

Stephen Dilley

From: Stephen Dilley
Sent: 07 September 2006 16:44
To: 'rmorgan' **GRO**
Cc: Tom Beezer
Subject: FW: PO V CASTLETON
Importance: High
Attachments: Budget.xls; Letter to Bond Pearce.pdf

Dear Richard,

Not wanting to wear you out, but as we're in London on Monday I've booked Mandy Talbot (P.O legal) in to meet us at 3.15pm/3.30pm (earliest she could do) for a quick strategy catch up. I attach a letter we've received from BDO (proposed accountancy expert) which we will on Monday share with Mandy and discuss. The key points are:

1. Their accountancy fees are proposed at £62k. A good time therefore to focus minds.
2. They say they've found some early indications of possible problems with Horizon from their initial view of the electronic information. They say Horizon should show the double nature of the transaction e.g sale of stamp and receipt of cash by customer. However, they say that January is out by £2.47 and February by £4.05. My own initial view is that these are small amounts and there will probably turn out to be a rational explanation, but its the principle that for now at least causes concern.

I had a conversation with Castleton's solicitors earlier this week and they said they had not ruled out ADR but believe that this whole case will turn on what the experts say. I think they believe that there's no purpose if having ADR until their expert (hopefully for them) comes up with something to dent our confidence. I suspect Castleton has not taken the money for himself (as he may have mixed it with the car auction money) and has therefore persuaded himself that just because he hasn't got it, the computers must be at fault.

My view is that we should pick up the phone to Castleton's solicitors now, point out to them that Castleton has made an error analysing the cash accounts (without necessarily disclosing the Fujitsu report), tell them what our accountancy expert alone is going to cost and invite them to ADR before we instruct an expert. We might also want to put our alternative theory about the car auction to them, but I think it'll be useful to discuss your views and Mandy's views on all this on Monday. We'll also be more informed once you've spoken to the witnesses.

Kind regards.

Stephen Dilley

From: Mike.Mason **GRO**
Sent: 05 September 2006 16:29
To: Stephen Dilley
Subject: PO V CASTLETON
Importance: High

Copy of letter and budget attached.

Please give me ring if you need to discuss.

07/09/2006

Regards

(See attached file: *Letter to Bond Pearce.pdf*)

(See attached file: *Budget.xls*)

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Director

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'One of the 100 Best Companies to Work For in the UK' - *Sunday Times* 2006
'Employer of the Year' - *Accountancy Age Awards* 2004 and 2005
'Large Firm of the Year' - *Accountancy Age Awards* 2005

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