

th July 2013

Mr J Mistry
Willen Village Post Office
9 Granville Square
Willen
Milton Keynes
MK15 9JL

Dear Mr Mistry

Re Branch Discrepancies

This letter follows on from telephone conversations between the Post Office Finance Service Centre and yourself regarding certain discrepancies which had been highlighted during branch trading routines at your office. I would like to formally thank you for your assistance in helping us to understand the sequence of events here from your branch perspective. This has helped Post Office Ltd and our suppliers to determine the root cause of the issue and to take action to resolve it.

The purpose of this letter is to summarise the outcomes of this review and to confirm the remaining steps which we will be taking to conclude this incident.

Our investigations have determined that there was an isolated error in the data archiving process in Horizon. In very rare situations of a branch deleting a stock unit at a particular point in time in the month, this conflicted with the archiving process. It led to genuine loss or gain values in the deleted stock unit, in an earlier year, reappearing on their anniversary date in subsequent years.

This has impacted only 14 branches and we are communicating with all parties concerned to confirm that the issue is understood and that proper remedial action has been taken.

In summary, one of the stock units in your branch declared a loss of £9,799.88 in December 2010 (Trading Period 9 TP9). The stock unit that

declared the discrepancy and placed it into Local Suspense was deleted on or before 10th December 2010.

In the same period, other stock units in your branch reported net gains, leading to a total net loss of £3,463.01 for your office for TP9. You then followed the necessary steps to make good that loss.

In the normal course of events, the loss you had declared would have moved smoothly through discrepancy accounts into Local Suspense and through to settlement, with no recurrence in future periods. However, due to the isolated system error and its impact when a branch deletes a stock unit, the value of £9,799.88 reappeared in TP10 in the two following years. Where there were other true losses and gains at that time, it appeared as part of the net total.

In the interim, you have declared other gains and losses in the ordinary course of business – a gain of £72.47 in 2012 and a loss £39.57 in 2013. In light of the archiving issue, the net gain from these two matters (£32.90) had been blocked centrally with the other values under investigation.

We will now rectify this by including the £32.90 in your next month's remuneration. This will not be taxable and general advice has been issued to branches regarding the treatment of such non-taxable items on remuneration slips.

In conclusion, we apologise for this incident and for any confusion and concern it may have caused you.

We are pleased to confirm that the technical issue has been resolved and the erroneous loss for your branch has been dealt with.

Yours sincerely

Andy Winn
Relationship Manager,
Product & Branch Accounting
1 Future Walk
Chesterfield
S49 1PF

Cc Branch Support team