

DRAFT PRELIMINARY STATEMENT – LEGALLY PRIVILEGED

**On the Claimants' behalf
S Misra
First
SM1
[] April 2016**

Claim Number: []

**IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION**

BETWEEN:

[SUB-POSTMASTERS CLAIMANT GROUP]

Claimants

- And -

POST OFFICE LIMITED

Defendant

WITNESS STATEMENT OF SEEMA MISRA

I, SEEMA MISRA, of **GRO** state as follows:

1. I commenced my role as a Subpostmaster ("SPM") on 29 June 2005 and I was summarily terminated on 1 April 2008 following my suspension on 14 January 2008. I ran the Post Office branch at **GRO** and the branch FAD code was **GRO**. During my time as SPM I became familiar with the IT systems used by the Post Office Limited ("POL") namely the computer system Horizon ("Horizon").
2. I applied to be part of the mediation scheme run by POL and was given number M012 but I never attended mediation.
3. I was criminally prosecuted for a shortfall of £74,609.84. I pleaded guilty to six charges of false accounting but not guilty to one count of theft of £74,609.84. I was found guilty of theft and sentenced to 15 months imprisonment on 11 November 2010 of which I served just under 4 months.
4. I make this preliminary draft witness statement based on limited available documents and I will amend this statement as required as further documents become available.

BACKGROUND TO MY APPOINTMENT AS SPM

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IRRELEVANT

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IRRELEVANT

10. We saw an advert in the local newspaper for a bigger shop of around 3,000 square feet containing a post office and space of 3,000 square feet upstairs which we thought we could convert into a home for us. This was [GRO]. We thought that it would be great for our family to have a regular income from the post office. The premises were up for sale at around £180,000 and since we already had £109,000 from the sale of [GRO] we decided to purchase it. We kept the shop at [GRO] which we sold some time later.
11. I wrote to POL on 16 November 2004 expressing my interest in becoming SPM for the [GRO] branch and enclosed my completed application. [EXHIBIT]
12. I attended an interview with Elaine Ridge and one other person whose name I cannot recall. Davinder came with me but waited outside. The interviewers asked me some general questions about my background and experience, they did mention salary, I cannot remember precisely what they said but the advert for the post office had said that it was around £60,000 per annum so this is what I expected. It was actually around [GRO] when we took over.
13. I was offered the position as SPM on [GRO] and on [GRO] POL wrote to me to confirm my transfer date of [GRO] [EXHIBIT]. On [GRO] POL confirmed that the transfer of the office would take place on [GRO]. There was a short delay as we were waiting for completion to take place which took a little longer than originally expected.
14. I signed an Acknowledge of Appointment on [GRO] [EXHIBIT]. This was 3 months after I had completed my initial training which I explain in more detail later in this statement. I never saw a copy of the complete contract with POL at this time which I later found out was 114 pages. I therefore did not know at the outset that we had to make good on losses at the post office. I recall that I later did ask for a copy of the contract as I wanted to include the same terms for making good in my contracts with my staff but POL refused to provide me with a copy as they said it would be illegal for me to include the same term to make good. I didn't question this as I believed what they told me.
15. I only met the previous SPM, Mr [Anonymity Order] after we had purchased the premises. I had met Mahesh Patel who was running the business when I went to visit the premises and he told me that [GRO]. He had said to me that the shop would be a good family business and we thought that it would be too. We thought it would be too as POL would essentially be our employer and they were a national and well trusted

organisation with a good reputation and we had complete trust that we would have an open and honest working relationship with POL. The previous owners never mentioned any issues with Horizon or otherwise and there were no transitional arrangements between us as they had long gone by the time we purchased the premises.

FINANCIAL INVESTMENT TO ACQUIRE THE BRANCH

16. As stated above we purchased the business for approximately £180,000, this included a Costcutter convenience store and post office of 3,000 square feet as well as the space above the shop. The lease was taken out in the joint names of me and my husband

GRO

17. To fund the purchase we put in £109,000 that we had made on the property sale and we borrowed the rest from

GRO

GRO

THE RANGE OF SERVICES OFFERED AND CONDUCTED AT THE BRANCH

18. When I took over GRO there were 3 counters in the post office containing shared tills which I subsequently requested be changed to individual tills in 2006. I also inherited three members of staff from the previous SPM under the TUPE regulations.

19. The staff were GRO who worked in the post office and his wife GRO who worked in the shop as well as GRO who also worked in the post office. All staff had a lot of prior experience so we were pleased to have taken them on at that time.

20. The shop was an off licence, also selling groceries and fruit and vegetables which was around 2,500 square feet with 2 counters.

21. In the post office we sold all usual post office items such as stamps, postage, banking, insurances, pensions, lottery, scratchcards, national savings and later credit cards but we did not do DVLA checks or check passports. I had done a course on passport checks and passed but because GRO I was not allowed to have a licence to do passport checks.

22. The shop was open from 7am until 10pm and the post office was open from 9am until 5.30pm. We still sold lottery in the shop after the post office was closed.

23. Initially I did keep records of calls with the helpline and area managers and the advice given but all of my records were taken in the audit, discussed later in this statement. I did not take my own notes of transactions with customers as I trusted that Horizon would properly record those.

INITIAL TRAINING, SUPPORT AND INDUCTION

24. In or around GRO I attended a POL training course at one of POL's call centres in Hampstead. There were around 5 or 6 other SPM's being trained at the same time. We had thought that the purchase would have gone through around this time but it was delayed to June. We were also still running our other shop at this time too.

25. The training lasted for 10 days and focused on how to carry out transactions. I recall one of the other SPM's only had 5 days training as his branch did not sell DVLA vehicle licences.

26. We each had our own terminal and the training was mainly focussed on manually changing dates on stamps, up-selling from recorded delivery to special delivery, DVLA services and generally accounting for 'daily transactions' and how to sell POL products to customers. There was no training in relation to balancing (apart from they told us that it had to be done); what to do with discrepancies or the settle centrally function.

27. The sale completed on GRO and I signed the Acknowledgement of Appointment at the shop that evening with a member of the POL team. I didn't personally count any cash or stock at the branch, POL told us what was there. I remember them telling me there were no manuals and I would have to order these myself.

28. I had two POL trainers visit me for the first two weeks. Mainly the trainers watched over my shoulder as I processed items. I was shown how to account for remittances in and out. Junaid was the trainer for the first week and Michael the second week but I do not recall their surnames. I was not shown how to use the suspense account nor was I shown what to do when errors occurred or when data had been incorrectly inputted into Horizon. I remember having some difficulty in remembering how to do certain things on Horizon as my training had been 3 months prior and it also felt very different using the system with real customers as opposed to in the training room. The trainers seemed to know what they were doing and so I followed their every instruction.

29. During the first week of on-site training with Junaid we carried out a cash declaration and encountered a shortfall of £70 which I think was on the very first day of trading. I was very

surprised to see this as Junaid had been watching every entry that I had made on Horizon. When I queried this with him, Junaid said *"it's never penny-to-penny from day-to-day, it will come out alright on Wednesday"*. He suggested that the discrepancy would work itself out as there were always fluctuations, either surpluses or shortfalls, that would balance each other out but in the meantime I would have to make it good. I remember going to the shop till and taking out £70 to pay into the post office. I was not left with any accurate or definitive resolution by Junaid. He said that when errors occurred I should balance again. Failing that he emphasised that that the system would correct itself or that I would receive an error notice.

30. I never called the helpline about this since I thought as per Junaid's comments that it would sort itself out later. On the Wednesday balancing exercise I expected to see a surplus given what Junaid had said but there was none. He had said that these could take some time to come through, up to 6 months for National Savings corrections and error notices.
31. Junaid advised me that shortfalls that appeared when balancing could be paid with cash but never tried to explain why these shortfalls may occur or how to try and rectify them. I was shocked that Junaid had not been able to rectify this shortfall on the day seeing as he was a POL trainer and not only that but he failed to investigate it further.
32. On the second week of on-site training I was trained by Michael. I was already a bit apprehensive when Michael came given that I had already had to pay in £70 for a shortfall the week prior. In fact there hadn't been a single balance in that first week. I told Michael about this and he was very surprised to hear it. He tried, harder than Junaid had, to try and find out why there was a discrepancy but couldn't get to the bottom of it.
33. For the duration of the week he watched over all of my transactions presumably with a view to train and correct any mistakes I might have made. On the Wednesday of that week, there was a shortfall of approximately £200 and neither I nor Michael had any idea how this had arisen. He told me that he did not know the root cause of the shortfall and he called the helpline.
34. He spoke to the helpline member and followed the step-by-step instructions the member gave him. He imputed some information into Horizon and then took a balance which showed that the shortfall had doubled to £400. We were both shocked. I also told him about the shortfall the week prior with Junaid and was very surprised to hear about it. He could not explain how the figure had doubled after he had followed the exact instructions given to him by the helpline and had no idea how the original shortfall had arisen.

35. Michael repeated to me the advice that he had been given by the helpline which was “*make the till good now and you might get an error notice*”. Michael then left for the day and told me to call the helpline if I got an error notice. He seemed somewhat hesitant to leave me on this note because he knew that following the helplines instructions had led to the shortfall doubling and I was now being told that I had to make good the shortfall out of my own pocket. Michael seemed quite concerned as he knew that it was wrong that I had to pay this through no fault of my own.
36. During my criminal prosecution, discussed in further detail later in this statement, POL did not produce any evidence from Junaid or Michael and denied that I had ever been trained by them which I was shocked by.[CHECK TRANSCRIPT].
37. I would expect that POL would have a record of calls that I made to the helpline where I requested further training. I have seen a set of call logs produced by POL but I do not believe that this reflects the level of calls actually made as I was calling the helpline much more often than has been recorded.
38. I carried on experiencing discrepancies, particularly shortfalls. When Tomika Springer, the Area Branch Manager, came to introduce herself to me I told her about this. She said that she would come back to me about it but she didn't. Every time she visited I told her that I could not get the tills to balance and I was really worried about this.
39. I [REDACTED] **GRO** but I routinely found the support and guidance offered by them unhelpful and negative. They never tried to help me get to the bottom of why I was experiencing so many discrepancies and simply told me that I needed to make good the loss. [REDACTED] **GRO** but I didn't speak to him very often after the initial few calls I made given the lack of real help they were giving me.

OPERATING THE BRANCH

40. All transactions that we were carrying out were very simple and I kept thinking to myself that you didn't need to be an expert to enter them properly into Horizon. But then when I would do the balancing in the evenings there were always discrepancies.
41. When the manuals I had ordered arrived I spent hours going through them to see if I had been doing anything wrong but I couldn't find any reason why these shortfalls were occurring.

42. The branch was a busy branch and we always had all 3 counters open. The queues were long and we really started to get to know the customers. Apart from having to put money into the post office regularly to cover shortfalls the business was doing well. The shop especially was very popular and busy and after the first month we had £15,000 in the bank and we carried on taking around £12,000 per week in the shop.
43. I kept on paying into the post office money from the shop but at the same time I also thought that I would be getting error notes to clear the discrepancies. I remember saying to Tomika on one of her visits that we had bought the post office to make money but all we seemed to be doing was paying money in. Tomika said not to worry as error notices would come and then we could take the money out. Even at this point I still did not know about the existence of the suspense account.
44. I remember about 2 months into running the post office I told Tomika that I was giving up on the post office and didn't want it anymore as we were paying so much into it from the shop takings. Tomika said she would speak to her manager Angela James and see what they could do about the problems I was having. Tomika called me a few days later and said that she had spoken to Angela and they would conduct an audit. I asked her when they would come and audit and she said that she couldn't tell me and that it would be a surprise. I told Tomika that I would not be putting any more money into the post office until they dealt with the issues that I was having. I didn't put any money into the post office for the next few weeks and I think this made them speed up the date for audit which took place on 14 October 2005.
45. In respect of non Horizon related issues the post office was being operated very well. We had a great relationship with customers and received a letter from the Surrey Police [EXHIBIT] thanking us for our commendable actions in assisting and preventing an elderly customer of ours from becoming a victim of theft of £15,000. [EXHIBIT]. This customer had been about to send £15,000, his savings, to some bogus company and we told him not to and took him to the police station who found out it was a scam.

46

GRO

TRANSACTION PROBLEMS AND ALLEGED SHORTFALLS AT THE BRANCH

47. As set out above discrepancies began from my very first day running **GRO** even when the trainers were watching me enter every transaction. When discrepancies arose, I would always double-check my figures first several times and if I could not resolve the

issue, which was nearly all the time, I would contact the helpline who would advise me to use the settle centrally function at the end of the trading period. I followed these instructions and did use the settle centrally function on numerous occasions.

48. In fact I contacted the helpline regularly to ask for help on discrepancies, transaction corrections, cash declarations, balancing issues and faults with Horizon. [CALL LOG]. On a Wednesday in particular it was so difficult to get through to the helpline and I would be kept on hold for hours. I assumed that this was because so many other SPM's or post office staff would be calling for help on Wednesday's because this was the mandatory balancing day. I often stayed behind until past midnight long after the branch and shop had closed to try and ascertain the cause of discrepancies that I had.

49. Often when I called the helpline about a discrepancy they would just tell me rollover the shortfall or don't trade. I would also call the helpline to ask for training on transactional errors but no proper training was offered to me on how to resolve a balancing error.

Visits from the Area Intervention Manager

50. Alan Ridoutt visited me at the branch on 10 August, 17 August and 22 August 2005 regarding balancing issues and the setting up of individual stock units after I specifically requested additional training on 25 July 2005.

51. Mr Ridoutt told me that the branch was holding a loss of £466.73 and an over of £96.80 that was put into the suspense account by Michael, the trainer I had for a week. I told Mr Ridoutt that Michael had told me that a voucher would be issued to clear this. Mr Ridoutt spoke to Michael and he confirmed that he had told me this. Mr Ridoutt told me that unless an error notice came back I would be liable to pay this.

52. I told Mr Ridoutt on one of his visits that I wanted to get individual tills as opposed to the 'shared till' format we currently had so that we could trace discrepancies back to individual users. He said that I would need to buy individual trays and lock them up each night. He told me where POL bought these trays from but they were quite expensive and I told Mr Ridoutt that I was not going to spend that kind of money given the amount that I had already paid in. He said that I could use bags instead for each user and he came with me to Woolworths to show me what he meant.

Audit in 2005

53. On 14 October 2005, Alan Stuart, POL auditor, attended my branch unannounced with two other auditors. After they had carried out the audit they told me that there was a shortfall of £3,541.24. I asked them how this had been calculated and the auditors told me that I would have to speak to POL directly and contact my local Area Manager, Elaine Ridge. I remember that they told me that they could offer no help whatsoever and that I would have to make good the loss.
54. The auditors also gave me a warning that if I were to incur any further shortfalls of £500 or more then POL would take the branch away from me. I was shocked and upset to hear this as I had no explanation of how the shortfalls were arising and felt that I had no control over the discrepancies as I was never told how they had arise or why. They made me feel so inadequate. They told me to speak to Elaine Ridge. I did so and she said that she would come and see me. When she did she said *"I don't why you are having these problems, you are the only branch, we have so may crown offices and sub post offices and everyone else is doing fine but it is just your post office having problems"*. This made me feel even more inadequate as I believed her.
55. Following this audit I received a transactional error notice. The error notice gave no explanation of how the shortfall had arisen, the origin of the discrepancy or its audit trail. Generally, transaction notices would refer to 'New Transactions' and describe sums due as either 'TX' or 'BD'. This error notice did not identify how this error arose or explain why it had happened.
56. As time went on after the first audit unexplained shortages continued to occur and I was becoming desperate in my efforts to try and resolve these and even though I had spoken to Mr Ridoutt about getting individual tills this still had not been sorted by POL. I contacted Tomika and asked her to arrange this for me.
57. Tomika approved the request but informed me that I would receive no extra training on this and that POL would not send anyone to my branch to install the hardware connections. I was therefore forced to do this myself. I had even requested to Tomika that she let me know of another local branch that had this set up so that I could see how it was installed but she wouldn't and said if I knew any I could go and see for myself. POL offered me no assistance whatsoever. However, even after I had gone to the effort to administratively and logistically install individual tills the unexplained discrepancies continued.

58. Given the time that has passed since I was SPM, some [GRO] years ago, it is difficult for me to remember specific transaction problems that I encountered. I do recall one or two isolated high value losses of approximately £20,000 on a lottery shortage and a further £4,000.
59. The lottery shortfall of £20,000 happened in around 2007 when I received a transaction error notice which stated that I owed POL £20,000. The notice stated that this loss pertained to problems with the national lottery and was an accumulation of smaller transactions and discrepancies. When I discussed this with POL all they said was that I had to make good on the loss. They provided no explanation whatsoever as to how this shortfall had arisen. Since I had no other choice, I reluctantly accepted the shortfall and POL set up a payment plan for monthly remuneration deductions which continued until the full £20,000 had been repaid.
60. With this second loss I recall it happened on a Wednesday when I was conducting a trade period balance. The shortfall actually started at around £2,000. When I saw this I immediately recounted the stock and cash again to check that this was not human error. I could not find an explanation and so I rang the helpline and I followed the instructions given to me. Within a matter of minutes the figure had doubled to around £4,000 and the helpline member was not able to explain why this had happened. I think I was advised to settle centrally. I knew that I was going to have to pay this sum out of personal funds given the experiences I had had to date. I still do not know how this shortfall arose in the first place.

Issues with Staff

61. Given that I was frequently incurring unexplained shortfalls, I naturally began to have some misgivings about some of my staff; [GRO] whose surname I cannot recall. My misgivings were compounded by the fact that POL could not offer any explanation as to how these shortfalls were arising in the first place.

[GRO]

62. In or around late 2005 I had an issue with [GRO] though I cannot recall the specific date I do remember that it was the day before he was due to go on a short holiday [GRO]. In light of his impending annual leave, I decided that a couple of hours before the end of the day that we should cash up his till and leave it aside with no use until he returned. By this time we had migrated to individual tills.

63. His till declared a shortfall of around £1,800. He signed a snapshot to confirm that this was correct. Neither of us could ascertain how this shortfall had arisen. He reminded me that he had a lot of experience and had been working for me for [GRO] and had worked for the previous SPM for around [GRO]. He said that [Anonymity Order] the former SPM, had had a "big loss" and that it was a "system error". He told me that I should get the system checked, system meaning Horizon.

64. Whilst [GRO] was on holiday I contacted Tamika. I told her about what [GRO] had said and she said she would instigate a system check request with Chesterfield but POL did not actually attend my branch to physically check any of the hardware or software so I doubt any system checks were undertaken by POL.

65. About a day or two after [GRO] when on holiday we noted that the cash in the main stock unit was also short by £20,000. The other staff members blamed [GRO] for this. I intended to speak to [GRO] about this on his return from holiday but he resigned as soon as he got back and he told us he was not going to repay any money to us. He said that he had been to the Citizens Advice Bureau and he showed me a letter from them saying that he did not have to pay the shortfall. He said I couldn't do anything about it. He also told me that he thought that I had lost all trust in him. I never got to the bottom of how the discrepancy arose.

[GRO]

66. Shortly after [GRO] left I had an issue with [GRO]. This was in some time in 2006 and [GRO] till declared a surplus of around £12,000 in cash. He therefore transferred the cash to the office on Horizon and placed the physical cash on the counter. I counted the surplus and found it to be roughly £8,000 as opposed to £12,000.

67. At this point [GRO] was on lunch and I questioned him as soon as he returned. Initially he was adamant that he had made no mistake. However as I continued to press him he said "sorry Seema I will give it back to you". I demanded he give it to me immediately. But he then proclaimed his innocence once again despite having seemingly admitted taking it. He was aware of the issues that I had been having on Horizon with discrepancies.

68. I contacted Tomika and told her what had happened. She told me that I should consider changing any unique branch identifying reference numbers with Western Union that [GRO] has access to which should limit a possible future security breach. I therefore contacted Western Union directly to change the branch ID reference number. Given what had

happened with [GRO] I was already being very cautious around the other staff and was being careful to lock all drawers after I used them.

69. Given that the only suggestion from POL was to change the passwords I felt really alone and was beginning to feel quite desperate too because no one was helping me deal with these issues least of all POL.

70. As [GRO] had said he would repay the money to me I tried to put into place a repayment plan with him but he never honoured this. Tomika did not comment either way on whether [GRO] should be dismissed or his actions brought to the attention of the police but I decided to dismiss him on the same day. He never repaid any money to me and I am no longer in contact with him.

71. I cannot be sure that he did take the money from me but regardless of that the original surplus of £12,000 which was shown on Horizon must have come about as a result of errors in the Horizon system. I have never had an explanation from POL as to how this surplus has arisen.

[GRO]

72. Given what happened with [GRO] I thought I had the culprit, the person that was stealing from me and that there would be no more threat of thefts so I thought that I would take the following Saturday off work

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IRRELEVANT

73. [GRO] was a family member of [GRO] It was a Friday evening and since I intended to take the following day off I was double checking the stock levels for Saturday's trade in advance to ensure that the staff had enough.

74. In doing so I noticed a transaction log showing that there ought to be £1,000 from [GRO] terminal to office. But [GRO] had not presented me with any physical cash and so I was confused by what Horizon was showing me. I said to [GRO] you have done the transfer but you have not given me the money. In light of what happened with [GRO] my disposition was rather untrusting and I called the police as a measure of caution. The police said that they would send an officer to the branch the following morning after I had questioned [GRO] myself.

75. The following morning my husband and I questioned [GRO] and she adamantly denied any knowledge of the £1,000 discrepancy. She called [GRO] who came to collect her and she walked out of the branch saying that I had accused her of stealing and she never returned.

76. POL has never explained how or why this discrepancy occurred but discrepancies continued to accrue even after [GRO] had left the post office.

Adjustment of Balances

77. As matters progressed I was forced into a situation whereby it was becoming impossible to manage frequently arising discrepancies and therefore I would review the snapshot and adjust the figures on Horizon and on remittances. I did this in the hope that a future transaction error would come through on Horizon which would shed some light on how the discrepancy had arisen in the first place.

78. We were in such a mess financially. We were constantly putting money into the post office, between £50 and £200 every day and this was our hard earned money that we had spent so many long hours trying to earn. We would take the takings from the shop, deduct the rent and money for stock and put the rest of the money into the post office. I got myself into a position where I had no idea how much I owed POL or equally how much money I was putting in to the till I was just randomly putting money in. I also really wanted to sell the business and I intended to use part of the sale proceeds to pay any outstanding sums due to POL for shortfalls when I was in funds so I thought eventually I would end up paying POL everything that I owed them.

79. By way of letter dated [GRO] Elaine Ridge invited me to attend an interview on [GRO] to discuss her concerns regarding office balances. I attended and we discussed it and I asked her why it kept happening to me. She said that I would need to "*try and work it out*" for myself and that I was responsible for my own staff so I needed to make good any losses.

Foreign Currency Discrepancy

80. At the final audit I was told that in the period leading to the final audit, on or around 14 January 2008, there was a discrepancy with Euros. I think they said this related to money pouches that were remitted in and out of the branch but I do not believe that I made any errors in inputting or receiving remitted sums to and from Chesterfield and I never knew about this shortfall prior to being told at the audit itself.

81. If POL maintain that money did go missing I think this is likely to be because my branch never received any remitted-in cash pouches with Euros around that time. I think this discrepancy is due to Horizon since if a cash pouch is not scanned in or out properly on Horizon then it will not be recorded. I also never received a transaction error notice from POL setting out this discrepancy.
82. On one other occasion I recall we had ordered foreign currency for a customer and it had not arrived even though we were being told that it had been delivered. We then ordered it for second time for special next day delivery. The next day a customer we knew well called [GRO] who worked at [GRO] close by told us that he had a package of foreign currency for us. It had been delivered to [GRO] instead of us. I waited for a correction error for this but it never came.

SUSPENSION FROM THE BRANCH

83. At around [GRO] three POL auditors being Keith Noverre, Sue Le May and Chris Stevens, attended my branch unannounced. Keith Noverre had been with Alan Stuart as a trainee at the first audit. I was not present for the audit and my husband told the auditors that I was [GRO] that day. Actually I wasn't [GRO] I was too scared to go to the post office as I knew the finances were in such a mess and this was now going to be discovered by the auditors. Particularly I had declared some cash pouches to POL but had never sent the cash as I didn't have it. I was planning to borrow it from family but had not got round to it yet.
84. The auditors made my husband stay for the audit but also insisted that I must attend as I was SPM. The auditors were aggressive to my husband, they even asked why he was there and he said that he ran the shop. I arrived to the branch at around [GRO]. I informed the auditors that there was likely to be a shortfall of around £50,000 to £60,000. I explained to the auditors that about a year prior my previous staff had taken £89,000 from the branch but I had not informed POL out of fear of them closing the branch. When all the previous staff had left I had done a balance and it seemed like there was a discrepancy of around £89,000. I did not know for sure that this was theft as any theft had always been denied but I told the auditors it was theft as this was easier.
85. I told them that we had made good on some of the shortfall and were looking at ways to pay the rest of the shortfall. I said that all balances had been adjusted to show a clear trading position at the end of each period which is why POL didn't know that there was going to be such a shortfall.

86. The auditors were at the branch all day and closed the post office for the entire day. In the suspense account there was an amount held in cash in pouches of £27,000 and an amount held in currency pouches with rem slips dated 9 January 2008 enclosed but there was no cash. I explained that I was hoping to get the cash from family that day to be able to send the £27,000 back to the cash centre.
87. Having now seen the audit report, I was not provided with a copy at the time, it states that the purpose of the audit was to verify financial assets due to POL and confirm compliance with a range of Business processes, procedures and regulatory requirements. [EXHIBIT]
88. The auditors told me to rollover as I would normally do as the office was in the previous trading period. The auditors told me that there was a shortfall of £80,000.
89. The auditors had asked me to put into writing what I told them about the shortfall and therefore I made a handwritten note and handed this to them. [EXHIBIT]. In my note I wrote:

"I confirm in office audit there will be around £60k shortage due to staff theft it was around £89k + [?] bring it down to £60 and I want to make a arrangement to clear the balance, I would appreciate if I can have a chance to clear the shortage.

I made up to (2) cash pouches as we were borrowing some money from friends and family to fill the rem back up.

This loss is being carried forward since over an year. Over last year we put money in to make it right.

Shortage:- we took over the staff from previous owner + for about 1-1 ½ they were running the post office with us as we thought they run it for so many years they ought to be better than us. But after a while when we learnt more + more we notice that things werent right 1) think we notice there were four thousand euro missing 2) money transferred to AA was shorter than actually money transferred over 3) lottery money was being taken from shop but never entered on horizon 4) even on the shop side was low as well 5) so we got rid of them. They refuse to pay + we kept quiet we do not want to lose the PO 6) after that as well we received lot of error notice which we cleared.

Once again I want to clear all the losses and I promise I will clear everything + will not disappoint you."

90. The audit report that I have now seen, having not been previously provided with a copy, states that the shortfall was £77,643.87 which was made up as follows:

£37,882.27 (-)	identified as difference in cash figures
£3,173.60 (-)	identified as a difference in stock figures
£2,891.25 (-)	identified as difference in cheque figures
£264.45 (+)	identified as a difference in foreign currency figures
£27,000 (-)	cash in pouches
£3,930.07 (-)	currency in pouches
£3,034.03 (-)	outstanding debt

91. At around [GRO] investigators Adrian Morris, John Longman and Lisa Allen arrived at the branch and they interviewed me and recorded the interview. They asked me if I wanted to be accompanied at the interview but as I knew I had not taken the money myself I said no. We went upstairs to the empty space above the shop for the interview. We never did make that space into a flat because we didn't get planning permission.

92. They asked me if I had stolen £89,000 from the post office. I said no. They asked me if I had ever stolen any money from the post office and I responded that I had not taken a single penny. I said that everything that I had done, I had done to save my business.

93. They asked if they could search my home and I said that they could. They went through all of my drawers and cupboards but never told me what they were looking for. We were living in rented accommodation [GRO] at that time so we had gone [GRO] for the search together. Our home was so minimal as we had no money to decorate, we even had our mattresses on the floor, no actual beds.

94. The investigators advised me after the interview that they were going to precautionary suspend me and that a temporary SPM, [GRO] would be taking over the branch which I agreed. They would not allow me back into the post office. I didn't want the post office to be closed down as I was still planning on selling it and wanted to sell with the post office still in the shop as then the business would be valued higher. We had put so much money into the business and so I was really worried about trying to get some of that money back. Everyday had been such a nightmare and I was actually relieved that it was now all in the open and my ordeal was over as I had been suspended and couldn't incur any more shortfalls that I would have to pay.

95. A relief SPM arrived later that day and began to undertake an opening stock and cash count. The relief SPM found a discrepancy of £2,000. I cannot recall if this was stock or cash, and told me and the auditors straight away and they said "*congratulations the shortfall has gone down to £78,000*". I couldn't believe that they were mocking me just at a time when it felt like my life was falling apart. I also remember hearing them say that I must have been taking money from the post office to pay for the shop but in reality it was the other way round.
96. The auditors asked me what I would normally do when there was a shortfall and I said that I would take money from the shop and pay it into the post office. They told me to carry on and do that. I was able to gather approximately £450 from the shop till and pay this over to the auditors immediately. The auditors were clearly hoping that I would pay the full shortfall but we did not have that kind of money from the shop as its profits had already been paid into the post office for so long and we were financially in such a mess.
97. We left the post office very late that day and went home. My son was there with **GRO** brother, he was years old and didn't really know what was going on. I just felt relieved that I didn't have to go to the post office anymore. It was a really strange feeling like a weight had been lifted.
98. Later during the investigation process the amount POL claimed I owed changed to £74,000 and then rose again to £78,000 for reasons unknown to me.

TERMINATION FROM THE BRANCH

99. On **GRO** attended a meeting with Elaine Ridge at the **GRO** which had been arranged to give me a chance to explain why I should not be terminated. In the time between my suspension and this meeting we had been running the shop and Mr **GRO** the post office paying me a rent of £1,000 per month.
100. My husband attended the meeting with me and POL let him sit in on the meeting. Ms Ridge asked me a lot of questions about the shop and post office, who worked there, what services we offered, what training the staff got, my understanding of what should happen when the office misbalanced, to which I said I knew we had to make good the loss. She asked me about trading balances and I told her that I would look at the snapshot and increase the cash to cover the loss.
101. She asked me why I had not gone to the police when I discovered the £20,000 shortfall blamed on **GRO** by the other staff and I said that I was scared to and knew that I was

going to have to make the loss good. I told her that I had falsified the accounts to cover this loss.

102. She asked me why I had a shortfall of £77,000 at the time of the audit. I told her that the tills were always short by £700 or £800 and this just built up but I was not expecting it to be as much as £77,000. She asked me how I was going to repay the shortfall and I explained that we thought we would repay the shortfall from the proceeds of sale of the shop.

103. I said to Ms Ridge that if I was reinstated I promised to pay the shortfall and I could use all of the profits from the shop. My husband said that this would not happen again. I didn't feel as though Ms Ridge genuinely wanted to hear me out.

104. On [GRO] I was summarily terminated by way of letter with effect from [GRO] [GRO] the date of my suspension, on the grounds of the loss at the time of the audit of £77,643.47 which Ms Ridge stated was as a result of misuse of POL funds and falsifying of accounts in breach of my contract. The letter stated quoted section 12, paragraph 3, the postmaster is forbidden to make use of the balance due to POL, paragraph 4, the postmaster must ensure the accounts of all stock & cash are kept in the prescribed manner, and paragraph 12, the subpostmaster is responsible for all losses... deficiencies must be made good without delay.

MY RESIGNATION FROM THE BRANCH

105. After I received the letter terminating my role as SPM, I spoke with [GRO] [GRO]. He told me that it would not look good to future employers have I had been terminated and that I should resign instead. I followed his advice.

106. I sent a letter dated [GRO] to Elaine Ridge tendering my resignation with immediate effect. [EXHIBIT].

107. By way of letter dated [GRO] POL acknowledged receipt of my resignation and confirmed that my resignation would take effect from [GRO] which would be my official last day of service. The letter stated that I was still required to make good the outstanding shortages as well as any further deficiencies highlighted by future enquiries. [EXHIBIT].

CURRENT STATUS AT THE BRANCH

108. [GRO] carried on as relief SPM for a few months and me and my husband ran the shop. The shop was still doing fairly well without the post office and we were taking around £12,000 per month. The news that we wanted to sell had got round in the village and we had a few viewings. Every now and then Ms Ridge would ask us how the sale was progressing.
109. We eventually sold the shop and post office on [GRO] for around £65,000 when actually it was worth at least £300,000 by then but the value had depreciated so much by what had happened and we were desperate to sell. We actually still owe Natwest £1,000 on the mortgage as the proceeds did not redeem the mortgage in full.

CRIMINAL PROSECUTION

110. POL commenced criminal proceedings against me for 1 count of theft and 6 counts of false accounting. I instructed a local criminal solicitor that I had found through the local Citizens Advice Bureau called David Castle at Castle & Co Solicitors. When I first went to see him for advice it seemed like he had already been briefed by the post office. He said to me in the first consultation "go on then, tell me how much you stole". I told him that I hadn't stolen a penny but he didn't seem to believe me at all. He told me throughout that POL had a strong case against me and that I should plead guilty to all charges. I told him that I would plead guilty to false accounting but not theft as I had not ever stolen from POL or anyone else.
111. The initial case was heard at Woking Magistrates Court on 19 December 2008 at which I pleaded guilty to the 6 counts of false accounting and not guilty to the single charge of theft of £74,609.84.
112. The trial was listed for 29 May 2009. However, on 28 May 2009 I saw [GRO] [GRO] name in the newspaper. She was an SPM that had had similar problems with Horizon and she had also been prosecuted by POL for theft. I googled her branch of the post office and found the telephone number. I managed to get hold of [GRO] and I spoke to her about her case. She told me that there had been an article in the Computer Weekly magazine about Horizon and its issues.
113. I had not seen any articles about it before and I showed it to my solicitor and I asked him to seek an adjournment of the trial based on this new evidence. He told me that it was a bad step to take and it wouldn't work. He also told me that the legal aid funding had

finished and we would need to pay him ourselves. I ended up speaking to the barrister myself and I told him to seek an adjournment.

114. The proceedings were adjourned to June 2009 but we had made disclosure requests of POL that they had not complied with and the trial ended up getting adjourned again and again until 11 October 2010 when it finally commenced.

115. POL lawyers gave me a really hard time in the witness box and I remember the Judge had to intervene a number of times. [GRO] and two other SPM's attended my trial. [GRO] I cannot recall her surname. Elaine Ridge also attended on the first day but not again.

116. At the end of the Judge's summing up I remember that we all felt really happy. Even our lawyer Issy Hogg was smiling. We really thought that I was going to be found not guilty because POL had not presented any evidence that I had stolen the money. We felt really relaxed and even begun to celebrate and my husband bought a bottle of whiskey that night for us to celebrate with.

117. After the first day of jury deliberation however, I started to feel nervous. I had also not

GRO

118. Later that same day, after 3 days of deliberation we were told that the jury had reached a verdict. We went into court I was handed down a unanimous guilty verdict.

119. I was so shocked. In fact there was total shock around the entire court room. We just couldn't believe that the jury could have found me guilty when there was no evidence that I had stolen the money. We were absolutely devastated. We had also just found out that morning that [GRO] and we just couldn't believe this was happening to us.

120. In the days after the verdict I was in a state of shock. I had to go and see a probation officer to have a pre-sentencing report prepared. The report was produced really well setting out of the reasons why I should not be sentenced to prison. The probation officer said that he was going to recommend Community Service. My solicitor had told me to take a bag to the sentencing hearing with some clothes and personal items in case I was sentenced to prison but I really did not think I could be going to prison so I didn't take anything with me.

121. On [GRO] my eldest son's [GRO] birthday, I attended Guildford Crown Court for sentencing. The Judge sentenced me to 15 months imprisonment. I was told that I would have to serve 7 ½ months.

122. I had had pains in my stomach all that day but they got worse, I began crying uncontrollably and [GRO] The ushers walked me out to the side corridor but I couldn't even walk because of the [GRO] so they were holding me up. They took me to the cells where I met with Issy and Keith my barrister who told me that I could be out in 3 ½ months. They gave me water [GRO]
[GRO]

123. [GRO]
[GRO] There were 3 or 4 police officers supervising me and I had to be handcuffed to even go to the toilet. [GRO]
[GRO]

124. The police told me that they were taking me to Bronzefield Prison and that they had to handcuff me to take me. I begged them not to, I said that [GRO] and pleaded with them not to put the handcuffs back on. They said they had to. I asked them to put my jacket over my hands so that no-one could see the handcuffs [GRO] as I was so embarrassed and ashamed.

125. When I got to Bronzefield prison I was given jogging bottoms and a sweatshirt to wear. They took my jewellery and took pictures. I called [GRO] as soon as I could and I was crying down the phone. I told him to look after [GRO] and not to drink too much. [GRO]
[GRO]
[GRO] I was being deadly serious and at that point I didn't know how long I was going to be there.

126. We were given our own plate and cup and for the first few days in prison I didn't come out of my room. A few women came to see me and I cried a lot. There was prisoner that acted a bit like a counsellor and I spoke to her. There were women there who had done something like a Council Tax fraud but there were also a lot of young girls that were clearly [GRO]
[GRO]
such an awful environment to be in.

127

GRO

128

GRO

129. Shortly afterwards I was told that they wanted to move me to a prison in the north of England. My husband worked tirelessly to prevent this with our local MP Jonathan Lord and they managed to stop the move.

130. **GRO** visited me once a week on visiting days **GRO** We did not want my **GRO** to know that I was in prison. We told him **GRO**
GRO He didn't question this as he was only young, **GRO** years old. **GRO** do not know to this day that I was ever in prison and I pray that they never find out.

131. After around 3 months in prison, Issy came to see me and said that we could apply for release and for me to wear a tag for the rest of my sentencing period. We completed the forms and I put my nationality down **GRO**. I was then contacted by the prison authorities and was told that since my conviction was over 1 year

GRO **GRO**
GRO **GRO**

132. **GRO** once again had to work tirelessly with our local MP Jonathan Lord to try and **GRO** It was such a stressful time for us all. **GRO** rushed around trying to **GRO** he couldn't because I had a criminal conviction. **GRO** pleaded a range of human rights issues and one point threatened to

GRO
GRO

133. We waited and waited to hear about a decision. It felt like a lifetime. In the meantime my application to be released with a tag was approved and after just under 4 months in prison I was released on [GRO] when I was [GRO]

134. The day I was released [GRO] collected me from the prison. We went straight to Tesco so that I could buy [GRO]
[GRO]
[GRO]

135. Later on the day of my release I had to visit the probation officer in Guildford. They came to my house the same day to fit in the base monitor for my tag.

136. We lived with the uncertainty of whether I was going to be [GRO] hanging over our heads for another 5 weeks until on [GRO]
[GRO]
[GRO] [EXHIBIT]. We were all so relieved that I would be able to [GRO]
[GRO]

137. In the period that I wore the tag I barely left the house as I was too ashamed and embarrassed for anyone to see it. If I did occasionally have to go out I would wear jeans so that no-one could see the tag but I was also so worried about things like shop alarms going off because of it. [GRO] did most of the jobs outside the house. He would sometimes come back and tell me about local people that had shouted abuse at him. On one occasion he came back and told me that he had been in a [GRO] who had screamed abuse at him about me being a thief.

138. The tag was removed after only 3 months, they me told this was because of my good behaviour. Given that my name had been tarnished in the local community and we were being abused in the streets we decided to move [GRO], which is where we reside now [GRO]
[GRO] but because of my criminal conviction we are finding it very hard to find somewhere else because landlords generally do not want tenants with convictions. Even this house [GRO]
[GRO]

139. We are trying to survive financially in any way we can now [GRO] had started a minicab business just before we left the post office and after I was suspended I used to [GRO] We were actually doing quite well we had about 14 drivers but then when I was sentenced to prison that business fell apart as there was no [GRO] After we moved to [GRO] we tried to build that business up again

and [GRO] is a [GRO] now and I deal [GRO] I also do [GRO] to make some extra money and we have recently started selling products online for a company called [GRO]

ASSET RECOVERY BY POL

140. Whilst I was in prison [GRO] was visited many times by Bailiffs sent by the bank and loan companies that we had borrowed money from.
141. POL was also chasing payment of the shortfall but they were corresponding directly with our solicitors.
142. Shortly after I was released POL obtained a confiscation order in relation to [GRO]
[GRO]
[GRO] It was sold for about £100,000 and we still owe the mortgage provider £1,000. POL would have received no money from that sale so I do not know why they bothered to take it from us and sell it.
143. The terms of the confiscation are that if we receive any significant money such as a windfall for 6 years from the date of the order this too will be confiscated.

BBC PROGRAMMES

144. Whilst I was in prison [GRO] saw a tweet on twitter that the BBC was looking for new stories. He tweeted them and said if they were serious about exposing a story then he had one. He was so upset that there had been such a huge injustice and me, an innocent person, had been sent to prison for something I didn't do. He wanted our story to be told to the public in the hope that some action would be taken against POL.
145. He was visited by the BBC and they had a lot of sympathy for our story, they said they would run a programme for Inside Out South a BBC programme which they then filmed whilst I was in prison. This programme was aired on BBC on 7 February 2011 whilst I was in prison which is probably how the matter became public knowledge and led to the abuse my husband got in our local community. Nick Wallace presented the programme.
146. When I got out of prison I was contacted by Nick Wallace. We spoke on the phone and then I went to their radio centre in Guildford. Issy Hogg had been in touch with them too and said that there was new information about a glitch in the Horizon system. They filmed a further programme for Inside Out South around the end of 2014 and this aired on 30 January 2015.

147. Nick then told us that Panorama was interested in making a programme about the post office and the issues that the SPM's had faced and they wanted me to be on the programme. Initially I did not want to be involved in the programme. I did not want my face splashed all over the TV and for everybody to know what had happened to me. But I spoke to Nick further about it and I changed my mind and I thought it would be a good opportunity for me to tell the world my side of the story especially after all of the bad press that we had had up to then.

148. John Sweeney came to interview me and he also interviewed GRO and some other SPM's that had been through the same ordeal as me. It was aired on 17 August 2015.

149. Since the programme aired I have been contacted by other SPM's that experienced the same problems with Horizon. I am sure that there are many more that have not yet come forward.

EXPERT OPINION AT MY TRIAL

150. Mr Charles Alastair McLachlan, a Director of Amsphere Consulting Limited, prepared a Technical Expert's Report for the court during my criminal trial. Mr McLachlan specialises in information technology consulting and he visited 3 post office branches, one in the Midlands, one in the South of England and my branch. There are some key findings in his report relating to the GRO branch that I set out below.

150.1 In respect of operating procedures Mr McLachlan stated at paragraph 2.3.1.2 that *"it was clear that there is no standard operating procedure to reconcile counter credits with the actual amounts recorded. This could give rise to a range of discrepancies which the Subpostmistress would rely on the Post Office to identify and reconcile. If the Post Office failed to do so then overstated amounts could give rise to a deficit at the sub post office which the Subpostmistress would be required to make good with cash"*.

150.2 In respect of the approach of investigating officers to system issues, Mr McLachlan stated at paragraph 2.3.3.1 *"On our visit to GRO we had an opportunity to raise some questions with one of the investigating officers that attended on the day of the audit that gave rise to these proceedings."*

Para 2.3.3.2 *"He made it clear that it was Post Office policy that investigating officers should never consider systems problems as relevant to their enquiries."*

Para 2.3.3.3 *“He agreed that the Horizon system provided no paper record of debit/POCA vouchers and therefore that a Subpostmistress would not be able to produce any evidence that a customer had received a receipt for a debit/POCA transaction”.*

Para 2.3.3.4 *“He accepted that the Horizon system, as supplied, which the subpostmaster/mistress was required to use under contract, did not provide the facility for the sub post master/mistress to reconcile discrepancies that might arise in the operation of the system.”*

Para 2.3.3.5 *“He accepted that there was no Post Office requirement that he should understand the operation of the Horizon system in order to properly conduct his investigations”.*

151. It is quite clear from what McLachlan was told by the investigating officer that POL as a firm wide policy would not consider Horizon as having caused any of the discrepancies that I was experiencing. Furthermore, he admitted to Mr McLachlan that I could not reconcile discrepancies on Horizon. This was something that I spent many many hours trying to do but it appears that this was never going to be a fruitful exercise.

MEDIATION SCHEME

152. I applied to be involved in the Initial Complaint Review and Mediation Scheme (“the Scheme”) and my application was confirmed as being accepted.
153. I never attended a mediation.

SECOND SIGHT CASE REVIEW REPORT

154. In preparation of the mediation Second Sight Support Services Limited (“Second Sight”) prepared a Case Review Report dated 30 April 2015. Second Sight was the company appointed to conduct an independent investigation into the issues that I raised about Horizon and the POL generally. I understand that the findings of this report can be disclosed in these proceedings although details of the mediation itself cannot be disclosed.

155. In their report, Second Sight make some criticisms of POL. Some of the salient findings in the Case Review Report are as follows:

- 155.1 With regards me being told [GRO] a voucher would be issued for the discrepancy, Second Sight state *"We consider that the fact that the trainer told the Applicant that a 'voucher' would be issued, suggests that he considered at the time that grounds may have existed for Post Office to agree to write off that loss, even though the circumstances of the loss do not appear to have been recorded at the time"* (para 4.5);
- 155.2 In relation to my request for training, Second Sight state *"Between the end of her training, and an Audit taking place on [GRO] branch staff telephoned the NBSC helpline to request assistance with balancing on 31 occasions, so it would appear that the Applicant was struggling with her new role and the staff were unable to help her"*. (para 4.6);
- 155.3 In relation to my complaints about the helpline, Second Sight state *"Also, there seems to have been little or nothing by way of emailed instructions or other communications, spelling out the steps that needed to be taken, following those calls, to avoid the recurrence of mistakes and to ensure that the branch's books were properly corrected"* (para 4.8);
- 155.4 In relation to training, Second Sight state *"We believe that it is incumbent upon Post Office to ensure that Subpostmasters are entirely suitable and fully trained for the role, given the considerable financial responsibilities that the Subpostmasters contract places upon them and the considerable investment that most of them, like this Applicant, have made"* (para 4.11);
- 155.5 With regards the shortfall of £3,184.53 that was discovered at the first audit, Second Sight state *"From the documents that have been provided to us, we can find nothing to suggest that any steps were taken to identify the cause of the shortfall that had been identified by this Audit, nor were the Audit findings discussed with the Applicant in order to avoid a repetition of the mistakes that had given rise to the disclosed shortfall"* (para 4.21);
- 155.6 In respect of me reporting staff thefts to POL, Second Sight state *"we find ourselves unable to agree entirely with the conclusion that the Applicant failed to notify Post Office of her suspicions that staff were stealing from the branch, as Post Office's own records document her concerns in calls to the Helpline on a*

number of occasions, starting from the very beginning of her tenure. Indeed the **GRO** audit was instigated by Post Office for that very reason.” (para 4.24)

SUMMARY

156. A Preliminary Schedule of Loss and Damage has not yet been prepared but my approximate financial losses as a result of these events are as follows:

- 156.1 Total shortfall paid to POL – circa £180,000 to £190,000
- 156.2 Outstanding borrowing re shortfalls – borrowed £10,000 from sister-in-law
- 156.3 Loss of earnings for suspension period – 4 months x £3,300 = £26,666
- 156.4 Loss of property value **GRO** – estimate that this property would have been worth around £600,000 when it was confiscated but it was sold for only £100,000.
- 156.5 The post office and shop were sold for only £65,000 but we estimate that this would have been worth around £300,000 if sold under normal circumstances.
- 156.6 Loss of future earnings from branch – 21 years to retirement x **GRO**
GRO £1.2m
- 156.7 Inability to buy a property - £57,600 paid on rent since suspension
- 156.8 Other losses such as damage to reputation, stress, inconvenience to be assessed.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

Signed
Seema Misra

Dated this day of April 2016