchisee shall remain the property of the Franchisor or as the case may be the Post Office Ltd Client until dealt with by the Franchisee in accordance with this agreement or the Operations Manual. The Franchisee shall promptly and within the due time allowed make payment to all suppliers of goods and services sold or provided to it for the purposes of the Said Business

- (iv) comply with the appropriate provisions of the Third Schedule and in particular shall keep all sums of money made available to it by the Franchisor to enable it to discharge financial obligations to customers on behalf of Post Office Ltd Clients or other suppliers of the Products and in respect of any negotiable instruments or vouchers or instructions lawfully presented to it for payment in trust for the Franchisor and only to be applied for such purposes as aforesaid or as otherwise may be authorised in the Operations Manual. The Franchisee shall hold any sums received by it from the sale or issue of the Products or from the Franchisor in trust for the Franchisor absolutely and shall notify its bankers that such sums are subject to such trust
- (J)
- (i) procure from the Manager for the time being and from such other staff of the Franchisee (whether or not they are employed directly in the Said Business) as the Franchisor shall reasonably require an undertaking in a form to be supplied by the Franchisor not to use or disclose to any third party any information or knowledge concerning the business of the Franchisor the Said Business the System or any information relating to the business transacted by the Franchisee in the course of the conduct of the Said Business which is the subject of protection under the Official Secrets Act 1989 and/or any similar statutory provision which may from time to time be in force or which is information which Post Office Ltd Clients are required by law to keep secret and confidential which information or knowledge may be communicated to the Manager or such employee or which the Manager or such employee may acquire pursuant to the discharge of his obligations to the Franchisee. The Franchisee shall without prejudice to any other remedies which may be available to the Franchisor or any Post Office Ltd Clients take such steps at its own expense as the Franchisor may reasonably require in order to enforce the said undertaking and/or to restrain any breach of its terms.
  - (ii) not except for the sole purpose of conducting the Said Business at any time whether before or after the termination of this agreement divulge or use whether directly or indirectly for its own benefit or for the benefit of any person firm or company other than the Franchisor any information acquired in the course of supplying the Services which may be communicated to the Franchisee or which the Franchisee may acquire in carrying out its obligations under this agreement
  - (ii) be wholly responsible for ensuring that only those employees or officers of the Franchisee authorised in writing by the Franchisor have any access to or involvement in the Said Business and in the part of the Said Premises where the Products are kept. The Franchisee shall be responsible for any breaches of the security arrangements as specified from time to time in the Operations Manual in respect of the Products at the Said Premises and shall keep the Franchisor and Post Office Ltd Clients fully and effectually indemnified against all claims demands losses damages costs and expenses

- which may be incurred by it or them or any of them arising from any such breach
- (iii) the Franchisee shall if so required by the Franchisor arrange for Insurance Bonding in respect of its staff who will be employed in the Said Business in such amount and upon such terms as the Franchisor shall from time to time specify
  - (v) in the event that there is any allegation or evidence of fraud or dishonest conduct on the part of the Franchisee the Manager its staff any customers of the Post Office branch or any other person shall co-operate fully with any investigation which may be made by the Franchisor's Investigation Division the Police and any other duly authorised investigator appointed by any Post Office Ltd Client
- (K) observe and perform all contractual obligations entered into by the Franchisor as provided by Clause 5(E) hereof so far as relate to the Said Business and shall keep the Franchisor fully and effectually indemnified against all claims demands damages costs or expenses which may be reasonably and properly incurred or received by the Franchisor resulting from any breach by the Franchisee of the provisions of this clause or of sub-clause 7 (L) hereof or from any other act default or neglect of whatsoever nature on the part of the Franchisee
- (L) comply with all statutory or other legal requirements and regulations of local or other authorities which apply to the Said Business. The Franchisee shall not do or permit to be done anything which might involve the Franchisee, the Franchisor or the Royal Mail in any contravention of any nature whatsoever of any Statutes or Regulations which directly affect the Royal Mail. or the Post Office Business
- (M) (i) not during the term of this Agreement without the consent of the Franchisor to carry on or permit to be carried on in the Franchisee's existing trade premises any business (other than the Basic Business) which is in competition with the Post Office Business or any business connected with the Post Office Network
- (ii) not at any time employ or seek to employ any person in the Said Business then employed in any other business in the Post Office Network and will not directly or indirectly induce any such person to leave his employment without the previous consent in writing of the Franchisor nor will the Franchisee employ any such person without like consent within six months after the termination of his employment
- (iii) the whole of Clause (M) is mandatory and has not been the subject of negotiation between the parties hereto.
- (N) use any telephone line or lines provided by the Franchisor exclusively for conducting and operating the Said Business and shall pay the charges for the installation continuance and use of the said line or lines direct to the supplier of such telecommunications facilities and if it shall fail to do so shall reimburse the Franchisor on demand for all charges made by the supplier of telecommunications facilities in connection with the installation continuance and use of any such line. The Franchisee shall not subscribe for any telephone lines in relation to the Said Business the numbers whereof shall be made public in any British Telecom telephone or other directory of any nature whatsoever nor shall any such other telephone lines be employed in such manner as would

associate such number with the Trade Name and Trade Marks or any of them or the Said Business

- (O) upon written request from the Franchisor forthwith operate the Franchisor's Electronic Cash Register/Point of Sale System or Horizon Automation System when the provisions of the Sixth Schedule shall apply
- (P) at the reasonable request and cost of the Franchisor provide prospective franchisees of the Franchisor with such information as such prospective franchisees may reasonably and properly require and at all times be courteous and co-operative in all its dealings with such prospective franchisees

## 8. TRAINING

- (A) The Franchisor shall initially train the Manager and the staff to be employed by the Franchisee in the Said Business in the operation of the System. Such training shall be provided to the Manager and the Franchisee's staff without charge but the Franchisee will be responsible for paying any salaries travelling food and accommodation expenses which may be payable to or incurred by the Manager and such staff during the period of training. If at any time during the initial period of training it shall become apparent to the Franchisor that the Manager or any staff do not meet the Franchisor's standards and requirements the Franchisor shall have the right upon notice in writing forthwith to terminate the training for such person. If the Franchisee shall not be prepared to offer for training any substitute for the Manager who has failed the training course the Franchisor shall have the right upon notice in writing forthwith to terminate this agreement and shall return to the Franchisee any initial franchise fee paid less a deduction (which shall not exceed £2,500) representing the cost to the Franchisor of the services which the Franchisor has provided up to the date of such termination and the Franchisee shall comply so far as the same may be applicable with the provisions of Clause 17 hereof
- (B) The Franchisor shall have the right to require staff of the Franchisee or the Manager to attend further training courses at any reasonable time during the subsistence of this Agreement if:
  - (i) it reasonably considers attendance at such courses to be essential or
  - (ii) it wishes to train a new Manager the Manager or such staff in new and improved techniques which have been devised and which the Franchisee will be required to put into effect in operating the System.

The Franchisor reserves the right to make a reasonable charge to the Franchisee for such additional training

- (C) The Franchisee shall ensure that subsequent staff receive initial training carried out by the Franchisor and maintain continuing training programmes for its staff in accordance with the requirements contained in the Operations Manual

## 9. IMPROVEMENTS

- (A) The Franchisor shall use all reasonable endeavours to conceive and develop new and improved methods of conducting the Post Office Business and additions or modifications to the System which it may consider desirable. The Franchisor agrees to make such improvements additions or modifications available to the Franchisee at the earliest possible opportunity after they have in the reasonable

opinion of the Franchisor been fully developed. The Franchisee for its part will notify the Franchisor of any improvements in the method of operation which it may consider would assist in the development of the System which the Franchisor will evaluate. The Franchisee shall not introduce any improvement addition modification or innovation into the conduct of the Said Business or of the System without the Franchisor's written consent. The Franchisee shall when reasonably required by the Franchisor in writing introduce any improvement addition modification or innovation to the System and the conduct of the Said Business at the time or times and in the manner specified in such written requirement and the System shall thenceforth be deemed to have been varied as so specified

- (B) In order that the Franchisee, the Franchisor and its other franchisees may all benefit from the free interchange of ideas the Franchisee shall permit the Franchisor to introduce into the System and/or the Operations Manual any improvements which may have been notified by the Franchisee to the Franchisor without any payment being made in respect thereof

#### 10. PAYMENTS TO FRANCHISEE

- (A) The Franchisor will pay the Franchisee the balance due to the Franchisee for each accounting period on or before the forty-fifth day following the end of the relevant accounting period in accordance with the instructions in that respect contained in the Operations Manual.
- (B) If the Franchisor and the Franchisee shall not agree the correct amount the Franchisor shall (without prejudice to any other remedies which it may have) pay the amount not in dispute. At the request of either party the Franchisor's auditors shall resolve the dispute acting as expert and not as arbitrator and the decision of such auditors shall be final and binding on both parties. Any further sum payable by the Franchisor following such decision shall be paid within seven days from the date of the notification of the decision to the Franchisor by the auditors
- (C) The account to be paid by the Franchisor as aforesaid shall reflect the traffic related payment referred to and calculated as provided in the Fourth Schedule
- (D) If the Franchisee shall at any time owe any sum of money to the Franchisor under this Agreement, the Franchisor may deduct such amount from any sums due to the Franchisee under the Agreement

#### 11. ACCOUNTING

The Franchisee shall:-

- (A) Maintain an accounting system in accordance with the provisions contained in the Operations Manual and the Cash Book which will be provided by the Franchisor. The Franchisee shall ensure that all transactions are properly recorded with the requisite details to enable the Franchisor to ascertain with accuracy each transaction effected by the Franchisee in or about the conduct of the Said Business

- (B) Prepare the appropriate form of Cash Account at the close of business every Wednesday and despatch the same to the Franchisor together with all vouchers and documents in accordance with the instructions contained in the Cash Book by prepaid first class mail postmarked not later than the Friday of the same week unless otherwise instructed by the Franchisor
- (C) Maintain on the Said Premises in a form approved by the Franchisor (and preserve the same for at least six years after the end of the financial year to which they relate) full and accurate books of account and all underlying or supporting records and vouchers relating to the Said Business and permit the Franchisor (or any person firm or company nominated by the Franchisor) at any time during business hours to inspect the said books of account and records and to take copies thereof and to verify the cash balance and the Products held by the Franchisee. If on any such inspection a discrepancy is found in the information provided in the Cash Account for any accounting period the Franchisee shall without prejudice to any other rights which the Franchisor may have reimburse the Franchisor for all reasonable costs incurred in conducting such inspection including travel hotel subsistence salaries and fees
- (D) Use as each Accounting Period for the purposes hereof the periods so specified in the Cash Book provided by the Franchisor
- (E) Provide the Franchisor with a profit and loss statement in respect of the trading of the Said Business for each Accounting Period and cumulatively each month from the beginning of each financial year. Such profit and loss statement to be provided to the Franchisor 45 days following the end of the Accounting Period it relates to and completed in accordance with the form and the instructions contained in the Operations Manual.
- (F) The Franchisee shall also when requested by the Franchisor from time to time supply to the Franchisor a copy of the latest available audited accounts of the Basic Business which the Franchisor shall treat in the strictest confidence and shall not divulge the same or any part thereof to a third party.
- (G) Register with HM Customs and Excise for Value Added Tax before commencing the Said Business
- (H) Provide such further information relating to the Said Business as the Franchisor shall reasonably consider necessary to assist the Franchisor in the discharge of its duties under the provisions of this Agreement

## 12. ADVERTISING

- (A) The Franchisee shall not conduct or carry on any advertising in relation to the Post Office Business or the Said Business without the prior written consent of the Franchisor
- (B) The Franchisee shall prominently display and maintain at its own expense the advertising signs cards notices or displays supplied to the Franchisee by or on behalf of the Franchisor. All approved advertising matter shall be installed and all advertising matter of whatever kind shall be maintained at the expense of the Franchisee who shall be responsible for obtaining any necessary planning bylaw or other consents therefor. The provisions of this sub-clause shall not

apply to the Franchisee's advertising and marketing of the Basic Business provided however that any such advertising or marketing material shall not encroach upon the part of the Said Premises (including window or frontage or fascia signs) dedicated to the Said Business or (in the reasonable opinion of the Franchisor) detract from the appearance or impact of the Post Office branch upon customers or prospective customers

### 13. INSURANCE

- (A) The Franchisee shall take out and maintain cover (in the joint names of the Franchisor and Franchisee and any other interested parties) or in the alternative note on any policy the interest of the Franchisor in any event at the Franchisee's expense either in accordance with the insurance scheme or cover specified or arranged by the Franchisor to be available for its franchisees or according to the requirements of that scheme. The Franchisee may make such arrangements for additional cover as it thinks fit provided that such arrangements are previously produced to and confirmed in writing by the Franchisor as not containing any provisions which effected according to the requirements of such scheme might affect the said insurance scheme or the cover specified by the Franchisor as aforesaid.
- (B) The Franchisee shall from time to time furnish the Franchisor on demand with copies of the policies or sufficient evidence thereof and evidence that the then current premiums therefore have been paid. The Franchisee shall arrange with its insurers that no policy will be terminated or cancelled for whatever reason unless 14 days notice of the insurers intention has been given to the Franchisor

### 14. TRADEMARKS

- (A)
  - (i) The Franchisee shall when requested render to the Franchisor all reasonable assistance (including but not limited to evidence of user) in obtaining registrations of the Trade Marks including the execution of any documentation which may be necessary to establish the Franchisor as the owner of the Trade Marks
  - (ii) in no circumstances shall the Franchisee apply for registration as proprietor of any trade mark in respect of the Trade Name or the Trade Marks or any or part of them or which would conflict with the Trade Name or the Trade Marks nor shall the Franchisee take any action or refuse or decline to take any action which may result in harm to the Trade Marks or put the registrations thereof or the applications therefor at risk
  - (iii) if at the time the Franchisor desires to apply for registration of a trade mark and has so applied the Franchisee is deemed in law to have rights in the trade mark so as to make it necessary for an application to be Proceeded within the name of the Franchisee the Franchisee shall at the request and expense of the Franchisor make and proceed with such application and do all acts and execute documents necessary for obtaining registration in the name of the Franchisee and thereupon the Franchisee shall assign such registration to the Franchisor
  - (iv) The Franchisee shall be entitled to the like rights in respect of any registered trade marks of the Franchisor relating to the Post Office Business (including the Trade Marks) as are granted by this Agreement and the Franchisee shall at the request and expense of the Franchisor do all acts and execute all documents for establishing the Franchisee as a user thereunder and where applicable for the registration of the Franchisee's

permitted use at the Trade Marks Registry. Any registered user agreement shall (inter alia) contain the right of the Franchisor to control the specifications and quality of the Products and the Services to which the Trade Marks apply and the rights given to the Franchisee shall be limited to use in the Said Business and in such other ways as required by the Franchisor consistent with this Agreement. The Franchisee shall not following such request be entitled to exercise any of the rights herein granted if it shall have failed within a reasonable time after receipt of such document to have executed it and returned it to the Franchisor Under the terms of any registered user agreement the sum of ten pounds (£10) per annum for the use of the Trade Marks and any other registered trade marks or service marks of the Franchisor

- (v) The Franchisee shall in all representations of the Trade Marks used by it on the Products if required append in a manner approved by the Franchisor such inscription as is usual or proper for indicating that the Trade Marks are registered
  
- (B) The Franchisee shall immediately notify the Franchisor of all infringements or imitators of the Trade Marks the Trade Name or any business which appears to or to be attempting to pass itself off as a Post Office branch which comes to its attention or any attempts to challenge the Franchisee's right to use any of the Trade Marks or the Trade Name or to carry on the Said Business as a Post Office branch so long as this Agreement shall subsist. The Franchisor shall take such action as it in its sole discretion considers appropriate. The Franchisee agrees to provide such co-operation as the Franchisor shall request (at the expense of the Franchisor) in the prosecution of any such action including the provision of evidence and being named as a party to any legal proceedings. The Franchisor shall have the conduct of any such action and pay all legal expenses and costs which may arise from the joining of the Franchisee as a party save such legal expenses and costs which the Franchisee may incur by taking separate legal advice. The Franchisee shall not without the prior written consent of the Franchisor take any action of whatever nature based upon the Trade Marks the Trade Name or any common law rights which the Franchisee is licensed to use or exercise pursuant to this Agreement or any registered user agreement entered into between the parties
  
- (C) No warranty expressed or implied is hereby given by the Franchisor with respect to the validity of any of the Trade Marks

## 15. SALE OF BUSINESS

- (A) The Franchisee shall not have the right to assign this agreement. The Franchisee shall have the right to sell the Said Business with the prior written consent of the Franchisor such consent not to be unreasonably withheld or delayed and subject to the conditions listed in sub-clause (C) of this clause
  
- (B) The Franchisor hereby undertakes to grant to a purchaser of the Said Business who is acceptable to it (such acceptance not to be unreasonably withheld or delayed) and who may or may not be the owner of the Basic Business a franchise for a period equal to the unexpired term granted by this Agreement commencing with the date of the sale of the Said Business but otherwise upon similar terms and conditions to those contained in the Franchisor's then current appropriate standard Franchise Agreement

- (C) The conditions required to obtain the written consent of the Franchisor to the sale of the Said Business by the Franchisee shall be that:
- (i) any prospective purchaser shall submit his offer in writing which offer shall be bona fide and at arms length and shall meet the Franchisor's standards with respect to business experience financial status character and ability and the manager and staff to be employed in the Said Business shall successfully complete a programme of initial training by the Franchisor. The prospective purchaser must execute a confidentiality undertaking or a franchise agreement prior to staff to be employed in the Said Business entering into such training as may be required by the Franchisor
  - (ii) the prospective purchaser shall not be engaged or concerned or interested in any way in any business which carries on a business which competes with the Post Office Business or which is a member of a group of companies one of whose members carries on such a business
  - (iii) the prospective purchaser has adequate financial resources bearing in mind the purchase price to enable it to trade profitably. The Franchisor in so satisfying itself shall not be taken to making any representations or giving any warranties to such prospective purchaser
  - (v) legally binding arrangements reasonably acceptable to the Franchisor have been made to establish the rights of occupancy of the prospective purchaser either at the Said Premises or other premises approved by the Franchisor
  - (vi) if the prospective purchaser shall be a company the Franchisor shall require to be satisfied:
    - (a) that the individual or individuals who will have effective voting or defacto control of such Company meet the criteria set forth in Sub-Clause (i) above and
    - (b) with the suitability of the other persons who will be directors in such company and
    - (c) with the arrangements between the shareholders in such company and the prospective purchaser enter into the standard form of franchise agreement then currently in use by the Franchisor for corporate franchisees
  - (vii) payment is made by the Franchisee of all costs and all obligations by or of the Franchisee to the Franchisor and any nominated supplier are discharged including any sum due under sub-clause (C) (ii) of this Clause without any right of deduction or set-off
- (D) The Franchisee shall as soon as possible submit to the Franchisor a copy of each written offer which the Franchisee proposes to accept received from any prospective purchaser to purchase the Said Business from the Franchisee together with:
- (i) a financial statement of affairs and the business history of the proposed purchaser and
  - (ii) details of any other terms which may have been agreed between the Franchisee and the prospective purchaser Upon receipt of a copy of such written offer accompanied by such items the Franchisor shall in addition to its other rights hereunder have an option to purchase the Said Business for the same amount and upon the same terms as the proposed purchaser has offered The Franchisor shall have a period of thirty (30) days after receipt

of such written notice and other items to exercise its option to purchase by notice in writing to the Franchisee. The sale and purchase to be completed within 20 days following the service of the Franchisor's Notice. The Franchisee shall notify the Franchisor of any variation in the terms offered by any prospective purchaser and the said period of thirty (30) days shall recommence as from the date of such notification of a variation in the offered terms

- (E) In this clause the expression "the Said Business" shall include all assets employed in or about the conduct of the Said Business
- (F) If the Franchisor shall not exercise the option herein before contained the Franchisee shall be entitled within the period of six months thereafter to proceed with its application to sell the Said Business upon the same or on terms no more favourable to a prospective purchaser than those notified to the Franchisor pursuant to sub-clause (D) hereof
- (G) Upon the Franchisor exercising the option contained in sub-clause (D) hereof or entering into a Franchise Agreement with a prospective franchisee and upon the satisfaction of the conditions referred to in sub-clause (C) hereof in particular the successful completion by the prospective manager and staff of the Said Business of the programme of initial training the Franchisor and Franchisee shall each be deemed to have released the other from the terms of this Agreement save for those provisions which by their nature or effect survive termination.
- (H) For the purpose of this clause any change in beneficial ownership of the issued share capital or of the defacto control of the Franchisee shall be deemed to be an assignment.

## 16. TERMINATION

- (A) If the Franchisee shall:
  - (i) fail to commence the Said Business within the period of six months from the date hereof or
  - (ii) neglect or fail to substantially perform or observe any of the agreements or conditions on the Franchisee's part to be performed or observed hereunder or
  - (iii) fail to provide the agreed services to the standards required by the Franchisor as set out in the Operations Manual or
  - (iv) change the nature of the Basic Business without the prior written consent of the Franchisor which shall not be unreasonably withheld and in the case of any default neglect or failure shall fail to remedy such default neglect or failure (where capable of remedy) to the Franchisor's reasonable satisfaction within twenty-eight days or such longer period as may be agreed with the Franchisor having regard to the circumstances after written notice thereof from the Franchisor PROVIDED however that in the case of persistent default neglect or failure the Franchisee shall not be entitled to any period of grace within which to remedy any default neglect or failure. A substantial default neglect or failure of the same agreement or condition which has occurred more than twice in any period of one year shall be deemed to be a persistent default neglect or failure or

- (v) in its franchise application or supporting details have provided the Franchisor with information which contains any false or misleading statements or omits any material fact which may make any statement misleading or
- (vi) become insolvent enter into liquidation whether compulsorily or voluntarily otherwise than for the purpose of amalgamation or reconstruction or if an administration order shall be made in respect of the Franchisee or
- (vii) make any arrangement or composition with its creditors or shall have a Receiver (including an Administrative Receiver) appointed of all or any part of its assets or if the Franchisee takes any similar action in consequence of debt or if there shall be a purported or deemed assignment of this Agreement other than a sale of the Said Business under and in accordance with the provisions of Clause 15 hereof or
- (viii) sell or otherwise dispose of the Basic Business to a Company unacceptable as a franchisee to the Franchisor or if the Franchisee or the Manager shall be convicted of any criminal offence (other than a Road Traffic Offence not involving imprisonment)

the Franchisor may without prejudice to any other rights or remedies available to it terminate this Agreement forthwith by notice in writing to the Franchisee and all rights of the Franchisee here under shall thereupon cease

## 17. CONSEQUENCES OF TERMINATION

- (A) Upon the termination of this Agreement under the provisions of Clause 16 hereof the Franchisee will immediately discontinue the use of the Trade Name the Trade Marks signs cards notices and other display or advertising matter indicative of the Franchisor or of any association with the Franchisor or of the Said Business or products of the Franchisor and will make or cause to be made such changes in signs cards notices and other display or advertising matter indicative of the Franchisor or of any association with the Franchisor or of the Said Business or products of the Franchisor and will make or cause to be made such changes in signs cards notices and other display or advertising matter buildings and structures as the Franchisor shall reasonably direct. If the Franchisee shall within thirty (30) days of such direction fail or omit to make or cause to be made any change then the Franchisor shall have power (without incurring any liability to the Franchisee) without the consent of the Franchisee save the consent hereby irrevocably given to enter upon the Said Premises and to make or cause to be made any such change at the expense of the Franchisee which expense the Franchisee shall pay on demand.

The Franchisee shall also when demanded by the Franchisor and (except in the case of items supplied to the Franchisee free of charge) upon payment of the reasonable market value thereof or cost thereof whichever is the greater deliver up to the Franchisor all stationery literature signs cards notices other display or advertising matter and any other article bearing the name of the Franchisor or the Trade Name or the Trade Marks which are the property of the Franchisee. All items which may have been loaned to the Franchisee by the Franchisor including the Operations Manual shall be returned to the Franchisor at the Franchisee's expense. The Franchisee shall also forthwith pay to the Franchisor after deduction of any volume related commission to which the Franchisee is

entitled up to the termination of all Said Business all sums of money which may be due or owing from the Franchisee to the Franchisor

- (B) The Franchisee shall further and forthwith upon such termination:
- (i) deliver up to the Franchisor all stocks of the Products, all cash held on behalf of or in trust for the Franchisor, all datestamps and such other property of the Franchisor as shall have been provided to or received by the Franchisee
  - (ii) join with the Franchisor in cancelling any permitted user of the Trade Marks. If the Franchisee shall fail so to do the Franchisor is hereby irrevocably appointed the agent of the Franchisee with full authority to give such notice to the Registrar of Trade Marks on behalf of the Franchisee
  - (iii) cease using the telephone lines (provided by the Franchisor in accordance with the provision in that behalf herein before contained) and any other lines of which the number have been publicly associated with the Said Business and the Trade Name and shall do all such acts and things including the signature of any document which may be necessary to ensure that the future use of such telephone lines by the Franchisor is assured
  - (iv) cease the use of all material of whatever nature of which the copyright is vested in the Franchisor or where the continued use thereof would in any way infringe the Franchisor's copyright
  - (v) indicate on such part of the Said Premises in such form as the Franchisor shall specify the closest address at which the Post Office Business is then being carried on
  - (vi) return to the Franchisor any counter automation equipment provided pursuant to the provisions of this Agreement
- (C) Upon the termination of this Agreement by reason of default by the Franchisee the Franchisor shall have the rent free right to occupy the part of the Said Premises utilised at the time of termination by the Franchisee for the purposes of conducting the Said Business for a period not exceeding six months from the expiration of the period of thirty days referred to in sub-clause (A) of this clause in order to provide continuity of services to consumers. The Franchisee shall fully co-operate with the Franchisor and hereby irrevocably authorises the Franchisor to enter into possession and to use all the facilities at the Said Premises as theretofore used by the Franchisee in or about its operation of the Said Business. The Franchisee acknowledges that it will benefit from the volume of foot traffic generated by the continued operation of the Post Office Business at the Said Premises and accordingly will not make any charges for any facilities or services of any nature whatsoever which it may provide or make available to the Franchisor
- (D) Upon the termination of this Agreement under the provisions of Clause 16 hereof the Franchisee shall not for a period of one year directly or indirectly be engaged concerned or interested in any capacity whatsoever in any business which carries on a business similar to or which would compete with the Post Office Business

**18. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties with respect to its subject matter. No representations or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect.

**19. SEVERABILITY**

If any provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, such provision shall be severed; all other provisions of this Agreement shall remain in full force and effect. No provision of this Agreement shall be deemed dependent upon any other provision unless so expressed herein

**20. WAIVER**

The failure of the Franchisor to require performance by the Franchisee of any provision hereof shall in no way affect the right of the Franchisor thereafter to enforce such provision, nor shall the waiver by the Franchisor of any breach of covenant condition or proviso herein be taken or held to be a waiver of any further breach of the same or any other covenant, condition or proviso. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is otherwise entitled by law to enforce

**21. WARRANTIES**

The Franchisee shall make no statement representations or claims and shall give no warranties to any customer or prospective customer in respect of the Products or the Services or the System save such as have been specifically authorised by the Franchisor in writing or as provided in this Agreement. The Franchisee hereby undertakes to the Franchisor to keep it fully and effectually indemnified against all claims demands losses expenses and costs which the Franchisor may reasonably and properly incur as a result of any breach by the Franchisee of this provision or of any other provision contained in this Agreement

**22. NOTICES. AGENDA, NUMBER AND TITLES**

Any notice required or permitted to be given hereunder shall be in writing and may be delivered personally or posted by pre-paid registered post addressed to the Franchisor or the Franchisee as appropriate. In this Agreement words importing the singular only shall include the plural, and vice versa; words importing gender shall include masculine and feminine genders. Headings in this Agreement are for ease of reference only and are not part of the Agreement

**23. CHOICE OF LAW AND JURISDICTION**

This Agreement shall be governed by and construed under and in accordance with English Law and shall be subject to the jurisdiction of the English courts

## 24. DEFINITIONS

- (A) If there are two or more persons as Franchisees as parties to this Agreement all covenants and agreements on the part of the Franchisee shall be deemed to be joint and several covenants on their part
- (B) There shall be deemed to be incorporated into the option hereinbefore contained for the purchase in certain circumstances by the Franchisor of the Said Business the National Conditions of Sale (20th Edition) so far as the same shall be applicable to the assets the subject of the option and are not varied by or inconsistent with the provisions hereof
- (C) Where under any of the provisions of this Agreement the Franchisor's consent or approval is required to be given or obtained such consent or approval to be effective and binding on the Franchisor unless deemed by a provision in this agreement to have been given must be in writing and signed for and on behalf of the Franchisor
- (D) Where in this Agreement there is a reference to a requirement of the Franchisor (however expressed) it shall be deemed to include any requirement contained in the Operations Manual provided that if there shall be any conflict between the terms of this Agreement and the Operations Manual then the provisions of this Agreement shall prevail
- (E) Where in this Agreement there is reference to any matter to be specified by the Franchisor notice of such specified requirements may be communicated by way of amendment or addition to the Operations Manual
- (F) Where in this Agreement there is a duty imposed upon the Franchisee to send money reports or information to the Franchisor postmarked not later than a certain day which for any reason (including but not limited to strikes or non-collection of post) the Franchisee cannot perform the Franchisee shall be under an obligation to ensure that such money reports or information are received by the Franchisor not later than during the second day after the day upon which posting should have taken place
- (G) In this Agreement the expressions below listed have the meanings attributed to them in the clauses set opposite the expression:

"the expression"

- (i) the Post Office Business
- (ii) the Services
- (iii) the Products
- (iv) the Trade Name
- (v) the System
- (vi) Post Office Network
- (vii) Post Office branch
- (viii) the Basic Business
- (ix) the Trade Marks
- (x) the Said Premises
- (xi) the Said Business
- (xii) the Operations Manual
- (xiii) Post Office Ltd Client
- (xiv) the Said Equipment
- (xv) the Manager

"clause"

- recital (A)
- recital (A)
- recital (A)
- recital (A)
- recital (B)
- recital (F)
- recital (G)
- recital (H)
- recital (I)
- clause 1 (C)
- clause 1 (D)
- clause 5(A)
- clause 5(E)
- clause 6(A)
- clause 7(D)(iii)

/05

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Signed and Delivered as a Deed for and on behalf of Post Office Ltd

89/05.

**GRO**

NEIL OWEN

Signed and Delivered as a Deed for and on behalf of Merit Retail Ltd

**GRO**

Signature

**GRO**

Name in full:

JARLATH CONWAY

Name in full:

MATILDA CONWAY

Position held within Company:  
(Director or Company Secretary)

DIRECTOR

Position held within Company:  
(Director or Company Secretary)

COMPANY SECRETARY

[Please now sign the plans located inside the back cover of the Agreement]



"the expression"	"clause"
(i) the Post Office Business	recital (A)
(ii) the Services	recital (A)
(iii) the Products	recital (A)
(iv) the Trade Name	recital (A)
(v) the System	recital (B)
(vi) Post Office Network	recital (F)
(vii) Post Office branch	recital (G)
(viii) the Basic Business	recital (H)
(ix) the Trade Marks	recital (I)
(x) the Said Premises	clause 1 (C)
(xi) the Said Business	clause 1 (D)
(xii) the Operations Manual	clause 5(A)
(xiii) Post Office Ltd Client	clause 5(E)
(xiv) the Said Equipment	clause 6(A)
(xv) the Manager	clause 7(D)(iii)

**Signed and Delivered as a Deed for and  
on behalf of Post Office Ltd**

**Signed and Delivered as a Deed for and  
on behalf of Merit Retail Ltd**

Signature:

Signature:

Name in full:

Name in full:

Position held within Company:  
(Director or Company Secretary)

Position held within Company:  
(Director or Company Secretary)

**[Please now sign the plans located inside the back cover of the Agreement]**

**THE FIRST SCHEDULE**  
(the Services and the Products)

(A) The principal Services and Products comprise:

- payment of pensions and allowances
- sale of postage stamps and philatelic services
- acceptance of payment for Royal Mail Services despatch and receipt of mail
- issue and encashment of postal orders
- carrying out Alliance & Leicester transactions
- National Savings & Investments receipts and payments
- acceptance via Alliance & Leicester Transcash service of payments for Savings Certificates and Premiums Bonds etc.
- sale of national lottery or similar lottery tickets
- issue of Television Licences
- issue of Motor Vehicle Licences
- receipt of payments for Telephone accounts
- sale of savings stamps for Motor Vehicle Licensing, Television Licensing and various Utility Companies
- processing United Kingdom Passport applications
- resetting of franking machines
- sale of phonecards
- issue of E111s.

subject to variation from time to time in accordance with the provisions agreed between the Franchisor and Post Office Ltd Clients as notified to the Franchisee from time to time in the Operations Manual

(B) Such other Services and Products as may from time to time be referred to in the Operations Manual or authorised in writing by the Franchisor

**THE SECOND SCHEDULE**

**Part I**  
**("the Said Equipment")**

	Qty	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
		£	£	£	£	£
		←———— Cost per item —————→				
Electronic Letter Scales	2	249.36	249.36	249.36	249.36	249.36
Electronic Parcel Scales	1	170.21	170.21	170.21	170.21	170.21

All amounts are exclusive of VAT which will be added at the rate in force for the individual year.

Note: The cost quoted in Part I above includes repair and maintenance of the Said Equipment [including the provision of spare parts] for normal wear and tear; misuse and other damage not included.

**Part II**

(terms of payment)

The Franchisee shall pay the aggregate of all sums payable as aforesaid by quarterly payments in advance the first whereof shall be made on the execution hereof or if later (and in respect thereof) on the date of supply of any items of Said Equipment. Subsequent payments for items received later than the execution of this agreement shall be calculated pro rata to combine with existing quarterly payments from the execution of this agreement.

**Part III**

(Other items Loaned to the Franchisee)

The Horizon System

## THE THIRD SCHEDULE Part I

### RESPONSIBILITY FOR POST OFFICE LTD STOCK AND CASH

#### CREDIT STOCK OF STAMPS ETC.

1. The Franchisee shall be provided with suitable stocks of the Products, the amount of which shall be determined pursuant to the terms of this Agreement

#### CASH BALANCE

2. The Franchisor operates a system of overnight cash holding targets for its retail network which is aimed at minimising the amount of unproductive money held in the network each night. The Franchisee is permitted to hold cash belonging to the Franchisor to meet payments at the Post Office branch after due allowance has been made for expected receipts and in accordance with the Franchisor's accounting and security instructions. The Franchisee will be targeted by the Franchisor to achieve a specific average overnight cash holding figure over a period. The Franchisee will be consulted before targets are set or revised; any changes in patterns of business suggesting that a modification of the target would be appropriate must be brought to the Franchisor's attention by the Franchisee
3. The Franchisee shall not make use of any monies belonging to the Franchisor for any purpose other than the requirements of the Post Office branch; and it must, on no account apply to its own private use, for however short a period, any portion of the Franchisor's money held by it in Trust as provided in this Agreement. The Franchisee must keep the Franchisor's money separate from any other monies. Misuse of the Franchisor's money may render the Franchisee liable to prosecution and will be a breach of this Agreement which might result in its termination

#### ACCOUNTS

4. The Franchisee must ensure that records of the Products and money entrusted to him by or received on behalf of the Franchisor are kept in the form prescribed by the Franchisor. It shall immediately produce these accounts, and the whole of the money so held by it and stock for inspection whenever so requested by a person duly authorised by the Franchisor

#### SECURITY OF CASH, STAMPS ETC.

5. The Franchisee is responsible for the safe custody of cash, the Products and other property, papers and documents belonging to the Franchisor, whether held by itself or by the Manager or its staff, and shall keep them in a place of security.
6. All vouchers for payments e.g. Postal Orders, Allowance Dockets etc. should be placed in a suitable receptacle (cardboard box or strong envelope), labelled "Paid Vouchers" and at the close of business kept separately from cash and the Products in another secure place, such as a locked drawer or cupboard
7. The Franchisee must be careful to keep his stocks of all kinds in such a manner that they remain in good condition. The stocks must be protected against damp and dust

8. Datestamps used for stamping paid vouchers and accepted postal packets must be kept where they are out of reach of members of the public. When not needed for work they must be locked away
9. The Franchisee is responsible for all losses however caused. Deficiencies due to such losses must be made good without delay.
10. The financial responsibility of the Franchisee shall not cease on the termination of this Agreement, and it will be required to make good any losses incurred which may subsequently come to light

#### **THEFT OR BURGLARY**

11. If a theft or burglary is committed or attempted at the Post Office branch or the Said Premises whether or not the Franchisor's cash or the Products are stolen, the facts must be reported at once to the Police and to the Franchisor by the person who first makes the discovery

#### **MISSING OR STOLEN STOCK**

12. If the Franchisee considers that any value stock items have been accidentally lost, or stolen it should make a report, in accordance with Appendix 1, as quickly as possible to the Franchisor

## Appendix 1

### MISSING OR STOLEN STOCK

#### ACCIDENTAL LOSS

If at any time any item of stock (including stock of no intrinsic value such as motor vehicle licences) is found to be missing, steps must at once be taken to ascertain what has happened to the missing items. The serial numbers must be ascertained (see 2(a)) and verified by examination of items in stock, and the requisition forms examined to discover whether or not any of the items purport to have been issued out of sequence. All the requisition forms for the previous 3 months must at the same time be impounded and held for instructions. If, after careful search, the missing items cannot be found are thought to have been mislaid only, or inadvertently destroyed, a preliminary report of the loss giving the serial number of the items in question must forthwith be sent by the Franchisee to the Franchisor

#### STOLEN ITEMS

1. If as a result of burglary, break-in, theft, or suspected theft, any item of stock are missing the facts should be reported as quickly as possible by the Franchisee to the Franchisor
2. The further details which will be required and which should be obtained and submitted to the Franchisor at the earliest opportunity are as follows:
  - (a) The denominations, total values and serial numbers of the missing or stolen items, so far as they are known, with serial numbers of any remaining stocks
  - (b) A statement as to whether the datestamp of the office has been stolen or, if not, whether there is reason to believe that it has been used upon the stolen items
  - (c) A specimen impression of the datestamp and, if it was stolen, particulars of the type in it when stolen
  - (d) A statement of the circumstances which are thought to show that a theft has been committed and of the supposed date, time and method of commission. It should include, if possible, written reports from the person who last saw the missing items and the person who first discovered the loss. The former should say when the items were last seen, in what place and in what kind of receptacle (locked or unlocked) they then were. The latter should state how and when the loss was discovered and describe exactly the condition of the place and of the receptacle from which the items were apparently taken.
  - (e) Particulars of any cheques, including details of the service or stock for which they were accepted.

## THE FOURTH SCHEDULE

### Calculation of Traffic Related Payments

#### Traffic Related Payments

The traffic related payment shall in relation to each of the following transactions be calculated as set out in Figure 1 below.

The Franchisor will use all reasonable commercial endeavours to try to maintain the same level of payments by Post Office Ltd Clients as are effective as at the date hereof and to renew agreements with Post Office Ltd Clients when necessary subject to the aforesaid there is no warranty representation or guarantee that the Franchisor will be able to achieve the renewal of all or any such agreements or to maintain the current level of payments.

The payment for a particular item of business may be increased or decreased to reflect changes in the method of performing the transaction.

Items to which a monetary value has been assigned may be removed or additional items introduced from time to time. Not all new items of business will attract a specific monetary value.

Where the numbers of transactions for any item of business which has been assigned a discrete payment reduces the Franchisor may absorb the payment for that work into another item of business which has a discrete payment.

The traffic related payments will be subject to review from time to time and at no time shall the traffic related payments payable to the Franchisee be less than payments made to other franchisees of the Franchisor.

Wage Type Group	Wage Type Group Description	Wage Type Description	Product	Payment Rate
7030	A&L GIRO DEPOSITS- VOLUME	Bus.A/C Dep. Counter £60+	29.20p	Per transaction
7030	A&L GIRO DEPOSITS- VOLUME	T.Cash/Deps +Bus.Dep.<£60	27.70p	Per transaction
7030	A&L GIRO DEPOSITS- VOLUME	NS Pensioner Income Bonds	29.10p	Per transaction
7040	A&L GIRO DEPOSITS- VALUE	Giro Deposits-Ad Valorem	36.00p	Per £1000 deposited
7047	POST OFFICE SAVING STAMPS	Post Office Saving Stamps	40.00p	Per £100 encashed
7050	BUS.CHQ.ONLY DEP.BUSINESS	Bus. Chq. Only Dep.	29.10p	Per transaction
7051	PB CHEQUE DEPOSIT	Partner Banks	10.30p	Per transaction
7052	PB CASH DEPOSIT	Partner Banks ex Cahoot	26.80p	Per transaction
7052	PB CASH DEPOSIT	Cahoots Personal Cash Dep	30.50p	Per transaction
7053	PB CHEQUE ENCASHMENT	Partner Banks	19.10p	Per transaction
7055	CO-OP CASH CHEQUESCO-OP C	Co-Op Cash Cheque	29.20p	Per transaction
7057	MONEYGRAM RECEIVED	Money Gram Received	308.00p	Per transaction
7058	MONEYGRAM SEND	Money Gram Send	308.00p	Per transaction
7060	A&L GIRO WITHDRAWALS	Giro Withdrawals	29.00p	Per transaction
7062	JOINT VENTURE PRODUCTS	Unsecured Loan Insurance	5.00%	Of The Insurance Premium Value
7062	JOINT VENTURE PRODUCTS	Unsecured Loan Issued	0.45%	Of The Loan Value
7062	JOINT VENTURE PRODUCTS	Car Insurance	2.50%	Of The Insurance Premium Value
7070	GIRO RENT VOUCHERS/CARDS	Rent Vouchers & Cards	26.30p	Per transaction
7080	COUNCIL TAX CARD VOUCHERC	Council Tax Card/Voucher	25.60p	Per transaction
7090	CHANGE GIVING-VOLGIRO CHA	Giro Change Giving (Vol)	80.00p	Per transaction
7100	GIRO DWP COLOURED ORDERS	DHSS Orders Green/Violet	24.20p	Per transaction
7105	CASH O/BANK CHQS	O/Banks Cheques-Enigma	20.50p	Per transaction
7110	DVLA	DVLA-Non Barcode	136.00p	Per transaction
7110	DVLA	DVLA-Barcode	110.00p	Per transaction
7112	DVLA NI	DVLA NI-Barcode	56.00p	Per transaction
7113	TEMP FIRST LIC.	Temporary First Licence	78.00p	Per transaction
7115	STATUTORY OFFROAD NOTIF.	Statutory Off-Road Notif.	10.30p	Per transaction
7116	DVLA - PREMIUM SERVICE	DVLA - Photo on Licence	72.00p	Per transaction
7120	VEHICLE LIC. SS	Vehicle Lic.Saving Stamps	1.50p	Per £1 Sale
7127	DVLA-INT. DRIVING PERMITS	DVLA-Int. Driving Permits	74.50p	Per transaction
7130	T.V. LICENCES	TV Licence Fees	79.10p	Per transaction
7131	TVL-OVER 75 PRE-APPL	TVL-Over 75 Pre Appl	29.70p	Per transaction
7132	TV LICENCE BARCODE	Barcoded Licences	35.00p	Per transaction
7133	BROXTOWE TV VOUCHERS	Broxtowe TV Vouchers	15.00p	Per transaction
7140	TV LICENCE SS	TV Lic. Saving Stamps	2.40p	Per £1 Sale
7150	NAT.LOTTERY GAMES	Lottery Ticket Sales	4.00p	Per £1 Sale
7165	CORP. CUSTOMER SALES	Corp. Custs.Bur.DeChange	126.00p	Per transaction
7168	CARD ACCOUNT-VALUE PAYMNT	Card Account-Value Paymnt	19.00p	Per £100 Withdrawn
7169	CARD ACCOUNT - OPENED*	Card Account – Opened	305.00p	Per transaction
7170	PENS & ALLOW. VOL	GRP 10, 07, 13 & 14	18.60p	Per transaction
7176	E-TOP UPS	E-Top Up	3.00p	Per £1 Sale
7177	FLOWERS BY POST (AUTO)	Bunches	12.80p	Per £1 Sale
7180	PENS & ALLOW. VOL	GRP 05, 06, 11 & 12	17.10p	Per transaction
7181	PENS & ALLOW. VAL	Pension & Allowance-Value	3.50p	Per £1000 encashed
7182	INLAND REVENUE-WFTC/DPTC	All Inland Rev. Products	17.10p	Per transaction
7190	MILK TOKENS	Milk Tokens	4.00p	Per transaction
7193	BUREAU DE CHANGE (AUTO)	BDC	118.00p	Per transaction
7200	FORM E111	E111 Certificates	33.80p	Per transaction
7210	POSTAL ORDERS SOLD	Postal Orders Fee Band 1 to 6	29.10p	Per transaction

Wage Type Group	Wage Type Group Description	Wage Type Description	Product	Payment Rate
7211	COMMEMORATIVE POSTALORDER	Commemorative PostalOrder	300.00p	Per transaction
7216	NS&I EASY ACCESS-OPENING	NS&I Easy Access-Opening	135.00p	Per transaction
7231	HOME PHONE REGISTRATION	Home Phone Registration	50.00p	Per transaction
7233	HOME PHONE LOYALTY	Home Phone Loyalty	200.00p	Per transaction
7235	MTV2GO CARDS	MTV2GO	5.00p	Per £1 Sale
7236	PO PHONECARDS UK&INT. £5	UK & Int. - £5	35.00p	Per transaction
7237	PO PHONECARDS UK&INT. £10	UK & Int. - £10	80.00p	Per transaction
7238	PO PHONECARDS UK&INT. £20	UK & Int. - £20	200.00p	Per transaction
7239	PO HOLIDAY PHONECARD	PO Holiday Phonocard	120.00p	Per transaction
7241	MOBILE PREPAY £5	Prepay £5	15.00p	Per transaction
7243	MOBILE PREPAY £10	Prepay £10	30.00p	Per transaction
7244	MOBILE PREPAY £15	Prepay £15	45.00p	Per transaction
7245	MOBILE PREPAY £20	Prepay £20	60.00p	Per transaction
7246	MOBILE PREPAY £25	Prepay £25	75.00p	Per transaction
7249	ICON & RINGTONE VOUCHERS	Icon & Ringtone Vouchers	10.00p	Per £1 Sale
7250	FRANKING MACHINES	Franking Machines	247.00p	Per transaction
7257	UNPAID POSTAGE	Unpaid Postage	20.50p	Per transaction
7258	POSTAGE LABEL SALES	Spec. Del. Postage Label	13.00p	Per £1 Sale
7258	POSTAGE LABEL SALES	Royal Mail 2nd Post Label	10.30p	Per £1 Sale
7258	POSTAGE LABEL SALES	Special Delivery Labels	13.00p	Per £1 Sale
7258	POSTAGE LABEL SALES	Air Post Labels	13.00p	Per £1 Sale
7258	POSTAGE LABEL SALES	Royal Mail 1st Post Label	11.70p	Per £1 Sale
7258	POSTAGE LABEL SALES	Surface Post Labels	10.30p	Per £1 Sale
7258	POSTAGE LABEL SALES	Parcelforce Post Labels	10.30p	Per £1 Sale
7258	POSTAGE LABEL SALES	BFPO Parcel Postage Label	10.20p	Per £1 Sale
7258	POSTAGE LABEL SALES	PF International Label	10.30p	Per £1 Sale
7258	POSTAGE LABEL SALES	Special Del. By 9am Label	13.00p	Per £1 Sale
7259	REDIRECTION SERVICE	Redirection	142.00p	Per transaction
7260	POSTAGE STAMP SALES	Prepaid Stationery	11.00p	Per £1 Sale
7260	POSTAGE STAMP SALES	Stamp Books Vending	10.60p	Per £1 Sale
7260	POSTAGE STAMP SALES	Stamp Books 1st Class	10.60p	Per £1 Sale
7260	POSTAGE STAMP SALES	Philatelic Items	14.00p	Per £1 Sale
7260	POSTAGE STAMP SALES	1st Class Stamps(inc.Roll	11.00p	Per £1 Sale
7260	POSTAGE STAMP SALES	2nd Class Stamps(inc.Roll	9.70p	Per £1 Sale
7260	POSTAGE STAMP SALES	Self Adhes.1stClass Stamp	11.00p	Per £1 Sale
7260	POSTAGE STAMP SALES	Self Adhes.2ndClass Stamp	9.70p	Per £1 Sale
7260	POSTAGE STAMP SALES	RM Stamp Book 2nd Class	9.70p	Per £1 Sale
7260	POSTAGE STAMP SALES	Royal Mail Other Stamps	11.00p	Per £1 Sale
7261	CARRS LETTERS PREPAID	Carrs Letters Prepaid	70.00p	Per transaction
7262	COMPENSATION FEE PARCELS	Low, Med, High Cover	12.30p	Per transaction
7264	RECORDED INTERNATIONAL	Recorded International	17.70p	Per transaction
7265	REGISTERED INTERNATIONAL	Registered International	17.70p	Per transaction
7267	SWIFTAIR	Swiftair	18.10p	Per transaction
7268	SWIFTAIR PLUS RECORDED	Swiftair Plus Recorded	17.70p	Per transaction
7269	SWIFTAIR PLUS REGISTERED	Swiftair Plus Registered	18.10p	Per transaction
7280	WATER AUTH. SS	Water Authority Stamps	2.80p	Per £1 Sale
7285	ROD LICENCES	Rod Fishing Licences	52.30p	Per transaction
7286	TRAVEL INSURANCE	Travel Insurance	7.50p	Per £1 Sale
7287	PASSPORT CHECKING SERVICE	UKPA Charges	175.00p	Per transaction
7287	PASSPORT CHECKING SERVICE	Irish PassportAcceptance	125.00p	Per transaction
7289	FOREIGN EXCHANGE SERVICE	Various	118.00p	Per transaction
7290	TELESALES / RENEWALS	Travel & Home Insurance	100.00p	Per transaction
7291	NS&I INT DEP/CHILD BONUS	NSB Ord.Acc. Dep. Initial	105.00p	Per transaction
7291	NS&I INT DEP/CHILD BONUS	NSB Inv.Acc. Initial Dep.	107.70p	Per transaction

Wage Type Group	Wage Type Group Description	Wage Type Description	Product Payment Rate
7291	NS&I INT DEP/CHILD BONUS	Child Bonus Bond Purchase	108.00p Per transaction
7294	HOME INSURANCE CTR TRANS	Home Insurance Ctr Trans.	175.00p Per transaction
7297	NS&I BARCODE PRODUCTS	NS&I Capital Bonds Sales	82.30p Per transaction
7297	NS&I BARCODE PRODUCTS	NS&I ISA Application	104.80p Per transaction
7297	NS&I BARCODE PRODUCTS	NS&I Pensioners Income Bd	29.10p Per transaction
7297	NS&I BARCODE PRODUCTS	NS&I Fixed Rate Saving Bd	29.10p Per transaction
7297	NS&I BARCODE PRODUCTS	NS&I Child Bonus Bonds	104.80p Per transaction
7300	NS&I OTHER TRANSACTIONS	NSB Other Various	79.80p Per transaction
7305	ISA DEPOSITS	Initial ISA Deposits	104.08p Per transaction
7306	NS&I ISA CASH WARRANTS	NSISA Cash Warrants	79.20p Per transaction
7361	UTILITY TRASCASH PAYMENT	Utility Transcash Payment	20.50p Per transaction
7363	UTILITY SS	Saving Stamps Various	2.80p Per £1 Sale
7364	TRASCASH BARCODES	Bar Coded Transcash Bills	20.50p Per transaction
7370	DISCRETE PARCELS INCOME	DPI Various	3.80p Per transaction
7380	ELECT.KEY RECHARGING	Electric Key Recharging	1.70p Per £1 Sale
7381	WATER SMARTCARD(R)	Reneg. Water Smart	11.20p Per transaction
7390	DATAPOST	Datapost	109.00p Per transaction
7390	DATAPOST	Parcelforce By 9 & 10 & Noon	108.70p Per transaction
7396	HOME SHOPPING RETURNS	Home Shopping Returns	9.30p Per transaction
7400	HOME HELP STAMPS	All Councils	2.00p Per £1 Sale
7410	L'WOODS SCRATCHCARDS	Littlewoods Scratchcards	5.00p Per £1 Sale
7430	COMMEMORATIVE COINS	Commemorative Coins	8.20p Per Coin Issued
7435	AUTO PAYMENTS A	Auto Payments A	11.20p Per transaction
7450	ROYAL MAIL ADDITIONAL	Special Delivery Items	18.10p Per transaction
7450	ROYAL MAIL ADDITIONAL	Int. Signed For	18.10p Per transaction
7450	ROYAL MAIL ADDITIONAL	Airsure	18.10p Per transaction
7450	ROYAL MAIL ADDITIONAL	Special Delivery By 9am A	16.00p Per transaction
7450	ROYAL MAIL ADDITIONAL	Special Delivery By 9am B	2.30p Per transaction
7460	AUTOMATED BANKING	Link Card Withdrawals	17.30p Per transaction
7460	AUTOMATED BANKING	A&L Card Withdrawals	17.30p Per transaction
7460	AUTOMATED BANKING	A&L Card Deposits	16.20p Per transaction
7460	AUTOMATED BANKING	Link Cash Deposits	16.20p Per transaction
7460	AUTOMATED BANKING	Link Cheque Deposits	16.20p Per transaction
7465	AUTOPAYMENT (INC.MOW)	All Auto Payment Products	11.20p Per transaction
	UNGROUPED PRODUCTS	Lottery Prize-Pymt by CQ	130.00p Per transaction

## THE FIFTH SCHEDULE

### HOURS OF BUSINESS

The Said Business will be open and services available to customers during the following agreed hours (not less than 9.00 to 17.30 Monday to Saturday)

#### Hours of Opening

Monday	09.00	to	17.30
Tuesday	09.00	to	17.30
Wednesday	09.00	to	17.30
Thursday	09.00	to	17.30
Friday	09.00	to	17.30
Saturday	09.00	to	17.30

The Franchisee is not obliged to attend the Said Business personally but he is required, whether he is there or not, to accept full responsibility for the proper running of the Said Business and the efficient provision of those Post Office Ltd services which are required to be provided there.

## THE SIXTH SCHEDULE

### (Part 1)

#### HORIZON AUTOMATION SYSTEM

##### GENERAL PRINCIPLES

1. The system, , is likely to consist of:

a) Counter equipment, e.g.:

Processor unit  
Display unit  
Keyboard  
Receipt/report printer

There may be separate units or components of one or more combination units. There may be additions to this list when the system is fully developed:

b) Off counter equipment, e.g.:

Office processor  
Office printer & modem

2. The system will be provided by the Franchisor or the Franchisor's supplier and made available to the Franchisee on loaning terms.
3. The terms governing the installation operation and maintenance of the system will be similar to the cost set out in Part 11 of this Schedule with such variations as may be appropriate

## THE SIXTH SCHEDULE

### (Part II)

#### COUNTER AUTOMATION - GENERAL PRINCIPLES

1. The computer equipment which will always remain the property of the Franchisor will consist of:
  - a) Terminal equipment e.g.:

- Central Processing Unit	- Visual Display Unit	Bar code reader
- Keyboard	- Counter Printer	- Pin Pad
  - b) Off Counter equipment e.g.:

- Office printer	- Modem
------------------	---------
2. The Franchisee will be responsible for the safe custody of all computer equipment installed by the Franchisor
3. The Franchisor reserves the right to remove the computer equipment at any time and for any reason
4. The Franchisee will allow representatives of the Franchisor access for the installation repair and removal of the computer equipment on production of the appropriate authority at reasonable times

#### INSTALLATION OF COMPUTER EQUIPMENT

5. The cost of installation will be borne by the Franchisor and will include any necessary alterations which may be needed to shelving or environment in order to facilitate the satisfactory installation of the computer equipment
6. Before installation the Franchisee will be required to provide secure storage space for the computer equipment
7. The Franchisor will mark the site of the British Telecom line Termination Unit after discussion with the Franchisee. The Franchisee is responsible for identifying the route which the cable will take from its Distribution point to the Line Termination Unit

## THE COMPUTER EQUIPMENT

8. The Franchisee will operate and maintain the computer equipment in accordance with the Operation Manuals. It must not attach any unauthorised component to power, data cables or as extensions to the computer equipment
9. Any costs arising from the misuse, incompetent operating, failure to maintain the computer equipment and components, malicious use or damage by the Franchisee will be paid by the Franchisee to the Franchisor on demand
10. Franchisee shall report to the Franchisor's nominated representative details of the malfunction of the computer equipment or of any of the components
11. Except in the circumstances described in clause 10 above the Franchisee will not be required to pay for any repair or replacement to the computer equipment
12. A separate power circuit will be provided by the Franchisor from the main distribution board. This will be solely used to support the computer equipment and be in use continuously 24 hours a day. The cost of electricity shall be borne by the Franchisee
13. The Franchisee is responsible for ensuring that the equipment is kept in a clean condition

## PREMISES

14. The following companies and departments acting on behalf of the Franchisor must have access to premises for maintenance or repair of the computer equipment, including out of hours in cases of emergencies: British Telecom, Plessey, Pathway, Nixdorf and ROMEC and such other companies or divisions or subsidiaries of Royal Mail as may from time to time be specified by the Franchisor

## TELEPHONE HELP LINE

15. There is a help line which the Franchisee can use to resolve any operational problems or as a general information centre

## REMOVAL OF COMPUTER EQUIPMENT

16. On removal of the computer equipment the Franchisor will plug gaps in walls, cap holes in the counter and remove shelving as required

## TRAINING

17. The Manager and the Franchisee's staff (full or part time) will receive training in the use of the computer equipment and the components
18. Representatives of the Franchisor will be in attendance for a period when the computer first becomes operational on the Franchisee's counter to assist in its introduction.

Mrs M Conway  
Director  
Merit Retail Limited  
58 Moneymore Road  
Magherfelt  
BT45 6HG



[www.postoffice.co.uk](http://www.postoffice.co.uk)

06 April 2005

Dear Mrs Conway

Thank you for your letter dated 9<sup>th</sup> March 05, in which you request changes be made to our standard form Franchise Agreement for Post Office® Brackenvale branch.

I have considered the changes that you have requested. However, as you will appreciate, Post Office Ltd operates a great number of franchises. The Franchise Agreement is therefore a standard document, which is generally not open to negotiation. The amendments that you propose in your letter of 9<sup>th</sup> March 2005 would involve amendments to the Franchise Agreement which would put Merit Retail Ltd in a substantially different position to other franchisees.

In response to your proposed amendments, I would respond as follows:

#### **Clause 21 Warranties**

As I have mentioned above, this is a standard provision in our Franchise Agreements. Post Office Ltd cannot agree to limit the extent of the indemnity given by Merit Retail Limited. Such an indemnity would operate in the event that Post Office Ltd incurred any claims, demands, losses, expenses or costs as a result of a breach of any of the provisions of the Franchise Agreement by Merit Retail Limited.

Page 1 of 2

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Registered office Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. VAT number: GB 4296256 29. Ultimately owned by Citigroup Inc, New York, USA.

Page 2 of 2

**Clause 23 Arbitration**

Your proposed clause is not agreed. In the event of any dispute or difference between the parties, which cannot be resolved between the parties, the parties should seek to rely on the jurisdiction clause contained in the Franchise Agreement. Accordingly, any dispute will be subject to the exclusive jurisdiction of the English courts. As you will be aware, nowadays there is an overall trend for the courts to encourage parties to mediate wherever possible in order to resolve disputes as far as possible without involving litigation.

**Third Schedule 9**

Please see my comments in relation to your proposed arbitration clause.

I do hope that this helps to explain our position and that Merit Retail Ltd is still in the position to renew the enclosed franchise agreements, in accordance with its intentions as set out in the letter of intent dated 2<sup>nd</sup> November 2004.,

If this is still the case I would be grateful if you could arrange for Merit Retail to sign each Agreement on page 23 and also on the site plans located inside the back cover, returning all document to me at the address below.

If Merit Retail Ltd is considering not renewing under the terms of the agreement, please advise us as soon as possible.

Yours sincerely,

**GRO**

Chris Sutton  
Franchise Contract Manager

Post Office Ltd  
Operations  
5th Floor  
80-86 Old Street  
LONDON EC1V 9NN

E-mail: chris.f.sutton **GRO**

enc: Brackenvale Franchise Agreement (in duplicate)

Rec'd 11/3/05



Our ref: bk/mr/po

9<sup>th</sup> March 2005

Mr Chris Sutton  
Post Office Ltd  
1<sup>st</sup> Floor Prospero House  
241 Borough High Street  
London  
SE1 1GG

58 MONEYMORE ROAD  
MAGHERAFELT BT45 6HG

TEL:   
FAX:   
EMAIL:

Dear Mr Sutton

**POST OFFICE AT BRACKENVALE BRANCH – FRANCHISE AGREEMENT**

Thank you for your letter dated 19<sup>th</sup> January 2005, enclosing two copies of your renewal Franchise Agreement.

We have had our legal representatives read the Agreement and they have highlighted a few changes.

We enclose both copies of the Agreement (unsigned) with the proposed amendments highlighted.

Please review and re-issue the Agreements for signature, incorporating the changes. We will then complete the amended paperwork and forward to you, by return.

Thank you for your assistance in this matter.

Yours sincerely  
MERIT RETAIL LIMITED

*PP*  
Mrs M Conway  
Director

Enc

Clause  
21. Wotrenkes

Insertion ~~is~~ current  
Replaced

**23. ARBITRATION**

Any dispute or difference between the parties in connection with this agreement shall be referred to an independent expert agreed by the parties or, in default of such agreement, nominated by the President of the Law Society of Northern Ireland. The decision of such independent expert shall be final and binding on the parties and the fees of such expert shall be borne equally by the parties unless the expert otherwise directs.

Amendments

21 - Warranties.

Third Schedule . 9 .

INSERT  
THIS  
CLAUSE

11

Insertion ~~is~~ current  
Replaced

**23. ARBITRATION**

Any dispute or difference between the parties in connection with this agreement shall be referred to an independent expert agreed by the parties or, in default of such agreement, nominated by the President of the Law Society of Northern Ireland. The decision of such independent expert shall be final and binding on the parties and the fees of such expert shall be borne equally by the parties unless the expert otherwise directs.

INSERT  
THIS  
CLAUSE

Amendments

21 - Warranties.

Third Schedule . 9 .



**18. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties with respect to its subject matter. No representations or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect.

**19. SEVERABILITY**

If any provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, such provision shall be severed; all other provisions of this Agreement shall remain in full force and effect. No provision of this Agreement shall be deemed dependent upon any other provision unless so expressed herein

**20. WAIVER**

The failure of the Franchisor to require performance by the Franchisee of any provision hereof shall in no way affect the right of the Franchisor thereafter to enforce such provision, nor shall the waiver by the Franchisor of any breach of covenant condition or proviso herein be taken or held to be a waiver of any further breach of the same or any other covenant, condition or proviso. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is otherwise entitled by law to enforce

**21. WARRANTIES**

The Franchisee shall make no statement representations or claims and shall give no warranties to any customer or prospective customer in respect of the Products or the Services or the System save such as have been specifically authorised by the Franchisor in writing or as provided in this Agreement. The Franchisee hereby undertakes to the Franchisor to keep it fully and effectually indemnified against all claims demands losses expenses and costs which the Franchisor may reasonably and properly incur as a result of any breach by the Franchisee of this provision ~~or of any other provision contained in this Agreement~~

**22. NOTICES. AGENDA, NUMBER AND TITLES**

Any notice required or permitted to be given hereunder shall be in writing and may be delivered personally or posted by pre-paid registered post addressed to the Franchisor or the Franchisee as appropriate. In this Agreement words importing the singular only shall include the plural, and vice versa; words importing gender shall include masculine and feminine genders. Headings in this Agreement are for ease of reference only and are not part of the Agreement

**23. CHOICE OF LAW AND JURISDICTION**

This Agreement shall be governed by and construed under and in accordance with English Law and shall be subject to the jurisdiction of the English courts



*Third Schedule - Part 1. responsibility for Po Cost of Stock*

8. Datestamps used for stamping paid vouchers and accepted postal packets must be kept where they are out of reach of members of the public. When not needed for work they must be locked away
9. The Franchisee is responsible for all losses however caused. Deficiencies due to such losses must be made good without delay. *subject to the provision for Arbitration contained in clause 23 of this Agreement*
10. The financial responsibility of the Franchisee shall not cease on the termination of this Agreement, and it will be required to make good any losses incurred which may subsequently come to light ↖

**THEFT OR BURGLARY**

11. If a theft or burglary is committed or attempted at the Post Office branch or the Said Premises whether or not the Franchisor's cash or the Products are stolen, the facts must be reported at once to the Police and to the Franchisor by the person who first makes the discovery

**MISSING OR STOLEN STOCK**

12. If the Franchisee considers that any value stock items have been accidentally lost, or stolen it should make a report, in accordance with Appendix 1, as quickly as possible to the Franchisor



*Scanned & emailed to Denise Reid  
on EEC. 27/10*



**RECEIVED**  
27 OCT 2008

Our ref: ts/mr/po

24th October 2008

**POST OFFICE LTD**  
2<sup>nd</sup> Floor  
The Markets Crown Office  
6-16 New York Street  
Leeds  
LS2 7DZ

**FOR THE ATTENTION OF MS DENISE REID – FRANCHISE CONTRACT MANAGER**

Dear Ms Reid

**RE: POST OFFICE, BRACKENVALE BRANCH  
SAINTFIELD ROAD, BELFAST, N IRELAND**

Under our Franchise Agreement dated 16<sup>th</sup> May 2005, we wish to put you on notice, and seek your consent to move this Post Office business into the operation of Henderson Retail Ltd, part of the Henderson Group of Companies, PO Box 49, Hightown Avenue, Newtownabbey, Co Antrim, BT36 4RT, whom we assume will be well known to you.

We are in the process of leasing our entire Brackenvale business to Henderson Retail Ltd, which shall include the Post Office.

We look forward to your favourable response in this matter.

Yours faithfully  
**MERIT RETAIL LIMITED**

**GRO**

**TREVOR G SIMPSON  
DIRECTOR**

GRO



Merit Retail Ltd, 58 Moneymore Road, Magherafelt, Northern Ireland BT45 6HG

Tel: **GRO**

Fax: **GRO**

E mail: **GRO**

Web: [www.conwaygroup.co.uk](http://www.conwaygroup.co.uk)

Company Reg. No. N.I. 29742

