

Case No: HQ05X02706

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IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION

Royal Courts of Justice
Strand
London WC2A 2LL

B

Tuesday, 12 December 2006

BEFORE:

HIS HONOUR JUDGE HAVERY

C

BETWEEN:

POST OFFICE LIMITED

Claimant

- and -

D

LEE CASTLETON

Defendant

E

MR MORGAN appeared on behalf of the CLAIMANT

THE DEFENDANT appeared IN PERSON

F

PROCEEDINGS

Digital Transcript of Wordwave International, a Merrill Communications Company
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GRO

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H

Please note that due to the poor standard of recording it has not been possible to produce a high quality transcript in this case.

A

MR JOHN JONES (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Mr Jones, could you give the court your full name and address, please?

B

A: My name is John Howard Jones.

Q: And your address, please, Mr Jones.

A: Home address or business address?

C

Q: Your business address.

A: Mailing address is Leeds at the (inaudible) managed office, 2nd floor, New York Street, Leeds LS2. Forgive me I do not know the remainder of postcode.

D

Q: If you would be kind enough to find bundle 3, which I think is right in front of you, and turn to tab 60, could you tell court what you find there.

A: The second witness statement that I made.

Q: That is the first page there, is it?

A: It is.

E

Q: Could you turn through that document to page 489. Could you tell the court what you see there, please.

A: That is a statement and my signature dated on 5 October 2006.

Q: Have you had an opportunity to read this witness statement recently?

F

A: I have indeed.

Q: Are there any corrections or changes to it that you would wish to make?

A: No, there are not.

G

Q: Could you look at paragraph 21 of your witness statement. Could you read that to yourself, please. Mr Jones, can I hand to you a bundle of the claimant's witness statements in an application made earlier in this (inaudible). Could you turn to tab 7 in that bundle.

HIS HONOUR JUDGE HAVERY: Which bundle is that?

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MR MORGAN: It is a new bundle, my Lord. It is a bundle Mr Castleton

A

asked to be made available to the court. These are witness statements produced in support of an application to set aside a default judgment earlier in the action.

HIS HONOUR JUDGE HAVERY: What are we going to call this bundle? Is it 13?

B

MR MORGAN: It is bundle 14. Behind divider 7, do you see there your first witness statement?

A: Yes, I do.

Q: Can you turn to paragraph 18 on page 111 of that bundle and could you read that paragraph to yourself, please.

A: Yes.

C

Q: Do you see there that there is a difference between the period set out in paragraph 21 of your second witness statement and the period set out in this witness statement?

A: Indeed, that is a typing mistake.

D

Q: So your explanation is?

A: It is a typing mistake.

Q: I am grateful.

HIS HONOUR JUDGE HAVERY: Which is correct?

E

A: It is 42 to 51.

HIS HONOUR JUDGE HAVERY: So 42 to 51 is correct. Thank you.

MR MORGAN: With that clarification, is your second witness statement true?

F

A: Indeed.

Q: Do you wish it to stand as your evidence in this case?

A: I do indeed.

G

Q: Mr Jones, I am afraid I do not know if you know the answer to this, but I was wondering if you might try to assist both the court and me in relation to something which has arisen in the course of this trial. If you would be kind enough to find bundles 9 and 10, which are behind you, I hope, and in bundle 9 could you turn to tab 49 and look at page -- perhaps I can do this more simply. Can I hand up a big piece of paper? Could you take bundle 10 and turn to page 2979 at tab 49. Could you tell the court what you have on page 2979, please.

H

A

A: On page 2979 I have a sales report from the Marine Drive branch for cash account period 49.

Q: Are you familiar with the way in which this report is produced?

A: I have seen this report in this format, yes.

Q: Do you know how it is produced?

B

A: Yes, I do.

Q: Would you be able to help this court in understanding how the figures in it appear?

A: Indeed.

C

Q: Could look at the third and fourth entry for cheques. Do you see there a figure of £3,533.30?

A: Yes.

D

Q: Could you look at the big piece of paper. Page 2979 is printed out at 17.35 on Wednesday 3 March 2004 and the big piece of paper is the final balance, office copy, printed out on the Thursday morning at 7.37. Do you see that?

A: Yes.

E

Q: Do you see in the right-hand column, four entries above total payments, remittances out, £3,519.43?

A: Yes, I do.

MR MORGAN: My Lord, I apologise, this question is leading but I think it might help us get to the nub rather quicker.

F

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: Should those figures be the same, Mr Jones?

G

A: I would have expected the figures that have been produced on document 2979 to be replicated as part of the final account. However, what we have here, it would appear that there are transactions taking place after this document has been produced to remit out of the branch the cheque figure.

Q: How would transactions take place after the branch had closed?

A: They would be performed by the sub-postmaster or assistant on the Horizon terminals, on the computer system.

H

Q: Why would there be a difference between the figure on the big sheet of paper and the figure on page 2979?

A: I cannot afford an explanation why there are differences between the figures on the two pieces of paper. (Inaudible) the persons actually entering these figures into the system I would not be able to glean that.

A

HIS HONOUR JUDGE HAVERY: Just a moment, other than the persons entering the figures. Both of these figures have been entered manually. Is that right?

B

A: To make a remittance out transaction you would go into the appropriate screen and key that particular figure.

HIS HONOUR JUDGE HAVERY: So remittances out are keyed in and the cheque figure, is that keyed in or not? Now I am back to page 2979. Is that keyed in, or what?

C

A: This figure here would be the sum of the cheque transactions that the system had recorded during the time window that that particular account was taken (inaudible).

HIS HONOUR JUDGE HAVERY: So the figure of £3,533 would be calculated, would it, by the computer as a sum of a whole lot of entries that have been made at a certain period of time. Is that right?

D

A: It would. When a transaction is being processed the operator would settle that transaction to a number of sources (inaudible) settle to cheque, to cash, to a combination of cash and cheque or it may settle it to debit card, depending upon the type of transaction we were doing. So the accuracy of the figures that sit in there in terms of transactions that have been performed is down to the accuracy of the operator of the Horizon system to correctly record that transaction as a cheque, as a mixture of cash and cheque, because some customers pay part cash, part cheque, or total cash. So one would be looking at the accuracy of the operator to derive that particular figure.

E

HIS HONOUR JUDGE HAVERY: So when this thing the next morning on the big piece of paper shows remittances out, first of all, is that entirely cheques? Mr Castleton has said (inaudible) cheques Data Central.

F

A: Data Central is the place within Post Office Limited where we process all our cheques. So that is on the correct line that has been remitted out to the correct source to process cheques.

G

HIS HONOUR JUDGE HAVERY: I see. So there are two conceivable explanations for this discrepancy. One is that somewhere there was a mistake in entering a cheque figure which is part of this total of £3,533 at page 2979, which was corrected when the postmaster typed in the remittances out. Is that one possible explanation?

A: That is a possible explanation, yes.

H

HIS HONOUR JUDGE HAVERY: The other possible explanation is that the computer has added these figures up wrong to £3,533.

A: I would not suggest that is an explanation that I have seen before.

A

HIS HONOUR JUDGE HAVERY: No. I must admit I have never heard of a computer actually adding things up wrong. I dare say they do sometimes. Indeed, somebody discovered that they could not do long multiplication several years ago. I am sure that has been corrected by now. There was some error (inaudible). Is there any other explanation you can think of?

B

A: There is no explanation I can think of for a difference between those two amounts.

HIS HONOUR JUDGE HAVERY: No. Thank you

A: To be fair, I am not the person entering these figures, I am just giving an explanation.

C

HIS HONOUR JUDGE HAVERY: Yes, thank you.

MR MORGAN: What effect does a sales report have in the Horizon system?

A: The sales report provides a postmaster with potentially the volume of business that that branch transacted that day or that week.

D

Q: What effect does it have on the final balance?

A: If that sales report is taken after the final transaction, the final balance, has taken place, it should not have any effect on it. It is merely the sales report is providing the postmaster with information on the volume of business that he or she has transacted that week to ascertain the amount of money that potentially they can calculate forward that they are going to earn that month.

E

Q: When a sales report is produced, what impact does it have on the final balance?

A: None whatsoever.

F

Q: None whatsoever?

A: None whatsoever. It is purely an indicative view of the transactions that have taken place in that branch on that particular trading week.

Q: So of the two, which is determinative of the stock and trading position of the branch? Is it the sales report or is it the final balance?

G

A: The final balance.

MR MORGAN: Mr Jones, if you would like to stay there, please, Mr Castleton will have some questions for you.

HIS HONOUR JUDGE HAVERY: This document I am going to mark X2.

H

MR MORGAN: My Lord, I am grateful. I will mark mine similarly and

A

hand it to your Lordship's clerk. (Pause). My Lord, I apologise, I am just trying to help Mr Castleton (inaudible). I do not criticise Mr Castleton because there has been some confusion between him and his solicitors about where original documents have gone. It is not an original document I have seen before.

HIS HONOUR JUDGE HAVERY: (Inaudible) one the other day then?

MR MORGAN: My Lord, no.

B

THE DEFENDANT: This is actual remittances and cheque listings, my Lord, that was part of disclosure. It has not been listed in the book (inaudible) all the office details.

C

HIS HONOUR JUDGE HAVERY: We had better have them copied if you are going to put them to (inaudible) so we all have copies. I will rise for five minutes.

MR MORGAN: Thank you, my Lord, I am grateful.

(A short break)

D

HIS HONOUR JUDGE HAVERY: I have marked it X3, this (inaudible).

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Mr Jones, can I ask you to look at bundle 11B, pages 3830 and 3829. If you start off with page 3829, about midway down you will see RODC, which is about the middle column.

E

HIS HONOUR JUDGE HAVERY: Can you give the witness the precise time? That would help.

THE DEFENDANT: Certainly, my Lord, it is 16.37.

HIS HONOUR JUDGE HAVERY: How many seconds?

F

THE DEFENDANT: It is 44 seconds, my Lord.

HIS HONOUR JUDGE HAVERY: It is the RODC.

G

THE DEFENDANT: And if you cross-reference that with the top cover of the new document there you will see that on that particular day at that particular time £211.22 was remmed out to Data Central, which is the cheque depository. That is confirmed on the front page of the new exhibit, my Lord.

HIS HONOUR JUDGE HAVERY: You are putting this to the witness as well, of course.

THE DEFENDANT: Mr Jones, could you continue down from that --

H

HIS HONOUR JUDGE HAVERY: Just a minute. Mr Jones, are you with

us? There is a figure of £211 on page 3829 against a time of 16.37.44. Do you see that entry?

A

A: I do.

HIS HONOUR JUDGE HAVERY: It is marked RODC under the mode, whatever that means. Then the same figure of £211.22 appears at the top right of (inaudible).

B

A: Yes.

HIS HONOUR JUDGE HAVERY: So what was the question?

THE DEFENDANT: Could you confirm for me that on X3 the three pieces of information down the right-hand side column is the correct (inaudible) that you would expect to see cheques and listings, the remittance out and (inaudible) listing office copy to be printed?

C

A: That would appear to be correct.

Q: So on that day, which was 3 March, do you agree that £211 out (inaudible) effectively sent away to cheque processing? Do you agree?

D

A: That is what the document says.

Q: If we then refer back to page 3829, looking at the (inaudible), next to that is product number. You will see that in the first arrowed DC the product number is 2. That is the definition of cheques, my Lord. 1 is cash, 2 is cheques.

E

HIS HONOUR JUDGE HAVERY: Do you agree with that, Mr Jones?

THE DEFENDANT: Do you agree with that?

A: Yes.

F

Q: If you then continue down that column, can you find for me any further cheques up until the final balance at 09.00 the following day at column (inaudible) on 3830?

HIS HONOUR JUDGE HAVERY: You are now on 3830. Which particular entry? You are putting to the witness there are not any other entries (inaudible)?

G

THE DEFENDANT: Not for the rest of that day, my Lord.

HIS HONOUR JUDGE HAVERY: And the product number.

THE DEFENDANT: Yes, my Lord.

H

HIS HONOUR JUDGE HAVERY: Yes, I understand.

THE DEFENDANT: That would finish at 09.00.26 on 4 March. Do you agree with that, Mr Jones?

A

A: There are no other transactions that are listed as being served by (inaudible) cheque or paid for by cheque.

Q: If there were to be, they would be listed there. Is that correct?

A: Not necessarily.

B

Q: Could you explain to me why then, please?

A: If the operator (inaudible) the transaction to cash then the system would expect a cash figure to be in the residual columns (inaudible) the cash, as opposed to being a cheque.

C

Q: Then what would have to occur in order to bring the balance back to 3590 for the final rem out?

A: As and when the cheques needed to be remmed out (inaudible) the cheques in the Post Office, then those would have to be entered out as the cheque out and you would adjust the cash.

D

Q: So you would make a stock adjustment.

A: There would be a cash adjustment.

Q: Through which system? How would you adjust that cash?

E

A: On the stock and (inaudible) they would be changed to reflect cheques being paid out and then when you came to do a balance or snapshot, or whatever, you would change the cheque figure back to zero.

Q: If that had occurred in that period in between the remming out, RODC, on page 3829 at 16.37.44 and 4 March 09.00.47, that would be depicted by an SAP or an SAN. Is that correct? Stock adjustment positive or stock adjustment negative. Is that correct?

F

A: That would be the normal process to adjust.

Q: So in order for that cheque to appear different at the end of the day on that particular week, that stock adjustment would have to have been made, is that correct, in order for the cash account still to read £3,519?

G

A: Quite possibly it would have to be changed.

Q: Is it incorrect or not? Are you saying it is not?

A: The cheques that you are presenting here quite clearly have been remmed out.

H

Q: So in order for that sales report to depict a different figure it would have

to have had a stock adjustment, which is what you have just told the court.

A

A: The final balance would have to have a stock adjustment.

Q: Are there any in that period of time?

A: We can see there is a stock adjustment positive, it is (inaudible) in 21.

B

Q: Are there any for a positive or a negative adjustment of number 2, which is cheques? Are there any there?

A: There do not appear to be, no.

Q: So you are saying no?

A: There do not appear to be any (inaudible).

C

Q: So there was not any. Is that correct?

A: They do not appear to be (inaudible).

D

Q: So that is a no then. In actual fact then the sales report itself contradicts the cash account but there is no reason for that to have (inaudible) on the transaction on the paperwork. Is that correct?

A: I cannot answer that question.

MR MORGAN: My Lord, I think Mr Castleton is being slightly imprecise with his language. He has not taken the witness to the cash account. I think Mr Castleton said it is referring to the balance, the final balance.

E

THE DEFENDANT: I am sorry, yes.

MR MORGAN: It is simply for the purposes of the transcript.

HIS HONOUR JUDGE HAVERY: I see, yes.

F

THE DEFENDANT: I apologise. So to have £3,519 in the cheques remmed out figure you would have to have processed to change that figure a cheque in that time. Is that correct?

A: Or made an adjustment (inaudible) one that was not processed correctly.

G

Q: We have looked at both of those scenarios from that period of time to the end of that day and that has not occurred. Is that correct?

A: That would be the case.

Q: And there is no other reason that that could have occurred?

A: Not that I am aware of.

H

Q: So in actual fact the depiction on the sales report compared to the cash

account and the final balance both display £3,519 is incorrect. Is that true?

A

A: The sales report and the final cash account are two separate entities.

Q: I agree, but they both depict the same -- sorry, I apologise. The cash account itself depicts a listing of the cheques in total that have been checked on a daily basis and have been remmed out that concurs to the physical --

HIS HONOUR JUDGE HAVERY: The final balance.

B

THE DEFENDANT: It is the final balance, sorry, my Lord.

HIS HONOUR JUDGE HAVERY: You had better put the question again (inaudible).

C

THE DEFENDANT: So the final balance itself depicts a different amount of physical cheques to the sales report. Is that true?

A: From the two documentations that you have shown me, yes, but they are separate documents.

D

Q: I appreciate that entirely. You have stated to the court that the sales report itself had no bearing on the cash stock and (inaudible) figure. Is that also correct?

A: That is my understanding.

Q: Could you explain that understanding for me, please?

E

A: The cash and stock, when one performs the final balance the postmaster has to physically enter the cash that is in the branch, they have to physically enter the stock and confirm the stock that is there. All of the reports that are produced in the intervening period, whether they be snapshots or other reports, are part of the Horizon system which makes an assumption that the cash and stock is there as if (inaudible) those transactions take place. So the only document that shows the true picture of a branch's trading position is the final account.

F

Q: So in that case the Horizon system from the sales report itself believes that £3,533 worth of cheques have been instigated through that system in order for it to then produce a sales report. Is that true?

A: The sales report reflects the snapshot in time it was taken at.

G

Q: I believe we agreed that nothing else had occurred in that particular part of the sales throughout the rest of that day through to the final balance. Is that true?

A: From the documents 3829 to 3830 that you showed me.

H

Q: And you agree with that?

A: That would appear to be the case.

A

Q: So there is no reason then why those should differ. Is that true?

A: As I have said before, the final balance is a separate document to the sales report. You really need to speak to somebody from Fujitsu to ascertain what is (inaudible) on the sales report. We do not recognise the sales report as any form of accounting verification. It is purely used to ascertain the numbers of transactions so that a postmaster can see the level of business he has undertaken.

B

Q: How could that possibly be the case in the volumes of business if you have just told me that that particular document is not used for accountancy purposes?

A: It is not used by the Post Office as a declaration of the final accounts.

C

Q: I appreciate it is not used by the Post Office as a declaration of the final accounts, but surely, and I am sure you will agree, its very production should match the figures that are contained in that final account if there is no other reason or no other changes (inaudible).

D

A: It depends when the two documents are taken. If the two documents are taken simultaneously and produced one after the other with no other transactions taking place between them, then one would assume they are. But one would need to speak to Fujitsu to ascertain absolute confirmation. I cannot give you absolute confirmation.

E

Q: But you do confirm that no other transactions had taken place in that period.

A: From these records there appear to be no other cheque transactions taking place.

HIS HONOUR JUDGE HAVERY: What is this document at 3829 and 3830, Mr Castleton?

F

THE DEFENDANT: It is the transaction log from the office, from the Marine Road branch.

HIS HONOUR JUDGE HAVERY: It is a printout of all the things that have been fed into the computer in effect?

G

THE DEFENDANT: Not in the office part, my Lord, it is in the receipt half of Chesterfield.

HIS HONOUR JUDGE HAVERY: I see. Could you give me the name of the document again?

H

THE DEFENDANT: It is the transaction log.

HIS HONOUR JUDGE HAVERY: The transaction log which is transmitted

from your computer in your Post Office to Chesterfield. Is that right?

A

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: It is not something that you would normally see. Is that right?

THE DEFENDANT: We can actually ask for that copy, but it does take a long time for it to be produced, my Lord.

B

HIS HONOUR JUDGE HAVERY: There are two questions that I would like to ask you, Mr Jones, arising out of this. The first is this: if you turn to page 3829, immediately below the entry to which you have been referred is another entry which says "RODC, product number 11205, quantity minus 1, sale value minus £211.22". Can you throw any light on that?

C

A: The way the accounting system functions is the branch will have situated within its accounting tables £211.22 of cheques and then when they are remitted out it produces the minus entry which (inaudible) out of the account. So they are no longer there for accounting purposes (inaudible) element of the accounts and they would then be remitted out to Data Central.

D

HIS HONOUR JUDGE HAVERY: Thank you. The other question, if you go back to X3, that is the copy document that has just been produced, this total of £211.22 is two cheques, is that right?

E

A: It would appear that there are two cheques there. The TXN number, that is the transaction number for which the two transactions were placed at the branch, one for £38.33 and one for (inaudible) and that is the total of the cheques that were on hand for that particular transaction.

HIS HONOUR JUDGE HAVERY: I see. So the £211 on page 3829 is in fact a total of two cheques.

A: (Inaudible).

F

HIS HONOUR JUDGE HAVERY: I see. So where it says "quantity 1" it just means it has been entered as a single entry.

A: It says there are two separate transactions.

G

HIS HONOUR JUDGE HAVERY: But the figure 1 at page 3829 in the column under "quantity", that simply means that it has just been entered as a single entry.

A: That just means it has been entered as a single entity, yes.

HIS HONOUR JUDGE HAVERY: Thank you.

H

THE DEFENDANT: During the process of actually transacting business, as a customer would come in to the Post Office branch and as an instance would, say, pay a gas bill and that process was paid by cash, how would that

be entered on the system?

A: When the customer, irrespective of whether it is a barcoded or a money (inaudible) transaction, the operator has the opportunity to clear the transaction. So what happens is the transactions stack up on the screen and then an amount becomes due. So if it is a single transaction then before the clerk can progress to the next transaction they have to settle the transaction itself. So to settle to cash there are (inaudible) work rounds which is (inaudible). There is a function called fast cash which clears it straight away.

B: They can settle to cheque, they can settle to a combination of cash and cheque and then maybe it will settle to saving stamps or debit card. Occasionally operating mistakes happen and they are settled under the wrong method of payment, but that is adjusted when they produce their cheque listing or balance.

C: Q: So throughout the transactions that are placed in the office, would you help me please, the accumulation of Giro in payments would be made up of what as in the physicality of that, either monies, cheques, debit cards?

A: What type of Giro? Are you talking basic bill payments?

Q: The actual listings on the cash account as Giro in payments.

D: A: Giro in payments can range from basic bill payments where (inaudible) or a company has a contract with (inaudible) as to Giro (inaudible) corporate money that can be deposited into the account or processed to (inaudible).

Q: That would be made up of only cash or --

E: A: It can be made up of cash, it can be made up of debit card, it can be made up of coin, it can be made up of any tenderable item that we accept as payment.

Q: All right. In those tenderable items, I presume that one of those particular items would be a cheque.

F: A: If the said transaction allows a cheque to be processed against that particular product.

Q: So in particular in the case of, say, a British Gas bill, would that be the case?

G: A: I cannot recall whether cheques are still acceptable for British Gas. Should they be acceptable for British Gas, then quite possibly you may have a cheque transaction against British Gas.

Q: And that would build into a final total of all of the receipts for that week.

H: A: Yes. No, the cheque would go into your stock and mops when you cash your cheques, but the value of the actual transaction would go into your daily Giros that you would account for on a daily basis.

Q: Would that be the same scenario for, say, personal banking? Could that be afforded by cash, cheques, direct card payments?

A

A: Personal banking from Alliance and Leicester Giro.

Q: If you want to take that instance, yes.

A: If an Alliance and Leicester Giro (inaudible) still wishes to make a withdrawal, then they --

B

Q: Sorry, I apologise, just to clarify, it is in payments.

A: Yes. If a customer pays into their account with a personal deposit slip, then that I believe would go into that Girobank (inaudible).

C

Q: Could you turn to page 525 of your statement for me, please. It is bundle 3, tab 6.

HIS HONOUR JUDGE HAVERY: My copy is unfortunately missing. I suppose I must have misfiled it or something. I go straight from 524 to 527. You had better go on, Mr Castleton, although I do not have the document in front of me at the moment.

D

THE DEFENDANT: (Inaudible).

HIS HONOUR JUDGE HAVERY: Thank you very much.

THE DEFENDANT: This is a spreadsheet that you have produced with reference to large cash movements in the office at Marine Drive. Is that correct?

E

A: No.

Q: I am sorry, I apologise.

F

A: It is an analysis I undertook when I first received the appeal file to ascertain a number of points, yes to look at cash movements, average values of transactions, looking for anomalies. There were odd transactions taking place, for example, the pre-order foreign currency transaction. There is just one of those in week 41 and there are a couple in weeks 50 and 51, looking for potential areas that may have shown a larger or shorter variance in the mean average of different transactions that may give me an opportunity to make further inquiries as to why there were differences and try and explain the shortages that were occurring at the branch. Part of my overall start point in hearing the appeal was to draw down figures from the cash accounts just to try and ascertain what was the headline (inaudible) at the branch.

G

Q: You produced and maintain in your statement, I believe it is paragraph 21, that over this period the requirement of cash was ordered in the branch, and it is page 486, paragraph 21. I realise that originally there was a typographical error in there and it has now been corrected. It is tab 6.

H

A: Yes.

A

Q: Do you still maintain that the requirement for the cash within the office was between £200,000 and £265,000 for that period 42 to 51?

A: That is my belief from ascertaining the movement of transactions, the headline movements that were available from the initial cash accounts that I examined.

B

Q: Could you tell me what the total receipts in that period is, please?

A: Off this piece of paper?

Q: I presume that you put all the (inaudible) workings in --

C

A: No, I was looking purely at the average mean values of the transactions week by week (inaudible) any movement and average value transactions that are taking place at the Marine Drive branch.

D

Q: So you never placed any totals in there? Because obviously, in my opinion, and I would hope you would agree, in order for you to formulate the process of these transactions you would have to have in essence had a total figure for the period to gauge between the two what the necessity of the cash requirement would have been.

Q: Indeed, I was looking at the movements of various -- the in payments and the receipts. Again, these are for headline figures.

Q: Yes, I appreciate that.

E

A: They are not the totality of the cash account.

Q: No. In these particular figures, obviously there is, as we have just been speaking about, the cheque parts of the payment system. Is that true?

A: In these figures?

F

Q: Yes. In the receipts.

HIS HONOUR JUDGE HAVERY: We are back at page 525 now, are we?

THE DEFENDANT: Yes, my Lord.

G

A: Can you repeat the question?

Q: In terms of these in payments, ie say there is a particular one, week 42's Giro in payment. You have listed it as £56,596.02. Is that correct.

A: It is £56,596.02.

H

Q: That is a replication of the actual Giro account.

A: Correct, yes.

A

HIS HONOUR JUDGE HAVERY: (Several inaudible words)?

THE DEFENDANT: It is £56,596, my Lord, it is Giro (inaudible) payments, the fourth column from the left, week 42.

HIS HONOUR JUDGE HAVERY: I see, thank you.

B

THE DEFENDANT: I believe we have just established that that also incurs the cheque payments into the office. Is that correct?

A: It may do. If one looks at that particular week, week 42, there is Giro in payments of £56,596 of which remmed to the Data Central was £525.52 in cheques.

C

HIS HONOUR JUDGE HAVERY: Where do you find that figure?

A: Sorry, my Lord, that is remms to ADC.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: The second column from the bottom, my Lord.

D

HIS HONOUR JUDGE HAVERY: That is very different from the in payments. So what is the point you are making, Mr Jones?

A: I was just explaining -- Mr Castleton was referring to do I take into consideration cheques as part of the method of payment? Yes, I do because the cheques they go and sit in the (inaudible).

E

THE DEFENDANT: All of this period, which I will afford you a calculator if you wish, the total receipts of the office, including the remms in, the cash actually delivered to the office, is £838,906.62. Would you like to confirm that with a calculator or are you happy to go ahead (inaudible)?

A: You would need to add up every single cash account.

F

Q: It is up to you. I can do that if you wish.

A: I am not sure of the point of the question.

Q: I will get to the point, it depends which way you want to deal with this really. It is entirely up to you. Do you want to work off these sheets or (inaudible) work off cash accounts?

G

A: I am happy to work off these sheets.

Q: Fine. Would you like a calculator in order to confirm the figures that I have found or would you like a copy of my figures to compare with the figures that you have there?

H

A: I am happy to take a copy of your figures.

A HIS HONOUR JUDGE HAVERY: We had better have this copied as well.

THE DEFENDANT: I apologise.

HIS HONOUR JUDGE HAVERY: I had better rise again for another five minutes. Everything must be copied and sufficient copies for the use of everyone in court.

B THE DEFENDANT: I apologise, my Lord.

MR MORGAN: Also, we are in some difficulty because we are unable to check any of this.

C HIS HONOUR JUDGE HAVERY: I understand that. We will have to do the best we can and you will not be prejudiced.

MR MORGAN: My Lord, yes. Part of the reason for having an accountancy expert is so that this sort of exercise can be undertaken at the parties' expense rather than the public purse. I am in your Lordship's hands. It is obviously a case management decision as to how your Lordship takes this case forward, but we do think it is --

D HIS HONOUR JUDGE HAVERY: How many more documents are you going to put to witnesses, Mr Castleton?

THE DEFENDANT: There is a further one more document for Mr Jones.

E HIS HONOUR JUDGE HAVERY: (Inaudible) is there anything for anybody else?

THE DEFENDANT: No, my Lord.

HIS HONOUR JUDGE HAVERY: There is nothing else?

F THE DEFENDANT: No, my Lord. I do apologise.

HIS HONOUR JUDGE HAVERY: It is all right. The two that you need, we will have them both copied now.

THE DEFENDANT: My Lord, may I just point out that these are documents created by Mr Jones.

G HIS HONOUR JUDGE HAVERY: That is all right. Let us have them copied and I will rise for another five minutes.

THE DEFENDANT: Yes, my Lord.

(A short break)

H HIS HONOUR JUDGE HAVERY: My two copies are stapled together so I

will call them X4, pages 1 and 2, and my top page is this one.

A

THE DEFENDANT: We need the other one, my Lord, (inaudible) page 2.

HIS HONOUR JUDGE HAVERY: I will call it pages 1 and 2 (inaudible) you are just going to start with page 2.

THE DEFENDANT: Certainly, my Lord.

B

HIS HONOUR JUDGE HAVERY: So it is X4, page 2, yes?

THE DEFENDANT: Yes, my Lord. If you just have a look through there, Mr Jones, just to make sure that I have not changed any of the figures from your copy to the other copy, please.

A: They would appear to be the same.

C

Q: Are you happy with the totalling or would you like to check that?

HIS HONOUR JUDGE HAVERY: Your total is 42 to 49, is it, or to 51?

THE DEFENDANT: To 51, my Lord.

D

A: What are the actual totals?

Q: Literally across the columns there, Mr Jones.

HIS HONOUR JUDGE HAVERY: But which weeks?

THE DEFENDANT: From 42 to 51, my Lord.

E

A: No, I am talking about the vertical columns.

Q: At the bottom you mean?

A: Yes.

F

Q: The black writing. They are the daily totals with everything apart from rems from ADC. But I am not going to visit those totals anyway, it is just these latter, the final totals, that I would like to visit, if that is all right with you.

G

HIS HONOUR JUDGE HAVERY: It is going to take time to see whether these figures are right. I think what we had better do is assume they are correct for the moment and then maybe someone can check them during the short adjournment. So can we just assume for the moment these totals are correct?

THE DEFENDANT: Indeed, my Lord.

H

HIS HONOUR JUDGE HAVERY: The ones on the right-hand side where you have blanked out the typescript, they are horizontal totals for weeks 42 to

51. Is that right?

A

THE DEFENDANT: That is right, my Lord.

HIS HONOUR JUDGE HAVERY: And the ones at the bottom of the page I am not so clear about. Can you explain those?

B

THE DEFENDANT: The ones across where it says "movement and rem", my Lord, they are something that I will come to in a later (inaudible), but they actually show the remittances, the receipt of cash, into the office and the outflow of cash, which is the difference between the receipts and payments, my Lord.

HIS HONOUR JUDGE HAVERY: So they are not totals, is that right, or are they?

C

THE DEFENDANT: They are, my Lord.

HIS HONOUR JUDGE HAVERY: They are totals?

THE DEFENDANT: They are totals. In the upper line, to take the first figure, on week 42 there is an outflow in the office of £14,507.92, whereas we received £51,520 in cash, my Lord.

D

HIS HONOUR JUDGE HAVERY: What is the £68,000 you have written below that last figure?

THE DEFENDANT: Below?

E

HIS HONOUR JUDGE HAVERY: Below the £51,520 you have written in £68,510.79.

THE DEFENDANT: In the midway of column 42, my Lord?

HIS HONOUR JUDGE HAVERY: That is right.

F

THE DEFENDANT: That is the vertical addition but I am not going to visit those figures, my Lord.

HIS HONOUR JUDGE HAVERY: So I can ignore all those.

THE DEFENDANT: You can certainly, my Lord.

G

HIS HONOUR JUDGE HAVERY: Now put your questions. We will just assume the figures are correct for the moment.

H

THE DEFENDANT: All right, my Lord. So throughout the period from week 42 to 51 the office received in total, including remittances from ADC, the cash requirement, my Lord, £838,906.62, and over the very same period the payments out, which must include the cheques because we have already established, have we not, Mr Jones, that the cheques are incumbent to the in payments. Is that true?

A: They may be part of that in payment, yes.

A

Q: Are you happy with the fact that --

A: Yes, (inaudible) included.

Q: Because we can actually revisit the cash accounts if you wish to clarify whether they are or they are not in these particular cases.

B

A: I accept that the cheques in there are part of the transactions and the receipts.

Q: So the cash requirement to meet the cash payments over the very same period is £848,147.33. This does include the return of £35,925.60 which was unusable notes, also extra cash that was not required in that particular week and all returns of cash items such as change and unusable notes to the cash handling processing centre. Do you agree with that, Mr Jones?

C

A: I do, yes.

Q: So, therefore, would you agree that the cash requirement as you state in your paragraph 21 for the office is in actual fact £288,000, not £200,000 to £265,000. Would you agree with that?

D

A: I stick with my original statement.

Q: You stick with your original statement.

A: I do indeed.

E

Q: All right. So in order for the court to understand your original statement, could you explain to me, given that £848,147.33 actually left the office in payments over that period, how only £200,000 to £265,000 would have been required to maintain that?

F

A: What I am looking at is the main usage of cash against the cash (inaudible) transactions that you have got in that particular branch and I was using this particular document to track potential unusual movements of Girobank business cash being procured from the rem centre and identifying any other particular areas that may lead me to conduct further inquiries, which I so did at your branch to confirm the said arithmetically correct documents that relate to all the Girobank transactions and the other (inaudible) that were available at your branch to ensure that the figures were arithmetically correct and I use this as a trend analysis to ascertain movement within that.

G

Q: So you are telling the court that over this period, using the trend and movements of cash, that the receipts and payments served by the customers in Marine Drive would not have required any more monies than £200,000 to £265,000 over that period?

H

A: That is the ordering period of cash, yes.

Q: All right. So if we move down into the very bottom column --

A: Because if you read my statement, my statement does not say that this is the total cash used, this is the cash required.

Q: All right.

A: The cash required is what the postmaster physically orders from our cash centre.

Q: So by saying that you are saying that over that period between £200,000 and £265,000 would be required to service the transactions in the payments.

A: That is what I believe was necessary to be ordered from our rem centres to service those transactions.

Q: So over that period £848,147.33 was actually paid by this office. Is that correct?

A: That is paid, yes, but you have also receipted, you have a constant movement and the table (*inaudible*) in terms of my deduction from that is what is needed to service that business.

Q: Surely you are not telling me that over this period, given that there is a negative movement in cash, ie over the whole period £9,260 left the office more than was receipted, that your figures can possibly be correct.

A: I accept my figures as part of the mean average value of the transactions that were appertaining at the Marine Drive branch.

Q: So you do not accept that in order to service the receipts and payments required and depicted in your own spreadsheet that over that period the cash required to service the payments would have to have been £848,147 or are you saying to me that it would have been less than that, that the payments in actual fact are wrong?

A: No. I am looking at the mean value, average cash value, that this particular spreadsheet was created for. The absolute total over that period, you are looking at the mean value that I believe was necessary to service that.

Q: So surely in order to service that requirement of payments you cannot really expect the court to believe that only £200,000 would be required when the actual requirement to be made through the business itself is £288,000. Where would the other £88,000 have come from, Mr Jones, through that period? Where, if anywhere, would it have been possible for the Marine Drive branch to have run that office with £88,000? It is not a small figure. Would it have been possible for this branch to have maintained that business level throughout that period without having that amount of cash?

A: In terms of your question, I am not quite sure what you are referring to.

HIS HONOUR JUDGE HAVERY: First of all, can you help me,

Mr Castleton? How do you arrive at the figure of £288,000?

A THE DEFENDANT: My Lord, £316,590 was actually ordered in cash from the rem's ADC. You can see that depicted.

HIS HONOUR JUDGE HAVERY: I see that, yes.

B THE DEFENDANT: Over the very same period £35,925.60, which is shown in the payments column, was actually returned to ADC, which gives you a difference of £280,000-odd. But the actual difference between receipts if you take those figures away is £288,000, hence the reason why the cash depletes by £9,000-odd.

HIS HONOUR JUDGE HAVERY: Where is the other £8,000 coming in?

C THE DEFENDANT: It is actually depicted in the difference between the cash declared, cash on hand, in week 41 and the cash declared at the end of week 51.

HIS HONOUR JUDGE HAVERY: Where do I find those figures?

D THE DEFENDANT: It is five columns from the bottom. The difference is £4,751.

HIS HONOUR JUDGE HAVERY: Cash on hand, is that what it is?

THE DEFENDANT: It is, my Lord.

HIS HONOUR JUDGE HAVERY: It is the difference then between 43 --

E THE DEFENDANT: Between £43,757.92 and £39,028.77. So that would give you £4,700. But for the purposes we have always been talking about cash, so in Mr Jones' spreadsheet he has not included stock, my Lord. Because there are stock sales, obviously, which would be incumbent to those figures, but we are talking purely on a cash basis. So Mr Jones chose not to include those figures with his spreadsheet.

F A: Actually, Mr Castleton, I have already explained, this is not --

Q: No, I appreciate, I am just explaining to the court, Mr Jones.

G A: The figure entries that have been used here are used to ascertain variances between the weekly transactions to obtain a weekly average of particular types of transaction that go through the branch that were utilised as part of further inquiries that was undertaken to identify potential discrepancies, maybe discrepancies, transactions that potentially could be missing, as part of my appeal inquiries. So (inaudible) not the total end to end accounts of the Marine Drive branch, only to do that and to do that accurately you would need to add the entire cash accounts up (inaudible).

H Q: But none of these figures are incorrect, are they?

A: I do not believe that they are.

A Q: Then the question that would be begged from that position, Mr Jones, is that the actual facts of the matter are that over this period there is actually no cash missing. The requirement, it is plain to see, the receipts themselves total £838,906.62.

A: Have I said that there is cash missing? You just said that I said cash is missing.

B HIS HONOUR JUDGE HAVERY: Are you saying there is any cash missing or not?

A: I have not said that.

HIS HONOUR JUDGE HAVERY: Are you saying it now or not?

C A: No, Mr Castleton has said --

HIS HONOUR JUDGE HAVERY: I am asking the question whether in your opinion any cash is missing.

D A: From this Mr Castleton (inaudible) that I was using this to say cash was missing.

HIS HONOUR JUDGE HAVERY: Yes.

A: I was not referring to this document to say cash was missing.

E HIS HONOUR JUDGE HAVERY: Something is missing, is it not? (Inaudible) £25,000.

A: Indeed, there are losses in the branch to that effect. But Mr Castleton was inferring that I was utilising this document to say cash was missing from the branch. That was my interpretation of (inaudible).

F HIS HONOUR JUDGE HAVERY: If cash is not missing, what is this loss of £25,000? It is other things that are missing?

A: Sorry, my Lord, I took Mr Castleton's statement out of context if he is saying to me that I am using this document to show that there is £25,000 short, or whatever the figure was. I am simply not. This document was used as part of my pre-appeal inquiries to look at various trends within the branch.

G HIS HONOUR JUDGE HAVERY: I see your point, yes.

THE DEFENDANT: Can we then refer back, Mr Jones, to page 486 of your first statement, please, paragraph 23 and then paragraph 24 also. (Pause).

H HIS HONOUR JUDGE HAVERY: We have turned to the page and you have read it. What is the question?

A

THE DEFENDANT: I am sorry, my Lord. In your assertion in those paragraphs that the theoretical, as you call it, cash (inaudible) that I refer to myself, if we then, bearing that in mind, reassert the figures that you display in your spreadsheet, how can those cash losses not be theoretical?

B

A: If one looks at the start point of week 47, when one locks up the £33,000 on hand with 46, ordering £70,000 inbound cash is significantly outside the norm that that branch would have normally obtained and indeed it locks up at the close of play £81,000. Again, a significantly higher cash figure than is the norm.

Q: Can you then explain to me what happened in week 48 with respect to returned cash?

C

A: £20,000 of cash, one does not know what the coin is, I have not deduced what the coin is.

Q: It is still cash though, is it not, Mr Jones?

A: It is still in the cash figure. Then again a further £60,000 was ordered in week 49.

D

Q: Again, what is the occurrence from week 49 through to 51, what is the actual order of cash in the following week?

A: There are two, one is a coin order of £2,740 followed by a £25,000 cash order made in week 51.

E

Q: So could you tell court where Marine Drive is positioned with respect to Bridlington, as in what kind of area is it?

A: The Marine Drive branch, from my recollection, is possibly on the outskirts of the town.

Q: It is on the sea front. Can you remember the (inaudible) front?

F

A: I did not (inaudible), I must admit.

Q: It is by the harbour on the sea front. The reasons, as have been explained to the Post Office previously, for these requirements of cash and then the subsequent adjustments after, purely seasonal trend (inaudible), we are based on a sea front and we do have, as you can see in the pensions and incomes, Inland Revenue, various changes. We also have, as we have spoken about previously, large --

G

MR MORGAN: I hesitate to rise, but this is Mr Castleton giving evidence.

THE DEFENDANT: I am only explaining the reason why I am going to ask the next question, my Lord.

H

HIS HONOUR JUDGE HAVERY: You are not disagreeing with that description of the premises, are you? Or are you, Mr Jones?

A: I would certainly disagree with the seasonal trends. The seasonal periods are in the middle of winter, the average (inaudible) transaction moves by circa £2,000 to £3,000 and then starts to decline towards the end of 51.

A HIS HONOUR JUDGE HAVERY: Thank you.

THE DEFENDANT: So your trends (inaudible) down in the bottom column. In week 42 --

B HIS HONOUR JUDGE HAVERY: Just a minute, you cannot have a bottom column.

THE DEFENDANT: I am sorry, the very base of the document, my Lord.

HIS HONOUR JUDGE HAVERY: Yes.

C THE DEFENDANT: Week 42, we received £51,520, is that correct, from ADC?

A: Yes.

Q: What happened in the following week?

D A: There was an order of 30 followed by 27 followed by 40.

Q: What went out in the following week?

A: In terms of the (inaudible) went out?

E Q: It is the difference between receipt and payments which is shown by the movement figure.

HIS HONOUR JUDGE HAVERY: You did not actually explain (inaudible). Can you tell me what the figure, going to the first one, £14,507.92, what is that figure?

F THE DEFENDANT: The £14,507.92, my Lord, is the difference between the receipts on that day and the payments on that day -- that week, sorry.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: And that continues throughout the whole of the weeks.

G HIS HONOUR JUDGE HAVERY: So now will you put your question to Mr Jones again, please.

THE DEFENDANT: Do you know what day our rem was received, Mr Jones?

A: I believe your remittance was received on a Wednesday.

H Q: I am afraid that is not correct, it was a Thursday.

HIS HONOUR JUDGE HAVERY: It was ordered on a Wednesday.

A THE DEFENDANT: Received on Thursday.

HIS HONOUR JUDGE HAVERY: Yes.

MR MORGAN: Just to make this clear, we accept it was received on Thursday (inaudible).

B THE DEFENDANT: So we would have been obviously pre-empting the requirement for the cash for the following week and our order for that week would have been received the following day, which is in fact in the following (inaudible), is it not? It is actually received in the first day in the following week.

C A: Yes, but you place an order based upon your known requirements.

Q: I agree.

A: And the branch is a small branch that does not have huge variances as to operational movements.

D Q: We do not have huge variances as to operational movement. Again, obviously, I cannot question your opinion. I do not believe that myself, but in order for clarification for court, in week 42, £51,520 was ordered on the Wednesday. Is that correct? And then received on the Thursday. Is that correct?

A: You placed the order. I believe you placed it on Wednesday.

E Q: So that actually corresponds to £52,851.72 going out of the office in the following week. Is that not true?

A: Probably on these figures here, but this is not the total snapshot of your entire account.

F Q: I appreciate that, but from these figures here that you produced yourself.

A: They are produced and I have already explained the purpose they are there, to look at trends within the --

Q: These are the trends we are looking at, are they not?

G A: No, I am looking at the total trends of the branch. We are looking for anomalies that were part of my pre-appeal inquiries.

Q: So if we then move back to the total figures, over this whole period of week 42 to 51, from your own spreadsheet, the cash requirement for this office would have been £848,147.33 and that is what you have based your figures upon. Is that true?

H A: These are the figures that I have extracted from the (inaudible).

Q: Is anything different in there that is not depicted in the cash account?
These are cash figures, are they not?

A

A: These are figures extracted from the cash account.

Q: Right. You have based your opinion of the £200,000 requirement for cash on these figures. Is that true?

A: That is my --

B

Q: Opinion.

A: -- deduction, yes.

C

Q: Whereas over this whole period the receipts themselves, the actual cash order, comes to £838,906.62, which would (inaudible) again that what has been received in the office has been (inaudible) by the office. Would you agree with that?

A: You have taken a snapshot figure from these figures. One looks at the figures you have, like I said, these figures actually show the movements and trends (inaudible) my pre-appeal inquiries.

D

Q: These are the figures that you produced to make your trend movement requirement of £200,000 to £265,000.

A: That is what I believe that the branch needed.

E

Q: So over this period, using your own figures, the two totals prove, on the basis again of your own figures, that whilst you have an opinion that only £200,000 to £265,000 was required by the office, the actual payments out by the office required £288,000. Is that true?

A: I cannot comment on that.

F

Q: They are your figures, Mr Jones, why can you not comment? I will just carry on asking the question.

A: My assumptions were made, as I have already stated, that I believe that was the (inaudible) amount that the branch needed.

G

HIS HONOUR JUDGE HAVERY: It is now time to break off. I hope there will be those on both sides of the court who will be able check this arithmetic and agree it, although I do notice one error myself, the £9,260.71 should read £9,240.71. It is a small discrepancy. I hope that can be agreed. The other thing that I would certainly want to know, it may be somewhere in your evidence, Mr Jones, how your figure of £200,000 or £265,000 was arrived at (inaudible) I will leave it at that at the moment.

H

MR MORGAN: My Lord, may I just indicate and remind your Lordship that this did not form any part of my opening and it did not form any part of my case.

HIS HONOUR JUDGE HAVERY: I think I would like these figures checked.

A MR MORGAN: My Lord, we will check this over the adjournment.

HIS HONOUR JUDGE HAVERY: I do not know what the other page is. I do not know if we need any checking there as well. Probably we do, if you can tell what they are. I think it would help just to have (inaudible). You are going to use page 1, are you, in due course?

B THE DEFENDANT: Certainly, my Lord.

HIS HONOUR JUDGE HAVERY: I think it would be a good idea to have those figures agreed.

MR MORGAN: My Lord, yes, we will (inaudible) the short adjournment.

C HIS HONOUR JUDGE HAVERY: I will rise now and sit at 2.05pm and, Mr Jones, you must not talk to anyone about your evidence until we have finished hearing it.

(The short adjournment)

D MR MORGAN: My Lord, over the short adjournment we have checked the figures. Subject to one or two minor points in the region of 20 pence here or there, which I do not think is going to make any difference between us, we are content for them to go forward, subject to a right if there were something that suddenly cropped up to draw it to your Lordship's attention.

E HIS HONOUR JUDGE HAVERY: Yes, thank you.

MR MORGAN: I am grateful.

THE DEFENDANT: My Lord, the Lottery receipts that were received today on Marine Drive with respect to the statement made by Mrs Simpson yesterday, you asked to have sight of them. May I pass them to my Lord?

F MR MORGAN: My Lord, we are content to have them copied and produced tomorrow. They do not go to any witnesses today.

HIS HONOUR JUDGE HAVERY: Yes. Do you have some more questions?

G THE DEFENDANT: Yes, I do, my Lord. Mr Jones, can you tell me the address of the branch in question?

A: Marine Drive. I cannot recite the full address of the branch.

Q: The question would be: Marine Drive being obviously by the sea.

H A: I do not think that is a correct title. Marine Drive is the title we know the Post Office branch as.

Q: Marine Drive.

A: Marine Drive is how it is logged on our database.

Q: I just wanted to clarify your assertion (inaudible) a suburban branch.

A: Marine Drive is an urban Post Office branch in our network.

Q: If we can go back to the figures --

HIS HONOUR JUDGE HAVERY: Just for the sake of the transcript, we are still looking at X4, page 2. Is that right?

THE DEFENDANT: Yes, my Lord. Again, throughout this period £838,906.62 was (inaudible) by the office and payments were made to the effect of £848,147.33, which is what we agreed prior to the adjournment. Is that correct?

A: Mr Castleton, you have asked me to quantify my statement, which was around paragraphs 23 and 24, I believe.

Q: Can you give me the page reference?

A: Sorry, it is page 487.

Q: Paragraphs 23 and 24.

A: Yes. The deduction utilising the cash that was in the branch, ie the differential between those transactions that are cash generated and those that are cheque generated, was basically taking the following lines as part of the calculation. If one looks at week 42, one starts at National Savings deposits, (inaudible) payments, AP personal banking and Lottery. One does not include the rems.

HIS HONOUR JUDGE HAVERY: What did you say about rems?

A: I discount the rems. I am looking at the differential between receipts and payments and I purposely excluded the rems in terms of defining my analysis. In terms of the payments, if one looks at the savings bank withdrawals, pension allowance, IR tax, credits, green Giros, Giro out, lottery prizes, cheques to CHEC, card account and (inaudible) withdrawals. So your differential then that was taken on each of those subsequent weeks, and I made an allowance on weeks 43, you have a rather large cheque in there for (inaudible), I substituted an average of £6,000 for your average cheque weeks. That derives an average differential between the receipts and your payments of circa £26,500 per week. That thereby demonstrates over the ten-week period the cash differential between those movements is £265,000. Just to give you clarity of how I derived that figure.

Q: So you derived that figure from an average (inaudible).

A: I am looking at the average movements week by week for that period.

Q: So by stating that figure as an average, which it does not state as how (inaudible) --

A: £265,000 is the total if one adds those up and adds them vertically and then horizontally (inaudible) you will find the differential between those lines (inaudible) £265,000.

HIS HONOUR JUDGE HAVERY: Just to help me, assuming the arithmetic is correct, can I just ask you whether what you are saying is this: if you look at the manuscript figures towards the right-hand end of the page, what you are saying is on the one hand you are adding up four figures beginning with £15,709 and ending with £17,335. Is that right?

A: £15,709.82, I discount though in there the remittance figure of £3,165.90, rems ADC, because I am looking at the cash movements week by week.

HIS HONOUR JUDGE HAVERY: I was just putting those four figures. As I understood it, the first part of your calculation was to take the sum of the first four figures there. Is that right? Not the £316, that is the fifth figure.

A: That is correct.

HIS HONOUR JUDGE HAVERY: So you take those four, that is stage 1.

A: Yes.

HIS HONOUR JUDGE HAVERY: Now stage 2, can you just, please, identify to me which ones you are taking there?

A: Assuming counsel is correct, £15,414.22, £608,396.39, £17,000, £55,621.01, £9,883.90, £5,031.00, £63,036.96, of which I made an allowance out for £22,000. There is a large cheque in there which skewed -- I am trying to ascertain the cash movements and there is a large cheque that sits in that.

HIS HONOUR JUDGE HAVERY: So you took an average instead of £22,573.

A: Yes, the average cheque figure is £6,000 and I substituted £22,000 with £6,000. It is a large cheque figure and I am trying to ascertain what cash is moving. The final figure (inaudible) in there is £3,524.37 and £2,713.

HIS HONOUR JUDGE HAVERY: You said £3,524, it is £35,124.57, I think. But anyway you put that in, did you?

A: Indeed, yes. The cash (inaudible), indeed.

HIS HONOUR JUDGE HAVERY: So it is those nine figures that you took. Thank you very much.

A: That is, for clarity, how I deduced the difference between the daily cash usage to derive the £265,000.

HIS HONOUR JUDGE HAVERY: Yes, thank you.

A THE DEFENDANT: So with that deduction that you made, how did you allow for cheques and receipts in this?

B A: The cheques are included, as I have already stated, except that there is an amendment in there because, as you have said before, cheques could (inaudible) be part of that top figure. Therefore, if one wanted to go to the Nth degree one would have taken out the cheque because I cannot correlate the cheques to specific transactions and I am being selective in the transactions I am taking. If one wished to be pedantic one could deduct the cheques from that (inaudible) but there may be other transactions a cheque could be (inaudible) that are not on (inaudible). So I have included the cheques on the assumption that they would be largely for Giro in payments or National Savings Bank deposits. So I have allowed for that cheque figure. I have not taken that cheque figure out.

C Q: By doing so, by averaging --

A: I am trying to ascertain cash movements from a position that I have started my pre-appeal inquiries.

D Q: Even post-appeal these are still (inaudible) even now complete figures in your statement as being a reason why the cash requirement at the office is lower than the cash forwarded. Is that not true?

E A: The cash requirement on the analysis that I have undertaken in those areas where we can demonstrate that we have cash movements and cash transactions, then the £265,000 is the figure that I have derived between those two movements. And I have put the caveat and I have stripped out the £20,000, whatever the cheque was, and I am not sure what transaction (inaudible).

Q: If you then break that down between those averages it then produces a figure that does not include cheques (inaudible) payments.

F A: Sorry?

Q: In order to produce a £265,000 average.

A: The £265,000 figure includes cheques to CHEC in my calculations.

G Q: And you have no breakdown of that calculation in evidence or anywhere else?

H A: I have on a laptop computer which just shows you the difference between the figure that you have deduced at £68,500 (inaudible) other line entries and ascertained a figure from the cash movement and then extrapolated that line by line across that. So I have looked at the week by week movements between the two columns.

Q: Without ordering £316,590 would the office have been able to maintain the payments that were actually made?

A

A: You could determine that question in two ways. One could say that the cash holdings were higher than would be required for that, therefore there is sufficient cash in there. So you could present an argument to say you may not need to order as much cash.

B

Q: Mr Jones, if we were to remove £200,000 (inaudible) you thought to be the requirement through that period from the cash, would we not have run out of cash physically in week 48?

A: I indicated there was not a need to order more than £265,000.

Q: Between £200,000 and £265,000, I believe that is the statement, is it not?

C

A: Not more than £265,000 because we have some very large cash on hand figures that also indicate that the branch is holding considerably more than one needs to hold. If I can demonstrate, at week 47 one holds £81,000, where if one is having an average figure of £26,500 usage between the two --

Q: This is something that you have produced without respect in actual fact to the factual figures, is it not?

D

A: No, it is what I have produced using the figures. Then you have at week 49, £72,000.

Q: You have already said you discounted (inaudible).

E

A: I have discounted cheques because I am trying to look at cash usage.

Q: For my own understanding of what you are saying, prior to that question you told me that you did not discount cheques.

A: I discounted the £20,000 cheque, which I have just given you the caveat to explain that, and substituted an average, just purely of that specific (inaudible).

F

Q: But prior to that question you said that you had incorporated the cheques as an average, which I appreciate the reason why --

A: I incorporated the actual cheques that are there with the exception of week 43, which was the large cheque which skewed the --

G

Q: But that would have been incorporated in week 43's figures as a receipt, or are you saying that --

A: I am not sure. I am not sure because in terms of other transactions, I am looking at the cash usage so I am trying to deduce from those figures a base and, as I say, that figure I discounted because it is exceptionally outside your average cheque figure. Your normal cheque figure is between £5,000 and £6,000 across that (inaudible).

H

Q: On that basis to then draw conclusions of £200,000 being the required cash amount --

A

A: No more than £265,000.

Q: Having stated £200,000 to £265,000 then, the office would have actually physically run out of cash to service the payments over this period, would it not?

B

A: I do not believe it would, no, because I can refer to the cash on hand holdings. If one is looking at a usage of circa £26,500, one is holding £81,000 in week 47 and in week 49, £72,000.

C

Q: Having said that, what I am finding difficult to break down with you, Mr Jones, and I am finding very difficult to appreciate is that at no point throughout this whole breakdown of the figures that you have done have you taken into consideration the amount of payments being made with respect to the requirements of the cash to service the payments.

D

A: Of course I have. My explanation, I am taking the largest cash payments you have within the transaction portfolio at your branch, namely, the largest (inaudible) is pension allowance. I am trying to deduce cash movements and that is what I have stated.

Q: But over this ten-week period, you have clearly said to the court, that you took an average of £26,500 as being --

A: That is what it averages out at.

E

Q: Why would you then state £20,000 as an average then?

A: Sorry?

Q: Because obviously you have stated between £200,000 to £265,000.

A: I have not stated £20,000 as an average.

F

Q: That would be the average between the two, would it not? Between the £200,000 that you claim would have been (inaudible).

A: I said not more than £265,000.

G

Q: I appreciate that, but in your statement it actually says between £200,000 and £265,000, does it not?

A: Indeed, and also one then looks at the cash you have physically in branch on hand, which is in excess, significantly in excess, of what is needed to perform the transactions at that branch. If one is holding £81,000 and one has a differential of £26,000 between payments and receipts in the cash usage, that is clearly in excess of what is needed.

H

Q: So are you saying from that that cash is missing?

A: No. What I am saying to you is, and it is part of what I have said in my statement, that is the figure that I believe was necessary to service the needs of Marine Drive branch.

A

Q: Are you saying to me that there is no cash missing?

A: Quite clearly we have cash discrepancies that are included in the cash accounts that you have declared.

B

Q: From your own spreadsheet, Mr Jones, in totalling that spreadsheet you have proven to yourself that cash requirements to service over the period of £838,906.62 receipts and £848,147.33, that the office to service that need, in your own terms, did not require the cash, but then on the balance of that statement are you telling me now that throughout this period there is no cash missing?

C

A: I am not telling you that there is no cash missing, Mr Castleton, what I am saying is I am giving an explanation of how I have derived the figure of £265,000 in terms of the cash usage from those said transaction lines that I have indicated.

D

Q: But on your transaction lines that you have indicated the totals would lead me to believe that there is no cash missing. Is that where you believe the state of play to be?

A: I have given you an explanation of how I have derived the £265,000 cash that I believe the branch needed against what cash was ordered. There is clearly a rolling series of discrepancies. That is why we are here.

E

Q: I appreciate why we are here. My question to you, again, is: on those figures that you have produced is there a cash discrepancy?

A: Could you define cash discrepancy?

F

Q: The transactions that you have placed into your spreadsheet between week 42 and 51, when added up, show a movement out of the office of £9,240.71 and on the basis of those figures are you now saying that there should have been a further £25,000 --

A: No, what I am saying, Mr Castleton, is from the analysis that I have taken there should have been a maximum needed of £265,000 in my opinion, however, it is clear over the same period £316,000 was ordered.

G

Q: What was the requirement in total to service the £838,906.62?

A: From the analysis that I have explained to you, how that analysis has been conducted to generate the difference between the cash usage on a weekly basis.

H

Q: Using an average?

A: No. There is only one week, that I have already explained to you, week

43 --

A

Q: Yes, we will visit that in a moment.

A: -- I have substituted a large cheque figure and I have included those cheque figures in there as part of that calculation.

Q: Can you answer the question, please: on your figures do they show a cash deficit?

B

A: From the analysis I undertook as part of the statement I have deduced that the branch needed £265,000 circa in cash and £316,000 was ordered.

Q: I ask again: from your figures, can you tell me if your figures provide evidence of a cash loss of £25,000?

C

A: My figures are not intended to demonstrate any form of cash loss, Mr Castleton, they are there to demonstrate cash usage.

HIS HONOUR JUDGE HAVERY: Is the position this: what the figures show is that, having regard to the total amount of cash and stock at the beginning of the period and at the end of the period, there is a discrepancy (and you cannot say whether it is cash or stock or how it is divided up) of £265,000?

D

A: The £265,000 is what I believe the branch needed.

HIS HONOUR JUDGE HAVERY: I am sorry, the discrepancy of about (inaudible) thousand, I think. Actually, the discrepancy that is claimed is £25,700, is it not?

E

A: Indeed.

HIS HONOUR JUDGE HAVERY: What you are saying is that you cannot divide that up, or perhaps you could, but at any rate you are not in fact dividing it up as between cash and stock. Is that your point?

F

A: Indeed, because I am not trying to demonstrate with the usage of these figures that this has caused a cash discrepancy in the branch, I am merely using these figures to show the cash usage. What has been declared in the branch is a totally separate matter because that involves the cash on hand.

G

MR MORGAN: My Lord, might I just mention one thing at this instant, and I apologise for interrupting Mr Castleton. Mr Jones comes here to give evidence, not as an expert witness, but to explain historically what went on in the course of his investigations on the appeal.

HIS HONOUR JUDGE HAVERY: Yes.

H

MR MORGAN: It seems that Mr Castleton assumes that Mr Jones is here to give expert evidence, which he is not.

A HIS HONOUR JUDGE HAVERY: He has prepared a lot of figures. He has only been asked questions on his figures. My real complaint, Mr Castleton, is that you have asked the same question several times, which is a bit of a waste of time really.

THE DEFENDANT: I appreciate that, my Lord. I am very sorry that I do not have the ability to change my questioning in order to further this.

B HIS HONOUR JUDGE HAVERY: It is all right. Yes, but I do not think you will get any further with that question. I should move on to something else.

C THE DEFENDANT: With respect to the £200,000 to £265,000 figure that you state is the cash requirement for the office to service the needs of the office, throughout the period certainly we had the appeals and various other actions, and even to this day the assertion is that £25,000 worth of cash is deficit in the accounts. Using your analysis and the breakdown of that analysis you have taken into account the cheques as an average on the payment side --

A: Only on one week.

Q: How did you account for that in the one week on the receipts side?

D A: I did not because I was trying to ascertain exactly what that cheque was for. So in terms of the receipts side the figure stays in.

Q: So to ascertain that cheque and how it occurred, is that not contained in the cash account that these very figures have been taken from?

E A: I could not deduce exactly where that came from.

Q: So you made no allowances on the receipt side for that cheque?

F A: No. With hindsight I could have taken cheques off both. I could have deduced the cheques from that side and taken them off the Girobank in payments and had an equally different figure. But the cash usage, if you had taken one off the other, you would have still derived to the same average cash usage of £26,000 over the period 42 to 51. Take that off both sides.

Q: I appreciate that. So again, having not allowed for that on the top line in the receipts and having taken into account --

G A: No, I have allowed for it on the top line because I cannot deduce where it is. But I have taken it out as an average on the base line because it could be for another transaction, I am not sure where it is.

H Q: So again looking at the movements in and out and knowing that the rem will be delivered on a Thursday and ordered on a Wednesday, which would indicate the start of a week, the average usage over the period, using your own figures of £26,500, if I were to order £26,500 as an average, how would I have serviced week 43?

- A: In week 43, I do not actually have the figures in front of me. I think week 42, from memory, you have a cash usage of circa £16,000, which I believe then goes up to around £30,000.
- A: The rem was £30,000.
- A: Yes, in terms of the cash, the analysis I have already explained to you, I have not put the rem in there because I am looking then to see exactly where rem has been ordered against usage.
- Q: In terms of movement, by the third week, week 44, or even the second week, if I had only ordered in the rem £52,000 over the two weeks I would have been in deficit of £16,000, which would then increase again the following week to a further £24,000. Each time would that depict or would that be a situation where the office would have maintained any cash?
- A: The question you are posing is a hypothetical question because at the start of the period the inbound cash is £51,220. So if one is saying: if I ordered this each week, it is a hypothetical situation. I am just going on the factual figures that appear on your account.
- Q: But again, you have gone on averages in those factual figures, have you not?
- A: No, I have used actual figures. The only figure I have used as an average, I have already said, is the cheque --
- Q: But to use the actual figures, Mr Jones, then there is no deficit in these accounts.
- A: There is a deficit, Mr Castleton, it is in the books.
- Q: It is certainly not on this spreadsheet, Mr Jones.
- HIS HONOUR JUDGE HAVERY: Why do you say that? What are the actual figures?
- THE DEFENDANT: My Lord, we made payments of £848,147.33 and we received only £838,906.62.
- HIS HONOUR JUDGE HAVERY: Yes.
- THE DEFENDANT: On the basis of that, by taking one from the other, the cash would have reduced by £9,240. Throughout this period in order for the £25,000 worth of losses to have occurred then those figures would have -- the actual change of cash would have had to increase our week 51 balance figure at £39,028.77 to circa £60,000, my Lord.
- HIS HONOUR JUDGE HAVERY: Why do you say that?
- THE DEFENDANT: Because over that period the computer was producing these losses in the accounts but the actual transactions that Mr Jones has

A depicted in these figures proves that to service that need, to service that requirement of payments we required £288,000 and in order to do that we ordered £316,590 but sent back £35,925, my Lord. So by using these very same figures it shows that the cash declared, £39,028.77, on week 51 has moved by £4,000 but in order to have had a deficit of £25,000 it would have had to have moved significantly more or there would have to be more transactions involved in this process in order for these figures to produce that loss.

B HIS HONOUR JUDGE HAVERY: You are talking cash alone.

THE DEFENDANT: Throughout the whole period, my Lord, we ordered just in stock £17,000 and we sold £16,000. But just on these cash figures, which the loss which has been repeatedly asked for in reflection of the accounts of Marine Drive is a cash figure.

C HIS HONOUR JUDGE HAVERY: Mr Castleton, at the start of the period in question the cash in hand was £43,700. Am I right about that?

THE DEFENDANT: Correct, my Lord.

D HIS HONOUR JUDGE HAVERY: So it has gone down about £4,700. Is that right? The cash on hand as gone down about £4,700.

THE DEFENDANT: That is correct, my Lord, yes.

HIS HONOUR JUDGE HAVERY: The total difference between the selected receipts and expenditure in the relevant period is £9,240. Is that right?

E THE DEFENDANT: Outgoing, my Lord, yes, a minus.

HIS HONOUR JUDGE HAVERY: What does that prove?

F THE DEFENDANT: It proves, my Lord, that the cash shown in these accounts, this breakdown of this account, has reduced or should have reduced on the balance of payments that were made in this spreadsheet by £9,240, my Lord.

HIS HONOUR JUDGE HAVERY: Why is that? There has been cash in and cash out and other things in and other things out.

G THE DEFENDANT: Yes, my Lord, but over the whole total period £838,906.62 were the total receipts and that is including the cash coming in from rem. And the cash going out was £848,147.33. So we actually paid out £9,240 more than we had in.

MR MORGAN: So what you are saying is the £43,700, if this had been right, should have gone down to about £33,000-odd or £34,000 --

H THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: -- and therefore you were £5,000 better

off, far from having a loss of £25,000 --

A

THE DEFENDANT: Just in the cash (inaudible), my Lord.

HIS HONOUR JUDGE HAVERY: -- you gained £5,000. Is that what you are saying?

THE DEFENDANT: Yes, my Lord.

B

HIS HONOUR JUDGE HAVERY: I think that is what Mr Castleton is putting to you. What do you say about that, Mr Jones?

A: The spreadsheet I have used and the answers I have used is to look at the cash usage across those said lines. To get a true picture of everything one needs to take the entire cash account. I have just tried to use the cash usage of transactions that generate cash usage within branch for that purpose between 42 and 51.

C

THE DEFENDANT: My Lord, may I just say that in doing so Mr Jones has used, as he says, the cash usage and the very question raised in the claim against me is for cash and the cash itself on the balance of these figures shows that there is a £4,000 surplus in that cash, my Lord.

D

HIS HONOUR JUDGE HAVERY: Am I right in saying this: during the relevant period you have received £316,590 cash? Is that right?

THE DEFENDANT: That is from the rems office, my Lord, to make up the -

E

HIS HONOUR JUDGE HAVERY: Obviously you need cash at the Post Office --

THE DEFENDANT: Absolutely, my Lord, because (inaudible) customers.

HIS HONOUR JUDGE HAVERY: -- and that is delivered to you in a bag.

THE DEFENDANT: Yes.

F

HIS HONOUR JUDGE HAVERY: That comes to £316,590.

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: What is being said is that is more than you needed, or should have been (inaudible) the accounts.

G

THE DEFENDANT: I appreciate what Mr Jones is saying, but he has used an average figure, my Lord, and he also said --

HIS HONOUR JUDGE HAVERY: What he has done is knocked about £16,000 off the cheques to CHEC in week 43, I think. Is that right?

H

THE DEFENDANT: That is correct, my Lord.

A: That is correct, my Lord.

A HIS HONOUR JUDGE HAVERY: So if he had not knocked it off that £848,000 would be £864,000. Is that right?

THE DEFENDANT: Yes, my Lord.

HIS HONOUR JUDGE HAVERY: Then the change would obviously be something like £25,000.

B THE DEFENDANT: My Lord, if you add that £18,000 to the £265,000 that Mr Jones says in his average figures would be required, we actually had ordered into the office £316,590 and if you take away then the £35,925.60 what we sent back (that was either unusable or for whatever reason) my Lord, that would leave you with £288,000. So even on his average figures we have --

C A: It is only one week that is average, Mr Castleton.

Q: No, I appreciate that, but you have to take into account that average would have been (inaudible).

D HIS HONOUR JUDGE HAVERY: What you are saying is adding the £16,000 to (inaudible).

THE DEFENDANT: Yes, my Lord. So if you add that £16,000 to the £265,000 that Mr Jones believes we would have required, it takes us over.

E HIS HONOUR JUDGE HAVERY: Putting it another way, if you add the £16,000 to the (inaudible), the change instead of being minus £9,000 is minus £25,000.

THE DEFENDANT: Yes, my Lord. In fact (inaudible) only changed by £4,000.

F HIS HONOUR JUDGE HAVERY: Is that coincidental, is it, that it matches the alleged deficit? Or is there a good reason for that?

G THE DEFENDANT: No, my Lord, if the cash has only moved by £4,000 and if you add that figure to the £9,000 in the base, £18,000, it gives you £27,000, then it would suggest to me that in actual fact there is no cash missing, my Lord, because the actual cash -- if the average of the cheque is taken away and added into the change, the negative change, you would have a balance at the end of that week of £22,000 a week declared, substantially more than that.

H HIS HONOUR JUDGE HAVERY: It has not actually been said there is cash missing, but I see the point you are making. What is actually said is that you required too much cash, more cash than you should have needed for the figures that have been (inaudible).

THE DEFENDANT: I appreciate Mr Jones obviously has not levelled

(inaudible) cash missing to myself --

A

A: No, I am looking at the actual transactions.

Q: I appreciate that, Mr Jones.

A: The bottom line is that it is all part of the production of these figures to try and ascertain movement as one facet of the appeal inquiry.

B

Q: My question from there, my Lord, would be: if those figures were taken into account as I have just explained, then surely the claim against myself is that this cash is missing. Is that correct?

A: It is taken out of context. You are taking that figure out of context of the total account, Mr Castleton. All I have done with this is taken selective figures from the cash accounts and I have repeatedly said what it has been used for. I am not there --

C

Q: I appreciate, you have explained this.

A: -- illustrating whether there is cash discrepancy or anything of the sort, I am simply demonstrating how I have derived at the figures that appear in my statement.

D

Q: I appreciate that as well. I do appreciate what you are saying but my --

A: (Inaudible) my explanation as to how those figures are there.

Q: My question from there would be: again these are cash movements that you have depicted in your (inaudible) and from there these totals prove on the cash basis, because you have incorporated the cash basis here on --

E

A: Cash movements.

Q: -- cash movements, but in order to show the cash movement you have had to incorporate the figures for cash. Is that not true?

F

A: The majority of the transactions that are cash hungry transactions are predominantly serviced by our customers using cash.

Q: Then that shows by taking payments against receipts that in actual fact there is no cash missing.

G

A: It does not say that because the figures are not there to use (inaudible), to actually demonstrate whether there is a discrepancy in the total of the cash accounts --

Q: All right, we can leave that.

A: -- which includes payments, which includes a lot of other factors.

H

HIS HONOUR JUDGE HAVERY: Can I ask just for my clarification, if we

A look at these figures here and take the totals, we have this difference between £838,000-odd and £848,000-odd and if we add back £16,000-odd which you have taken off the cheques for week 43, then the £848,000 becomes about £864,000. Then the difference is about £25,000. Is that just coincidental that it is equal to the amount of the claim or what?

B A: That is very possibly coincidental because the usage of these figures is to try and ascertain cash usage, to drill down and ascertain the totality of the balance one would need to bring in every single line entry that sits in the cash account and also you have methods of payment and stock sales within that.

HIS HONOUR JUDGE HAVERY: So these lines that you have here are not complete, they are just a selection, are they?

C A: These are an extrapolation from the cash accounts to try and show cash usage within the branch.

HIS HONOUR JUDGE HAVERY: Does that mean there are other items in the actual account which are not comprehended and used for this here?

D A: There may be some transactions that are cash transactions, such as the sale of stamps, but customers can purchase those by cheque. So without actually going into the minutiae I was trying to produce a headline snapshot, which is what this is, the cash usage that I believe the branch needed.

HIS HONOUR JUDGE HAVERY: I see, yes.

THE DEFENDANT: My Lord, I think it is a pertinent point that these are derived from cash figures from the cash accounts.

E A: They are indeed. And I believe they are accurate.

Q: They are representative of those --

A: Yes.

F Q: I believe that they are representative, as Mr Jones has pointed out, of cash figures and therefore, as I said previously, I believe that the coincidence of the £25,000 is not a coincidence, my Lord. It is factual and I believe that, again, as I have said repeatedly, there is no money missing, my Lord. May I move on, my Lord?

HIS HONOUR JUDGE HAVERY: It is up to you. Yes, please do.

G THE DEFENDANT: Can we go to page 1 of the exhibit. Again, this is something that you produced, is it not, Mr Jones?

A: It is indeed.

Q: Could we go to tab 46, page --

H MR MORGAN: For the sake of the transcript, might Mr Castleton make it

clear that he is only asking about the typed document and not the manuscript addition?

A THE DEFENDANT: Sorry, yes. That is my personal additions. I apologise.

HIS HONOUR JUDGE HAVERY: Go on, Mr Castleton.

B THE DEFENDANT: If we go to bundle 9, I believe, tab 46, page 2675, this is the final balance from week 46. Can you confirm that for me, Mr Jones, please?

A: Yes, correct.

Q: In your first box, the third column, Wednesday, 11 February 2004, is that the same document that you referred to?

C A: No, these were taken, I believe, from the snapshots.

Q: Is that from a snapshot?

A: I believe that is the case. Sorry, the column --

Q: The Wednesday column.

D A: Sorry, the Wednesday column. The Tuesday column has been taken from the snapshot.

Q: Yes, I appreciate that, but the Wednesday column.

E A: The Wednesday column I believe was taken from your cash accounts that were in the (inaudible).

Q: Does the cash account match a final balance on that particular day, Mr Jones?

HIS HONOUR JUDGE HAVERY: Which page are we looking at now?

F THE DEFENDANT: It is page 263 onwards, my Lord.

A: The stock and (several inaudible words) £33,140 in cash.

Q: Are you happy that that represents the final balance?

A: I have stated yes.

G Q: May we use the final balance to reproduce the figure in the Wednesday column under total receipts? Are you happy to do that or would you like to do it from the cash accounts?

A: I am perfectly happy to do it from this piece of paper.

H Q: So the total receipts into the office, could you confirm that figure for me,

please?

A

A: On which day?

Q: On Wednesday, 11 February 2004.

A: £83,215.41.

B

Q: Could you take that as a total for me from the final balance? I believe it is the bottom right-hand of the column.

HIS HONOUR JUDGE HAVERY: Where is the final balance?

THE DEFENDANT: It is page 2675, my Lord, and it is the right-hand column, the very bottom figure.

C

HIS HONOUR JUDGE HAVERY: £139,785?

THE DEFENDANT: Yes.

HIS HONOUR JUDGE HAVERY: That is the total receipts.

THE DEFENDANT: Yes, my Lord.

D

HIS HONOUR JUDGE HAVERY: What are you asking the witness to do?

THE DEFENDANT: To confirm that that is the figure of the total receipts, my Lord.

E

A: The total receipts, however, you need to deduct -- that includes balance brought forward. Because a cash account rolls forward, it is the figures that were in the (inaudible).

Q: Do you have a calculator there, Mr Jones?

A: I do not have one, no. (Pause while given calculator).

F

Q: Could you tell me the figure you have come to there, please?

A: It is £66,959.

Q: Is that the same figure that it came to on that particular day?

A: I cannot recall what that was made up from.

G

Q: Is it not total receipts?

A: It should be.

Q: Is that the correct figure for that day?

H

A: That is the correct figure.

Q: Could you confirm which figure is correct?

A

A: The correct figure is £66,795.

HIS HONOUR JUDGE HAVERY: I think you said £66,959.

A: Yes, sorry.

B

HIS HONOUR JUDGE HAVERY: Instead of the £83,215. Is that right? I am now looking at page 1 of X4.

A: It is £66,959.

HIS HONOUR JUDGE HAVERY: So the £83,215 is wrong. Is that right?

A: I cannot recall where I have derived that figure from.

C

THE DEFENDANT: Is it correct? Are you happy with £66,000?

A: The £66,000 would appear to be the number.

Q: So between the balance snapshot and the Wednesday final balance the £39,012.09 would be wrong also, am I right in stating?

D

A: I would need to check the snapshot figures.

Q: We can do that. It will be bundle 10, tab 46, page 2906.

HIS HONOUR JUDGE HAVERY: Just a minute, do you not have the wrong day there?

E

THE DEFENDANT: Sorry, I apologise. No, that is correct, my Lord.

HIS HONOUR JUDGE HAVERY: That is 5.46 on the 10th and the one we have been looking at 2675 is 8.16 on the 12th.

F

THE DEFENDANT: Yes, my Lord. That is the Wednesday balance. We are comparing the Tuesday to the Wednesday, my Lord.

HIS HONOUR JUDGE HAVERY: I see. What figure do you want to put to the witness? £2,906 is it?

G

THE DEFENDANT: The witness would like to confirm the £44,203.32, I believe. Is that correct, Mr Jones?

A: That is correct.

Q: So then the £39,012.09 must be wrong. Is that correct?

A: On these figures that would appear so.

H

Q: Are you happy with those figures?

A: Yes. As I say, I cannot derive where that figure on Wednesday came from. I cannot recall.

A

Q: Could you give me the actual movement on that day?

A: Circa 22.

Q: So from there, where you state the branch receives £15,300 more in receipts than in payments, is that still the case?

B

A: From these figures that would appear not to be the case.

Q: Are you happy with those figures?

A: I am indeed.

C

Q: So that is factual then, as far as you are aware.

A: As far as I am aware.

HIS HONOUR JUDGE HAVERY: Why do you have under the Tuesday column as payments precisely the figure of receipts for what I think is probably the 11th, this £66,959 that you calculated a moment ago?

D

A: I cannot recall, your Honour.

HIS HONOUR JUDGE HAVERY: What is this thing anyway, Mr Castleton?

E

THE DEFENDANT: It is something that Mr Jones prepared for the appeals panel where he provided me with proof that cash came into the office but was not in actual fact accounted for. But because of the discrepancies in the figures then the assertion, I believe, is not correct. Do you believe that, Mr Jones?

A: There would appear to be just for 46 a figure that I am not sure where that figure was originally derived from.

F

Q: So you are happy that in week 46 your assertion that £15,000 came into the office but in actual fact was not accounted for is incorrect?

A: The branch receives £15,000 greater than receipts, I would concur that that would appear to be incorrect.

G

HIS HONOUR JUDGE HAVERY: Can you help me, Mr Castleton? Where has this £15,000 come from?

THE DEFENDANT: Prior to changing the figures in the total receipts to the correct figures, my Lord, the difference occurred in the £39,012.09 because the calculation itself --

H

HIS HONOUR JUDGE HAVERY: Where is that?

THE DEFENDANT: It is the fourth column from the left, my Lord, in the upper part. You will see £39,012.09.

A

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: That has been deemed to be incorrect by Mr Jones because his £83,215.41 was incorrect, my Lord.

HIS HONOUR JUDGE HAVERY: It should be £66,959. Is that right?

B

THE DEFENDANT: That is right, my Lord, and that produces circa £22,000 total receipts.

HIS HONOUR JUDGE HAVERY: So the difference, instead of being £39,000 is £22,000.

C

A: It is actually £22,077.

HIS HONOUR JUDGE HAVERY: I see.

THE DEFENDANT: So, as Mr Jones has just clarified, he does not believe that the £15,000 was not accounted for by the Marine Drive branch. Can we move on to 47, please. Again, it is bundle 10, tab 47, page 2696.

D

HIS HONOUR JUDGE HAVERY: That will be in volume 9.

THE DEFENDANT: I am sorry, my Lord.

HIS HONOUR JUDGE HAVERY: I think it is probably 2956 or maybe 2955, I do not know.

E

THE DEFENDANT: Could we go to page 2696, my Lord.

HIS HONOUR JUDGE HAVERY: In volume 9?

THE DEFENDANT: Yes, please. On there you will find the cash declarations for the week and I believe (*inaudible*) 17, which shows a cash declaration on that day of £74,939.85, which is, I believe, depicted in the first column, the third figure from the bottom. Is that correct, Mr Jones?

F

HIS HONOUR JUDGE HAVERY: I am looking at £74,939 at 2696. Do you want me now to look at something else?

THE DEFENDANT: Back to exhibit 4, page 1.

G

HIS HONOUR JUDGE HAVERY: Yes.

A: The figure you are referring to, Mr Castleton, was not taken from these.

THE DEFENDANT: No, it was taken from the balance snapshot, was it?

H

A: I am not sure. I can assume it was taken from the balance snapshot.

Q: So by saying that the cash in the office on that day, surely you would have looked at the cash declaration.

A

A: Not if they were not available to me.

Q: Were they not available to you? Or can you not remember?

A: I cannot recall what came (inaudible) the bundle.

B

Q: Is the cash figure correct?

A: I cannot answer that. I do not know whether what has been keyed into here is correct.

C

Q: On the cash declaration the figure is £74,939.85, yet that is not depicted on your Tuesday cash summary. Should it not depict the actual cash figure of £74,939.85?

A: I am not sure whether that figure has been derived from that particular document.

Q: If you are not sure --

D

A: I cannot recall whether that particular entry came from that document you were showing me at page 2696.

Q: On your document in cash account 47 under "cash" should that not read the cash declaration?

E

A: If that is the final cash declaration that has been done in that branch at that date, then that should be the cash figure.

Q: Which would be?

A: It would be £74,939.

F

Q: Would that leave a discrepancy in the branch receipt of £4,700?

A: Sorry, Mr Castleton?

Q: You state, using the figures that you have, that the branch --

G

A: I cannot state with certainty that I took the cash figure from that particular statement.

Q: Is there any other place you could have taken it from?

A: Potentially from the snapshots.

H

MR MORGAN: Perhaps I might assist Mr Castleton since he has obviously not looked at this. It is in bundle 10 at page 2963 behind divider 47.

HIS HONOUR JUDGE HAVERY: This is a snapshot, is that right, Mr Morgan?

A MR MORGAN: My Lord, yes, it is a balance snapshot produced at 17.29 on 17 February, which is the Tuesday referred to in Mr Jones' schedule.

HIS HONOUR JUDGE HAVERY: This, I would guess, shows a discrepancy of £6,776 between the two documents, having regard to the manuscript (inaudible) 2696.

B A: It is £68,163 is where I have derived that cash figure.

HIS HONOUR JUDGE HAVERY: Where do we find £68,163, Mr Jones?

A: It is on the left-hand side.

C HIS HONOUR JUDGE HAVERY: I see.

A: Under "cash". There is stock (inaudible) value £68,163.08.

HIS HONOUR JUDGE HAVERY: That is where you have got your figure from?

D A: That is where I will have derived my figure from.

HIS HONOUR JUDGE HAVERY: Thank you. Can you explain, Mr Jones, why the figure at page 2696 differs from the figure at page 2963? They are both 5.29pm on 17 February 2004. Can you explain that?

A: I cannot, your Honour. I am not an expert in Fujitsu.

E HIS HONOUR JUDGE HAVERY: Very well, if you cannot, you cannot.

A: All I can deduce from (inaudible) is that potentially -- the snapshot would say what the computer thinks the figure should be. The actual cash declaration (inaudible) the original keys to the accounts. So potentially you could run a report that you could ask the computer to produce that balance snapshot and then potentially immediately produce a cash declaration.

F HIS HONOUR JUDGE HAVERY: So you are saying the £68,163 you believe to be calculated by the computer, not directly (inaudible), is that right?

G A: Utilising this documentation here was trying to ascertain the movement between cash deposited on a Wednesday from a car auction in Bridlington into the branch. The documentation that (inaudible) would indicate that that figure has been taken from the snapshot.

H HIS HONOUR JUDGE HAVERY: My question was, the snapshot being at page 2963, you may not know the answer, but I understood you to say that the £68,163 cash shown on that page is a computer figure, not something actually tapped in by someone at the Post Office.

A: That is correct, that is what the figure should have been.

A HIS HONOUR JUDGE HAVERY: I follow. So when we see the figure of £74,939 that is something which is presumably counted by those present --

A: And keyed into the system.

B HIS HONOUR JUDGE HAVERY: So would there be any -- you may not know, perhaps I will not ask you. I was just wondering whether that figure, £74,939, would appear in any of these other documents, but I do not think you would know that, would you?

A: I would not, no.

C THE DEFENDANT: So again, from there, it is an incorrect figure. Do you agree?

A: From the information that I have compiled (inaudible) these sheets, I am taking the figure that sits in that. I cannot comment on the accuracy of £74,939, which is somewhere in the region of £6,500 difference, on a snapshot (inaudible) than cash that is either there or not there.

D Q: So you are saying the difference is there between the two documents. Is that correct?

A: No, there is an apparent difference between the two documents. I cannot confirm whether that was keyed or not keyed.

Q: That is fine. Again, if we move to tab 50 in bundle 10, page 2748.

E HIS HONOUR JUDGE HAVERY: You are looking for the Wednesday figure, is that right, or the Tuesday?

F THE DEFENDANT: It is actually the Tuesday figure. We can find it on 3008, weekly cash flow report there. That is the figure at 08.31 on the 9th, which is in the morning. So it is 3009 where at 17.34 we have £37,412.67 but Mr Jones has used £44,937.35 (inaudible).

A: I have not taken that from the cash flow figures. I did not have your cash flow figures when I was doing the report.

Q: I see. Was that taken from the balance snapshot?

G A: I would make the assumption it is. I only make reference to documentation that I have and when I am presented with a bundle (inaudible) the appeal. I do not have access to that information or that information was (inaudible).

Q: We now go back to bundle 3, page 502, that is your witness statement. Can you tell me what that document is, please?

H A: It is former sub-postmaster account statement (inaudible).

Q: How is that generated?

A: I am not sure. I believe it would come from Chesterfield, the financial accounting division.

Q: If we look at 17 March there, is that an error notice? We could refer back to page --

A: I would probably (inaudible) there is an automatic product. It does not give a line entry.

Q: No. Could you turn back to page 499, please. Can you tell me what that document is?

A: This is a (inaudible) postmaster errors.

Q: What is it for?

A: I can only assume it is for a TESSA account but the T is missing.

HIS HONOUR JUDGE HAVERY: Just a minute, it cannot be TESSA, can it, it is EASM.

THE DEFENDANT: It is an easy access account, my Lord. Those are the new accounts.

HIS HONOUR JUDGE HAVERY: It does not seem to be very easy access with a 24-digit code.

THE DEFENDANT: It is an error for that amount, yes?

A: £1,256.88.

Q: When was that transacted according to this error notice?

A: The statement (inaudible) this document says it was not put through the automated payment system on 17 March.

Q: So it was not transacted in the office on that day, which then would have generated an error notice. Is that correct?

A: This is a statement of errors which would indicate that that particular transaction did not go through the system on 17 March.

Q: Then if we turn over one more page to 500, can you see the entry at 03.38?

A: I can indeed.

Q: Would you say that was the same transaction?

A: There appears to be an identical reference of (inaudible).

Q: What day was that transacted?

A

A: That was 13 May 2004.

Q: In the final two columns, can you tell me the headnotes of those two, please, what the columns are called.

A: Adjusted by RSM, authorised (inaudible).

B

Q: So would that mean that the account was adjusted on that day?

A: I am not sure. I do not deal with this particular type of document so I could not give you (inaudible).

C

Q: That is fine, I am just asking your opinion. Having not been transacted in the former page on 17 March and having raised (inaudible) and error notices on page 502 for the same product referring back to 17 March, what day could you confirm for me was the transaction placed, on page 500?

A: The date is 13 May 2004.

Q: Have you ever had any experience of this before?

D

A: I do not deal with this documentation so I do not (inaudible).

Q: Right. These error notices were presented to me in my appeal, I believe. Is that correct?

E

A: The discussion I believe I had with you (several inaudible words) the error notices that I had been presented, or the statements of error notices, that had happened in your branch that Chesterfield, the financial accounting division, had supplied me with (inaudible).

Q: Would that have been that document?

F

A: No. It would not have been that document. It was purely an e-mail detailing (inaudible).

Q: That e-mail would have detailed that same document?

A: No, it would not.

Q: Is there a copy of the e-mail in your statement?

G

A: I do not have a copy of that e-mail.

Q: When was I suspended from the office, Mr Jones?

HIS HONOUR JUDGE HAVERY: There is no dispute about that, is there?

H

THE DEFENDANT: No.

HIS HONOUR JUDGE HAVERY: You know when you were (inaudible).
You can tell the witness if you want to and put a question to him about it.

A THE DEFENDANT: I was suspended from the office on 23 March. But this
transaction took place on 13 May, which you have already confirmed to me.

A: The transactions appear to have been adjusted on 13 May.

B Q: If we go back to page 499, it says there that (inaudible) has not put
through the automated payment system on the 17th. Is that correct?

A: 17 March 2004.

Q: Yes, so then the transaction was adjusted, as you correctly say, on 13
May. Is that true?

C A: That is indicated by this document here, yes.

Q: So that would have caused an adjustment (inaudible) account. Is that
true?

A: I am not sure how that would have been adjusted from (inaudible)
accounts. I am not sure.

D Q: No, I appreciate that, I am just asking.

A: I am not sure how that (inaudible).

Q: When presented with this document would you believe that that was
adjusted on 13 May?

E A: It would indicate there has been some adjustment made. It may well
have been because it is a (inaudible) account the adjustment was made direct
to the customer. Because we would not under normal circumstances ask
an interim sub-postmaster or a (inaudible) sub-postmaster to adjust an error in
our business. That is most unlikely and I am not aware of any situation
F where we would do that. We may adjust a customer, ie (inaudible) a cheque
or a credit (inaudible) the transaction would be credited. So we may adjust
a customer but it is unlikely that that would (inaudible) at that branch.

Q: This says on the top left-hand side of the document this office (several
inaudible words) 337. Is that true?

G A: That is correct.

Q: So that is not (inaudible) to a customer, is it?

H A: No, what I am referring to is if a customer has lodged a transaction here
that has not been processed through (inaudible), that customer is
disadvantaged to the sum of £1,256.88. If we as a company decide to credit
that, I am not sure how we would do it, but the accreditation in terms of
adjustment would be made to the customer, however the balance due from

the (inaudible) account is still (inaudible).

A Q: All right, but it is not an accreditation, is it? It is a charge, it says on the previous page.

A: All right, a charge, yes. It is a charge outstanding but we would credit the customer.

B Q: But it is a charge. In this particular document it is a charge to the office, is it not?

A: Yes, we are charging the office (inaudible).

Q: That is fine.

C A: However, if the customer is disadvantaged by that sum we would make a payment to that customer but the figure would still sit in the (inaudible) but you would need to confirm that with Chesterfield.

THE DEFENDANT: No, that is fine. I am happy with that (inaudible). Obviously it is an adjustment on (inaudible). Thank you.

RE-EXAMINATION BY MR MORGAN

D MR MORGAN: Mr Jones, let us try and put this last point to bed first. Can you look, please, at paragraph 8 of your statement at page 482. It is bundle 3, behind divider 60, paragraph 8. Can I ask you to read to yourself to two-thirds down the paragraph. (Pause). Have you done that, Mr Jones?

A: Indeed.

E Q: Could you turn to page 502 now, behind divider 61, and look at the second (inaudible) cashier credits dated 20 January 2005. What does that entry suggest to you?

A: It suggests all these sums are outstanding, the 20 January one as credits delivered to the branch with the amount from 17 March 2004.

F Q: Can you confirm that paragraph 8 of your witness statement is true?

A: I can.

Q: Can we go back, I am taking the points in reverse order.

G HIS HONOUR JUDGE HAVERY: While we are on this point, the purpose of this was to credit the postmaster who then at the material time has succeeded Mr Castleton. Is that right?

MR MORGAN: My Lord, no. If one looks at the name --

H HIS HONOUR JUDGE HAVERY: It is a credit to the customer, is it?

MR MORGAN: No, if one looks at the top of page 502 Mr Jones will no doubt explain.

A

A: This is the statement of the former sub-postmaster account. The transaction from 17 March, automated payment, has been credited back in (inaudible) charges being credited back in (inaudible) defines the final outstanding balance from the branch.

B

HIS HONOUR JUDGE HAVERY: So that is credited back to Mr Castleton -

A: It is credited back to (inaudible).

HIS HONOUR JUDGE HAVERY: -- (inaudible) in your witness statement (several inaudible words) claim against him. Is that right?

C

A: Yes.

MR MORGAN: Mr Jones, what does a balance snapshot show?

D

A: A balance snapshot shows the statement at any one time of the position of the branch, the Horizon computer system automatically generates a cash figure from the transactions that have been undertaken that week that should balance that account, if the cash is there.

Q: By what are the figures produced? Are they produced by a human or by computer?

A: No, it is purely generated by the computer system.

E

Q: On what does the computer base the generation of its figures?

F

A: The start point is the rollover of the cash account to define a balance brought forward, which is the total of the cash (inaudible) branch that the postmaster declares on close of play on a Wednesday. Then all transactions that happened in the following cash account week are either added in or deducted, depending on the type of transaction. Therefore the balance snapshot will show a hypothetical position at any one time that you choose to request that from the computer. It does not require you to enter (inaudible) to generate that report.

G

Q: Sorry to try and summarise it, but I think it might be quicker. It is a reflection of the entries that have been made on the (inaudible) simply totalling them up (inaudible).

A: Yes.

Q: What does a cash declaration show?

H

A: A cash declaration shows the actual figures that are entered by the operator in the (inaudible).

A

Q: Having given that answer, Mr Jones, could you please take, and I hope you can still find it, the piece of paper that we called exhibit 3. This was the cheque rem for week 49. If you take that document and turn to the third page, do you have there a cheque listing of this (inaudible) for 26 February 2004 at 5.05 in the evening?

A: Yes, I do.

B

Q: Could you please take bundle 11B. Your Lordship has it on the desk. It is one of those bundles where when I was reading the case my heart sank, but if you could turn to page 3692 behind divider (inaudible). Mr Jones, your evidence was that product number 2 was a cheque and product number 11205 was a rem out. Do you remember that?

A: Yes.

C

Q: Looking at that last page of exhibit 3 and bearing in mind that it is a rem out for £99.77, could you look down the columns on page 3692 and find any rem outs for cheques.

A: There is one rem out (inaudible) Data Central.

D

Q: That is for what figure, Mr Jones?

A: For £99.77.

Q: Will you bear with me, please. Do you have a pen and a piece of paper?

HIS HONOUR JUDGE HAVERY: This is the one where the time is 17.06.20, is it?

E

MR MORGAN: Yes, 17.06.20 and 17.06.23.

A: I apologise, I do not have any paper. (Handed paper).

F

Q: Would you play this game with me? Would you write down the figure of £99.77, please? And would you then turn back in exhibit 3 to the page before and look on the left-hand side and see the cheque listing and the remittance out slip for 27 February. Can you tell the court what figure appears there?

A: In the top right-hand column cheque (inaudible) £1,052.43 and the remittance out is the same, £1,052.43.

G

Q: Again, would you please turn to page 3699 and would you look down the column of product numbers to look for a 2 and an 11205.

A: Yes.

Q: Would you like to tell the court at what time that is shown on page 3699.

H

A: It is 16.54.

Q: Does that correspond with the rem out slip?

A

A: Yes, it does.

Q: Therefore would you take that figure of £1,052.43 and write it underneath the figure of £99.77. So that was the Thursday and the Friday of week 49. Would you now look in the right-hand column for Monday, 1 March 2004 and could you tell the court what you see there for cheque listings.

B

A: It is £822.50.

Q: Would you be kind enough to tell the court what time that cheque listing and rem out occurred.

A: The rem out occurred at 17.25 on 1 March.

C

HIS HONOUR JUDGE HAVERY: Was it not 17.26?

MR MORGAN: It was 17.25, my Lord, I think. Then turn on to pages 381 and 382. Do you see there a figure for rem out?

A: At 08.22.50, yes I do.

D

Q: That is at the same time as well, is it not?

A: It is, indeed.

Q: Would you be kind enough again to write that figure underneath in the column. We are nearly there, Mr Jones. Would you turn back a page to Tuesday's cheque listing, Tuesday 2 March. Can you tell the court what figure was remmed out on that day?

E

A: It was £211.22.

Q: That is 2 March?

F

A: I apologise, it is £1,333.51.

Q: What time was that remmed out, please?

A: That went out at 16.27.

Q: Could you look at page 3821.

G

A: That was remmed out at 16.27.

Q: Can you include that figure on your list as well, please. Finally from the list of documents --

HIS HONOUR JUDGE HAVERY: Just a moment.

H

MR MORGAN: I beg your Lordship's pardon. If your Lordship looks down the mode column --

A

HIS HONOUR JUDGE HAVERY: I am sorry, I do see it.

MR MORGAN: In fact it is easier to pick it up from the mode definition, which is RODC.

HIS HONOUR JUDGE HAVERY: Thank you.

B

MR MORGAN: This is all as a result of getting these documents to Mr Castleton this morning, we are able to see where it comes out. Finally, the Wednesday cheque listing on 3 March, could you tell the court what figure that is?

A: On 3 March, £211.22.

C

Q: Could you look, please, at page 3829, this is the page you were taken to by Mr Castleton. I think you have already identified the rem out figure at 16.37 (inaudible).

A: Indeed.

D

Q: Could you add that figure to your list and would you be kind enough to perform a little manual labour, with a calculator even. (Pause). Do you have a figure for total remittances out in that week?

A: It is £3,519.43.

HIS HONOUR JUDGE HAVERY: Could you repeat the figure?

E

A: It is £3,519.43.

MR MORGAN: Please take exhibit 2 and look in the right-hand column. Can you tell the court what figure you find in there for remittances out?

HIS HONOUR JUDGE HAVERY: Towards the bottom right I think you will find it.

F

A: It is £3,519.43.

MR MORGAN: Would that suggest to you how that figure is produced?

A: It would indeed.

G

Q: How would it be produced?

A: It would be produced by the accounts system adding the (inaudible) figures out to remmed (inaudible) together at the end the week and transferring that total to that line entry.

H

Q: Given the explanation you have just given this court about how a balance

- A snapshot works, are you able to offer any explanation as to why there might be a difference between the balance snapshot figure for cheques and the remittance out figure for cheques?
- A: Only that from the snapshot a reversal has taken place to adjust the figure that appears in a final account.
- Q: Moving on to exhibit 4, this is your document and some annotations by Mr Castleton. I just want to give you an opportunity to explain to the court what you were doing here. Can you tell the court from where these figures were extracted?
- HIS HONOUR JUDGE HAVERY: Which page are you looking at?
- MR MORGAN: It is both pages, but principally the second, page 2.
- A: They would have been taken from the documentation I had available to me, which would have been the snapshot or the final figures, from the case file that I was presented with.
- Q: What other information could you have included?
- A: None really.
- Q: What were you trying to do?
- A: The purpose of the analysis was trying to ascertain the cash that was being declared at the branch at the end of the (inaudible) the differential between the snapshots and the final balance to account for one single transaction that we knew was a cash transaction going into the branch, to derive some analysis to the difference between the snapshots that were happening through the week and the final balance.
- Q: You have referred on occasion to a statistical analysis of cash usage. Why were you conducting a statistical analysis?
- A: I was trying to demonstrate that there was concern in the case papers that the cash being declared at the branch did not match the figures that were previously -- the final figure that is declared at the end of the cash account period did not match the figures that were being generated from the snapshots in the report that I was given that was undertaken by Cath Oglesby as part of the original disciplinary hearing.
- Q: What difference is there between the exercise that you conducted and that of an audit?
- A: The difference between what I am conducting, I am trying to demonstrate movements of cash where there may be discrepancies occurring that we could not (inaudible) or there was not a logical explanation for. But an audit is a physical verification of the cash stock in hand on branch when an audit is taking place.

Q: Which is definitive?

A

A: The audit.

MR MORGAN: Mr Jones, thank you very much. The learned judge may have some questions for you.

HIS HONOUR JUDGE HAVERY: No, I have no further questions. Thank you very much, Mr Jones.

B

MR MORGAN: My Lord, can Mr Jones be released?

HIS HONOUR JUDGE HAVERY: Yes.

(The witness withdrew)

C

MR MORGAN: I am grateful. Might I just mention one thing to Mr Castleton?

HIS HONOUR JUDGE HAVERY: Yes, of course. (Pause).

D

MR MORGAN: My Lord, I am just trying to see whether there are one or two witnesses who might conveniently be fitted in so that they can be released today. (Pause). I hope this might be convenient.

HIS HONOUR JUDGE HAVERY: Yes, it is certainly better to do that if we have time.

MR MORGAN: May I call Andrew Dunks?

E

HIS HONOUR JUDGE HAVERY: Yes.

MR ANDREW DUNKS (SWORN)

EXAMINATION-IN-CHIEF BY MR MORGAN

F

MR MORGAN: Please state your full name.

A: Andrew Paul Dunks.

Q: Mr Dunks, please could you confirm to the court your business address.

A: It is (inaudible) Services, Lovelace Road in Bracknell.

G

Q: I hope somewhere in front of you you will find a bundle with number 3 on the front. I think it might be that open bundle on your right-hand side.

A: Yes.

Q: Could you please turn to divider 52 and could you tell the court what you find there at page 339.

H

A: The witness statement that I supplied.

Q: Could you please turn through that witness statement all the way to page 346 and could you tell the court what you find there, please.

A

A: The end of my statement.

Q: Is there any writing on the --

A: At the bottom it says: "I believe the facts I have stated in this witness statement are true."

B

Q: Whose signature is that?

A: That is mine.

Q: Have you had a chance to re-read this witness statement?

C

A: I have, yes.

Q: Are there any corrections that you would like to make to it?

A: No.

Q: Are its contents true?

D

A: Yes.

Q: Would you like this statement to stand as your evidence-in-chief?

A: Yes.

E

MR MORGAN: Would you wait there, please, Mr Castleton will have some questions for you.

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: I see from your statement that you wrote down the contents of the (several inaudible words). Is that true?

F

A: Yes.

Q: That has been done obviously in your own experience from the (inaudible).

G

A: No, they were not the (inaudible) of the calls, they were cuts in the (inaudible) the data from the calls themselves.

Q: There is just one (inaudible). On 25 February by, you will have to forgive me, (inaudible). Is that correct? Page 344 of your statement. Could you just read through that and refresh your memory, please.

H

HIS HONOUR JUDGE HAVERY: Which one? Is it paragraph 19?

THE DEFENDANT: I am sorry, it is 25 February, my Lord, paragraph 20.

HIS HONOUR JUDGE HAVERY: Would you read that please (inaudible).

A: I remember that (inaudible), yes.

THE DEFENDANT: Can you explain to me what a critical event is, please.

A: No, I cannot. It is not my --

Q: It is not your (inaudible). What sort of role do you take within the --

B: A: I work within the security team within Fujitsu Services. I undertake a number of different roles within that.

Q: Could you, for the purposes of the court, help us to understand what kind of roles you (inaudible).

C: A: It is to do with (inaudible) key management (inaudible), vulnerability management and virus management and things along those lines.

Q: So on this particular occasion the critical event was not anything to do with a virus or security then.

D: A: I cannot say. I do not know. I have to say, I had no dealings in any of these calls whatsoever. As it says in my statement, it says that I generated these calls just for the purposes of the court. So for the (inaudible) to see what the wordings in the calls were.

Q: But you do not actually have anything to do with any of the wordings and (inaudible), you just --

E: A: No, I do not. I think it says in my statement that I have no experience of any of these calls, I think it says that near the (inaudible).

Q: I believe it is paragraph 2 (inaudible).

HIS HONOUR JUDGE HAVERY: At the bottom, yes.

F: THE DEFENDANT: Do you have anything within your job description to do with (inaudible) contact, (inaudible) knowing whether any computer is connected to the main system or not?

A: No, I do not.

G: Q: You do not deal with that at all?

A: No.

THE DEFENDANT: That is fine. I have no further questions, my Lord.

HIS HONOUR JUDGE HAVERY: No, thank you very much.

H: MR MORGAN: My Lord, might this witness be released?

HIS HONOUR JUDGE HAVERY: Thank you, Mr Dunks. Yes, you may go.

A

(The witness withdrew)

MR MORGAN: My Lord, might I call Greg Booth.

MR GREGORY BOOTH (SWORN)

B

EXAMINATION-IN-CHIEF BY MR MORGAN

MR MORGAN: Please state your full name.

A: Gregory John Booth.

Q: Mr Booth, could you give the court your address, please.

C

A:

GRO

Q: Could you look and see if you have bundle 3 open on the desk in front of you. Could you turn, please, to tab 62 in bundle 3 and could you tell the court what you find there, please.

D

A: It is a statement which I gave.

Q: Have you moved since you gave your address as 401 Scorby Road, Scarborough.

A: Number 401 Scorby Road is the business address.

E

Q: I am grateful. Could you turn on to page 544 and tell the court what you find at the bottom of that page.

A: It is my signature and date.

Q: Have you had an opportunity to read this statement recently?

F

A: Yes.

Q: Are there any corrections that you would wish to make to it?

A: No.

Q: Are its contents true?

G

A: Yes.

Q: Could you turn on, please, to tab 64 and tell the court what you find at page 610.

A: It is a supplementary statement.

H

Q: Could you please look at page 612 and tell the court what you find at the

end of that statement.

A

A: My signature and date.

Q: Again, have you had an opportunity to read this statement recently?

A: Yes.

Q: Are there any corrections you would wish to make to it?

B

A: No.

Q: Taken together are the contents of those two witness statements true?

A: Yes, they are.

C

Q: Do you want those statements to stand as your evidence-in-chief?

A: Yes.

MR MORGAN: Mr Booth, I am grateful. Can you wait there, please, Mr Castleton has some questions.

D

CROSS-EXAMINATION BY MR CASTLETON

THE DEFENDANT: Could we turn to page 541 of tab 62, please. Could you read, just for your own refreshing, paragraphs 4 and 5, please.

A: Yes.

E

Q: You employed John Train as an assistant. Was that through necessity? Did you require an assistant at that point?

A: Yes. (Inaudible) judgment that the office was too big for one person to run on their own.

Q: Can I ask you why you did not employ Christine Train?

F

A: I was not allowed by the Post Office to do so.

Q: Could you give me a reason for that?

A: As I understand, because she had previously been employed behind the counter at the time the discrepancies arose.

G

Q: Who explained that reason to you?

A: Cath Oglesby.

Q: That was the only reason that was given?

H

A: Yes.

A

Q: I notice that you in paragraph 7 go into detail about suspense account payments Mrs Oglesby had asked you to make to prove the system. Is that correct?

A: Yes.

B

Q: When you went through this scenario of placing a fictitious amount into (inaudible) and then removing it, was that done by yourself?

A: Yes, it was.

Q: Was there any instruction on your behalf by anybody else?

A: From Cath Oglesby.

C

Q: From Mrs Oglesby?

A: Yes.

Q: Mrs Oglesby instructed you how to use the suspense account, or helped you use the suspense account?

A: She asked me to make the entries concerned.

D

Q: Was there any discussion as to how those entries needed to be made? Did she instruct you in any way?

A: I cannot remember in detail, but probably she did.

E

Q: The reports that were printed after that scenario where you actually placed the amount in and then took it back out, was Mrs Oglesby able to read those balances?

A: Yes. From memory, she did have copies of them.

Q: Did she understand those copies?

F

A: You would have to ask her that.

Q: I already have, yes. In your opinion were you able to discuss the findings of those documents with her?

A: What she said to me was that they indicated that the system was working accurately.

G

Q: So she gave you that indication?

A: Yes.

H

Q: Are you familiar with the way the system works with respect to suspense accounts?

- A: It is not something I have used a lot.
- A Q: No, I can appreciate that.
- A: It actually works slightly differently now, I think, to what it did then.
- Q: That is fine. At some point during your tenure at Marine Drive did Mrs Oglesby arrive with respect to my interview in Darlington to take away anything specific in order for her to facilitate that interview?
- B A: Not that I can remember.
- Q: You cannot remember. She never needed to take anything from the office in order for her to do an investigation?
- A: Not whilst I was there, I do not think. There may have been papers she had probably taken previously.
- C Q: That is fine. So she never took any documents or papers while you were there.
- A: Not (inaudible).
- D Q: On page 544 and in paragraph 18 can you refresh your memory with that, please.
- A: Yes.
- Q: Firstly, whilst I have read it on numerous occasions, I would like to apologise if that is the feeling you had at that time, but, secondly, could we just touch on the actual reasons for me not wishing you to be placed back in the office. Did I specifically give you any reasons as to why?
- E A: Not that I can remember.
- Q: You cannot remember.
- F A: Except to the extent that I do not think you wanted any further changes of personnel there. I think you were of the view that customers were less than happy with change after change.
- Q: Over the period that you were in the office you paid me a sum total of how much?
- G A: (Inaudible) £255.
- Q: And that is over how long a period?
- A: Five weeks.
- H Q: What did that cover?

A: That was just a notional figure for use of the area of the premises occupied by the Post Office.

A
Q: Did that include anything else other than the area occupied by the Post Office?

A: Obviously the necessary light and heat (inaudible).

B
Q: So an all-encompassing payment of gas, electric, the whole (inaudible) and everything.

A: Yes.

Q: A sum total of £255 for five weeks. Is that true?

A: Yes.

C
Q: In the same paragraph you refer to a telephone conversation with -- if you would like to read through it for yourself for your own -- can I ask you when that took place?

A: That latter conversation with your father-in-law, when I was considering moving back there at Cath Oglesby's request to do so.

D
Q: It was my father-in-law that rang you?

A: I certainly had a phone conversation with him.

Q: This was not the barrister then? I am sorry, I took it to mean that the barrister of (several inaudible words). Is that not correct?

E
A: (Inaudible).

Q: Or are you saying now that it was actually my father-in-law?

A: In actual fact, my memory is a bit vague on this, but I think (inaudible) the barrister did phone me.

F
Q: And a name for that barrister?

A: I do not have a name.

Q: So you cannot remember the conversation at all?

G
A: Not in great deal. He did say he was acting for a pension fund.

Q: And no name or anything?

A: No, I do not have a name.

H
Q: All right. Finally, I would just like to visit some of the figures produced in the office over that period. Could we turn to page 571 in the next tab.

Could you explain to me the box at the top of the (inaudible), please, and what that depicts.

A

A: That particular one shows a loss found against the (inaudible), the introduction of amounts into the suspense account.

Q: And that would be what you would expect to see for the process that you did.

B

A: Showing a net discrepancy of £101, give or take a pound or two.

Q: Yes, I think you had a very small running loss at the time. So that would be correct in what you had seen.

A: That is what I would have expected to see.

C

Q: That is fine. If we leave that open, please, and turn in bundle 9 to page 2724, whilst comparing those two documents, would that be what you would expect to see after a payment has been made into the suspense account?

A: I cannot answer to what was actually done in that particular week.

Q: All right.

D

A: Therefore I cannot say what should or should not appear at the top of it.

Q: But on your particular document it clearly shows the payment that you made into (inaudible), does it not?

A: Yes, it does.

E

Q: That is not represented in the payments on the final balance of that particular week.

A: Sorry?

F

Q: On the week 49, page 2724, that is not reflected in the way that this is depicted.

A: I was not there in week 49. Week 49 shows a discrepancy of £3,500.

Q: If you turn over the page to 2725, there is one column of figures there which is the back half of the final balance. In unclaimed payments, was there a payment made into table 2A?

G

A: (Inaudible).

HIS HONOUR JUDGE HAVERY: But this witness is not put forward as an expert witness. He was not there on week 49.

H

THE DEFENDANT: No, but (inaudible) in the comparison to the work that he did and he is a very experience postmaster, my Lord. It will be redressed

with Mrs Morgan, who I believe is an expert.

A HIS HONOUR JUDGE HAVERY: I think this is the wrong witness to ask questions other than about things that he has personal knowledge of.

THE DEFENDANT: That is fine, thank you.

MR MORGAN: I have no further questions.

B HIS HONOUR JUDGE HAVERY: You have expressed an opinion and I had better ask you about it, Mr Booth. First of all, would you look at your statement in bundle 3 (inaudible) at page 543. At paragraph 14, letter D, you say, starting on the third line of that paragraph:

C "If the card swiper fails to read the card it would not misread and record erroneous information, rather it would simply not read any information at all."

My question is: how do you know that?

A: That has always been during my experience.

D HIS HONOUR JUDGE HAVERY: Thank you. Then if you turn on to tab 64, page 611, and perhaps you would also have a look at page 610, paragraph 4, where you say that you have experienced just one occasion where the computer froze and did not record a transaction that was partially completed. Then in paragraph 6 on page 611 you say that the information was generally not recorded. How do you know that it is generally not recorded? Is that just from one experience you have had?

E A: That is the only experience I have had. At the time I produced my initial statement I had never experienced a problem of that nature.

HIS HONOUR JUDGE HAVERY: I see.

F A: But the reason for the supplementary statement was that I did experience the incident described and therefore it seemed necessary to make the supplementary statement.

HIS HONOUR JUDGE HAVERY: So when you say generally you are really just referring to a single incidence in your experience. Is that right?

A: Yes.

G HIS HONOUR JUDGE HAVERY: I see. Can you just explain what you do. In paragraph 8B you are referring to a document which tells you how to identify lost transactions, and so on, and it tells you what to do. It then tells you in the second paragraph (inaudible) what you quoted: "As soon as the system is restored you must identify any lost transactions so that they can be recovered correctly." How would you do that?

H A: In actual fact the operations manual to be referred to does not cover this

A

particular transaction because this was part of a system introduced after the manual was written. But the way I would identify the fact that it had not been correctly saved, the transaction, by printing out a transaction log covering the period concerned.

HIS HONOUR JUDGE HAVERY: Then you would check that against your own knowledge of what has happened.

B

A: I obviously knew what the transaction was on which the system had locked up.

HIS HONOUR JUDGE HAVERY: Yes.

A: So I was able to produce a printout and identify that that transaction was not shown there.

C

HIS HONOUR JUDGE HAVERY: Thank you very much. Any questions arising out of my questions?

RE-EXAMINATION BY MR MORGAN

D

MR MORGAN: My Lord, perhaps just one point of clarification. When you say when the card swipe did not read it did not record any information at all, what information would the card swipe have been taking off the card?

A: It was a fairly common occurrence. These are mainly cards for payment of bills. The information encoded on the back of the plastic card on a magnetic strip consists purely of the account details to which amounts will be paid.

E

Q: Or charged in fact, is it not?

A: If it is a bank card they will be charged to that. It depends on the type of card.

F

Q: Of course. So when you swipe it through the machine you are not expecting it to add or subtract any sum of money to the card, you are expecting to receive the account details. Is that correct?

A: That is right. Any amount concerned has to be put in manually by pressing the keys on the computer.

Q: After that swipe has taken place.

G

A: After the details have appeared.

MR MORGAN: Thank you, Mr Booth.

HIS HONOUR JUDGE HAVERY: Anything arising out of that last answer?

H

FURTHER CROSS-EXAMINATION BY MR CASTLETON

A

THE DEFENDANT: Yes, my Lord. Just one question (inaudible). With respect to Marine Drive branch, did you ever have an occurrence where the cards that my learned friend is speaking of worked on one terminal and not on the other terminal?

A: Not that I can remember.

Q: You cannot remember?

B

A: I have known similar things happen in other offices.

Q: Where one terminal would take a card but the same card would not work --

A: All that means is that the head may be lined up differently so either it will pick up the information or it will not.

C

THE DEFENDANT: No, I appreciate that. That is fine, my Lord.

HIS HONOUR JUDGE HAVERY: Thank you very much, Mr Booth, you can go now.

(The witness withdrew)

D

E

F

G

H