

Filed on behalf of the: Claimant/Part 20 Defendant
Witness: Elizabeth Morgan
Statement: 1
Date made:

IN THE HIGH COURT OF JUSTICE

Claim No: HQ05X02706

QUEENS BENCH DIVISION

BETWEEN:-

POST OFFICE LIMITED

Claimant/Part 20 Defendant

-and-

LEE CASTLETON

Defendant/Part 20 Claimant

WITNESS STATEMENT OF ELIZABETH MORGAN

I, ELIZABETH MORGAN, of [] Leeds WILL SAY AS FOLLOWS:

1. I am currently a Rural Support Manager for Post Office Limited (**the Post Office**) and have held this position since January 2005. From May 2002 to March/April 2004, I worked as an advisor in the Post Office Suspense Account team. I have worked for the Post Office for over 27 years and 15 of those were as an auditor.
2. I make this Witness Statement from facts within my own knowledge unless otherwise stated.

The Suspense Account Team

3. The Suspense Account Team's role was to determine whether to permit postmasters to temporarily transfer a shortfall from their cash account to suspense account and to try to reduce across the business the amounts being transferred by post office branches into suspense account.
4. If a branch incurs unauthorised losses then at the material time (December 2003 to March 2004) they would have usually called the NBSC helpline and sought permission to transfer the loss into a suspense account. The NBSC would refer the matter to the Suspense Account team who would call the subpostmaster back to ascertain whether they could explain the precise reason for the discrepancy. The subpostmaster might be given permission to transfer the shortfall from the Cash Account to the Suspense Account where it could legitimately remain for up to 8 weeks provided either:
 - (a) they provided a sufficiently detailed and acceptable explanation for the discrepancy;
 - (b) they submitted a hardship form which showed that they could not afford to make good the shortfall in the cash account; or

- (c) exceptionally, their Retail Line Manager (**RLM**) authorised it.
5. If they obtained permission to transfer the loss into suspense account, they were also given an authorisation code (being the NBSC call log number) and were supposed to write that number on their Cash Account.
6. There was in fact nothing to prevent the subpostmaster transferring a shortfall in the Cash Account to the Suspense Account without permission, although they were not supposed to do this.
7. If a subpostmaster transferred a shortfall into the Suspense Account, the shortfall would still show in any balance snapshot printed after the transfer until after they balanced the following week. This sometimes caused subpostmasters to at first mistakenly believe that they had not transferred the shortfall from the Cash Account to the Suspense Account even though they had.

My involvement

8. I vaguely remember speaking to Mr Castleton on the telephone probably in or around February or March 2004 and that he stated he did not know "what was going on" (meaning he did not know why he was incurring losses).
9. In or around May 2004, I was asked by Catherine Oglesby (who at the time was Mr Castleton's RLM) to examine various Cash Accounts she sent to me for 14 South Marine Drive, Bridlington YO15 3DB (**the Marine Drive branch**). Given the amount of time that has passed since I examined them, I cannot now remember which weeks or what specifically it was in the Cash Accounts that I looked at. However, given that at the time I was used to carrying out this exercise for RLMs, I believe that I would have reviewed the figures in the Stock, Receipts and Payments in the Cash Accounts. I would have looked for anything unusual such as at whether particular figures varied significantly from week to week in the Cash Accounts or whether they were unusual for the type of transaction concerned. I do remember asking my colleague Davlyn Cumberland to assist and that we were unable to find anything wrong. I reported this to Catherine Oglesby.

I believe that the facts stated in this witness statement are true.

Signed
ELIZABETH MORGAN

Date.....

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WITNESS STATEMENT OF ELIZABETH MORGAN

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