

18 November 2005
By Fax: **GRO** & DX

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Our ref:
SJD3/ABG1/348035.134
Your ref:
MDT.113969

Enclosures by DX Only

Dear Sirs

Our Client: Post Office Limited
Your Client: Mr L Castleton

Thank you for your letter dated 17 November.

We have the following comments in response:

(1) Disclosure

1. We have already confirmed to you that our client has been seeking to locate the documents you have requested, although since you made your initial disclosure requests, we have supplied you with many documents.
2. In any event, we are instructed that the documents you seek will not be determinative of the claim. When Mr Castleton appealed against the Post Office's decision to dismiss him, Mr John Jones dealt with the Appeal. Mr Jones reconstructed the Marine Drive Post Office Branch accounts for 17 weeks and examined every transaction entry over the critical periods where the losses being incurred were at their greatest. The reconstruction of the accounts and the analysis of cash usage during the actual transaction being performed at the branch did not reveal any discrepancies, apart from incorrect cash declarations. The reconciliation of these accounts, the evidence obtained from customers depositing cash at the branch demonstrated that Mr Castleton had made repeated false cash declarations. On a number of occasions it was demonstrated that the physical cash that was proven to be at the branch was different from the cash that was being declared onto the Horizon system. Additional tracking of all increases in cash ordered by the branch showed that the branch did not need to order excessive amounts of cash because it was not required to service the transactions that were being performed. The orders placed by the Marine Drive Post Office for extra cash were always in weeks where there was a reported significant loss at the branch.
3. The Defendant seeks to dispute the accuracy of the weekly cash reports and seeks to rely instead on daily balance snapshots. However, Mr Castleton signed the weekly snapshot reports, so he is arguably estopped from denying the accuracy of them. Irrespective of this, the documents that Mr Jones examined included all the branches cash accounts, the daily balance snapshots and evidence in the branch from a customer who frequently deposited large sums of cash into the branch. These documents did not change Mr Jones' view.
4. The transactions were entered into the Horizon system correctly and Mr Jones conducted several searches with error resolution teams with only three minor errors being

Yours faithfully

Bond Pearce LLP