

Bond Pearce

10 May 2005

Cheryl Woodward
FSA Agents Debt 3

GRO

Bond Pearce LLP

GRO

Tel: +
Fax: +
DX 82

GRO

laura.branton@bondpearce.com
Direct: +

GRO
GRO

Our ref:
LRB1/348035.134
Your ref:
LIT/247310./XBLB

Dear Cheryl

Lee Castleton

Please find enclosed a copy letter received from the debtor's solicitor.

I confirm that I have thoroughly reviewed the papers forwarded by you and I have not been able to find the items specifically requested in their letter. On checking the papers, I note that the following people have been involved with this matter:

Cath Oglesby – Retail Line Manager
Richard Benton – Service Management Section

I have spoken with Cath and Richard who advise they do not have any correspondence in their possession. Would you please advise if there are any other employees who may hold some correspondence relating to this matter or if there is a possibility that duplicates would be held elsewhere?

With this in mind, although you have instructed me to issue proceedings, I am reluctant to do so with the knowledge that some vital evidence may be missing. In particular, some balance snapshots and documents for Week 51 and 52 are missing together with an audit trail. The debtor's solicitors claim that these documents are pivotal in allowing their client to demonstrate errors. With your knowledge of the accounts system and of course the audit report that would have been compiled by Cath Oglesby, I would be grateful to receive your comments on this.

Yours sincerely

GRO

Laura Branton
Credit Management Services

Enclosures

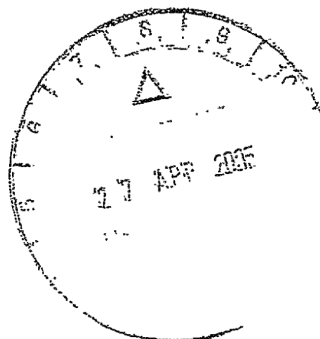
1. Copy letter from debtor's solicitor

Date: 26 April 2005
 Your ref: LRB1/348035.134
 Our ref: MDT.113969
 Please ask for: Mark Turner
 Direct dial:
 Direct fax :
 E-mail: m.turner@**GRO**



Ms Laura Branton
 Bond Pearce
 Solicitors

GRO



Dear Sirs

Our client: Mr L Castleton – Marine Drive Post Office, Bridlington
 Your client: Post Office Limited

Thank you for your letter of 21 April.

Our client has no intention of putting forward proposals for settlement of the alleged shortfall. You are aware of our client's position in that regard. If proceedings are issued, they will be met with a vigorous defence and counterclaim in respect of your client's wrongful termination of our client's contract. We confirm that we are instructed to accept service of proceedings on behalf of our client.

You have singularly failed to address that part of our letter of 11 April dealing with pre-action disclosure of documents. Your comment that *"Our client has confirmed that all correspondence removed from the Post Office by Cath Oglesby has been forwarded to us and in turn, we confirm that copies have been provided to you"* is both factually inaccurate and insufficient to address the request for pre-action disclosure which has been made.

By your own admission in your letter of 16 February, your client has still to forward to you, at the very least, documents from Weeks 51 and 52 under items 2 and 3 in that letter. We have not received these from you notwithstanding your indication that they would follow *"in due course"*.

However, beyond that, we are instructed that documents other than those referred to in your letter of 16 February were removed from Marine Drive Post Office and have not been returned. The daily balance snapshots, the relevance of which was explained in our letter of 11 April, were removed by Mrs Oglesby along with the final balances.

Given our client's position regarding the operation of the Horizon system and the unreliability of the figures generated by it, the "raw" accounting documentation is certain to be of fundamental importance to this claim. The balance snapshots and complete audit trail, in particular, will be pivotal in allowing our client to demonstrate the errors which he believes exist in the system. As such, those documents will inevitably become disclosable in due course.

That being the case, our client is entitled to seek pre-action disclosure of those documents. Indeed, we believe that pre-action disclosure in this case is entirely consistent with the overriding objective of providing as much information as possible, and as is required to allow a claim to be investigated, before proceedings are instituted.

We have little doubt that a court will agree that the relevant criteria set out in CPR Part 31.16 are met in this case. In those circumstances, we would draw the court's attention to our correspondence requesting disclosure of these documents when the issue of costs falls to be determined.

GRO

Partners: S.E. Cohen • I. Rowe • D.J. Horwich • I.N. Lewis • M.V. Hymanson • G.P. Small • A. Dennison • B.T. Coghlan • J.V. Dwek • A. Farley • A. Sacks • A. Taylor
 M.C. Woodall • R.J. Sproston • S. Room • A. Curwen • R.J. Myer • D. Vayro • H. Burns Associates: L.F. Swerling • A.D. Owens • S.P. Sutton • M. Molloy Consultant: M.T. Horwich

This firm is regulated by the Law Society

Also at London

© MARKET AGENCY PASTILTON'S LETTER TO BOND PLANT



INVESTOR IN PEOPLE

We would suggest that it would be prudent for your client to ~~proceed~~ on in relation to instituting proceedings against our client until such time as this issue has been resolved. If your client is intent on pursuing its purported claim against our client, we place you on notice now that we shall require an extension of time for service of the Defence and Counterclaim.

You have had ample time in which to discuss with your client our client's request for pre-action disclosure. We are prepared to delay further action for one final period of 14 days, until close of business on Tuesday 10 May. If we have not received confirmation by that point that the documents requested in our letter of 11 April will be made available, we envisage that we shall be instructed to apply to the court for pre-action disclosure.

We look forward to hearing from you.

Yours faithfully

GRO

ROWE COHEN

