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Hi Kath, Shirley

In preparation for drafting the defence, there are a number of matters which we need to investigate further and it has been recommended that you would be the best people to start with.

#### **Real Loss**

One of the matters which we need to investigate is whether there is any type of accounting error which could produce a shortfall in the branch accounts but would not cause a real loss to Post Office. The Claimants claim that the shortfalls did not represent a real loss to Post Office.

For example – the postmaster incorrectly enters a transaction into Horizon which causes a shortfall in the branch accounts. However, there is no financial consequence / loss suffered by Post Office as result of this shortfall.

We do not think that this is possible since:

1. if the shortfall is caused by Post Office stock or cash going missing then there is clearly a loss to Post Office; and
2. in the case where the shortfall is caused by third party products (such as the sale of lottery tickets), Post Office is required to pay the third party (i.e. Camelot) and if Post Office does not recover these sums from the postmaster, then there is a loss to Post Office.

#### **Suspended postmasters access to information**

One of the claims is that Post Office failed to make available transactional information to allow the Claimants to detect and resolve errors. This includes that postmasters who were suspended were not able to access Horizon and are denied access to personal records held at the branch.

We would like to understand what information would be either accessible by or made available to postmasters during their suspension so as to allow them to investigate shortfalls. It may be that this is a question for the CA team.

**What was the pre-Horizon accounting system?**

We are looking to understand how the introduction of Horizon in 2000:

changed the way in which Claimants worked in their branches;

limited the access which Claimants had to their accounts/transaction records; and

limited the ability to investigate shortfalls.

It would be helpful to get a general overview of these areas, is there a convenient time for a call (1 hour) either this week or next week?

Kind regards

Amy

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