

## Suspense Account rider

1. As to paragraph 38:

- (1) Post Office does not have a clear understanding of what the Claimants mean by the term~~are defining to be a~~ "suspense account" or ~~what is meant~~ by the phrase "unattributed surpluses including those generated from branch accounts".
- (2) In relation to its dealing with its clients, Post Office is almost always able to reconcile its figures to those of its clients. However, as is inevitable given the nature and scale of those dealings, occasionally Post Office is not able to do so operates, as part of its central financial management systems, certain accounting ledgers in relation to its dealings with Post Office clients and other matters. These accounts are part of the reconciliation process described in paragraph [39 XX] and may have credits recorded in them. For example:
  - (a) A client, such as a bank, makes a payment to Post Office in respect of a particular transaction undertaken in a branch but the payment exceeds the amount that Post Office considers to be due.
  - (b) Post Office does not reach agreement with the client as to the amount due and the client does not accept repayment of what Post Office considers to be the overpayment.
  - ~~(e)~~ In such cases, Post Office ~~also~~ seeks to determine, ~~without success,~~ whether the overpayment ~~should is due to be credited passed back~~ should be credited passed back to a branch or to any other relevant part of its business. as a credit (via the Transaction Correction process).
  - ~~(d)~~(c) Where the proper beneficiary of ~~a~~the credit cannot be determined, Post Office temporarily records the ~~resulting~~ overpayment ~~is temporarily recorded as a credit in Post Office's accounts.~~ If the overpayment ~~it~~ is not resolved within 3 years, the overpayment amount may be credited to Post Office's profit and loss account.

~~(3)(d)~~ This ~~processe~~ operation of accounts in this way reflects ordinary business practice. [The amounts credited to Post Office's profit and loss account in this way are relatively small].

~~2.—As to paragraph 139, tAs to paragraph 39:~~

- ~~(1)—~~ The Claimants have not pleaded any “shortfalls wrongly attributed to the Claimants”. In these circumstances, Post Office does not speculate as to how any such shortfalls could in principle have arisen and how, if at all, such shortfalls (or, more accurately, the losses giving rise to such shortfalls) might relate to any discrepancies between Post Office and its clients. In the absence of proper particulars, there is no case to which Post Office can meaningfully respond.
- ~~(2)—~~ Notwithstanding this, a shortfall in a branch is one that is declared by a Subpostmaster, as per the Branch Trading Statement process described at paragraph [xx] above, and is not "attributed" to that branch by Post Office. As per paragraph [93 XX — the para on clause 12.12], absent evidence to the contrary, the Subpostmaster is liable for that shortfall.
- ~~(3)—~~ Post Office looks to reasonably help Subpostmasters avoid or mitigate the liability for the shortfall by reconciling branch transaction records against those of Post Office clients and then issuing Transaction Corrections where appropriate, as described at paragraph [XX] above.
- ~~(4)—~~ This reconciliation process is however not perfect. There are situations where an over or under payment by or to a Post Office client cannot, through reasonable effort, be matched to a branch or be determined as a sum that should be returned to a branch. These circumstances could lead to unresolved credits of the type described in paragraph [73 XX] above being taken into Post Office's profit and loss accounts after 3 years.
- ~~(5)—~~ Further or alternatively, pending further particulars from the Claimants as to what they mean by "suspense accounts", Post Office believes that the unresolved sums moved by default after 3 years from its accounting ledgers and into its profit and loss account will be inconsequentially small in comparison to the shortfalls recorded in the branches of most Claimants. [TO BE CONFIRMED BY DELOITTE AND POL]

(6) — In any event, in light of Post Office's position on the true meaning of the SPMC, as set out below at [94(4) XX], the operation of Post Office's accounting ledgers does not affect a Subpostmaster's liability for a shortfall.

2.