

Tab 3

15 November 2007

Mr R Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
Durham
DH6 5AA



www.postoffice.co.uk

Dear Mr Bilkhu

Re Bowburn Post Office

1) Marilyn Stoddart at the National Federation of Subpostmasters has forwarded documentation supplied by yourself and asked me to investigate how discrepancies have arisen at your branch.

2) I understand you have discussed this at length with the Lottery Manager and his team. Thus I feel greater clarity might be gleaned by trying to illustrate how the different lottery inputs to Horizon will impact a balance at a branch in a written format.

3) POL are in no way implying that sales are not being recorded in Horizon or that any knowing errors have been made. Rather, there has been a misunderstanding as to the impact of adjusting lottery stock, as opposed to remming the stock in, has on the branch balance.

4) The enclosed spreadsheet attempts to clarify (note values are purely for illustration purposes). The top table headed "Correct Accounting" shows how any branch has an overall balance comprising stock and cash.

5) The Rem in, of a pack of 120 £1 scratchcards, increases stock value holdings but also increases the branch balance, whilst cash is unaffected. Similarly Horizon sales reduce stock but also increase cash totals, leaving the overall balance unchanged.

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6) The second table illustrates the effect of adjusting stock rather than Remming in. Unlike the Rem process, adjust stock does not impact the overall branch balance. Thus if stock levels go up the derived cash position goes down by a corresponding amount. The effect would be a cash surplus at the branch at Branch Trading/Balance Snapshot. This could be easily tested in branch.

7) The table illustrates stock adjustment of 3 packs impacting the cash value of the branch by £360. A Transaction Correction is then issued to replicate the missing Rem process causing stock levels and overall branch balance to increase. This leaves stock levels overstated by the original stock adjustments. Thus stock is re-adjusted downwards to the correct level, which drives up the derived cash position, leaving the branch in balance.

8) I do not believe the fact that your branch has been adjusting stock when the Rem in process has been missed is in dispute, but there are specific questions that need to be answered.

9) The Lottery Team have been dealing with a significant backlog of accounting issues arising from a combination of the move from weekly Cash Accounts to the current monthly Branch Trading process and significant levels of non conformance in the Branch Network. This has meant that issues have not been dealt with in as timely manner as we would have wished, causing difficulties when branches have disputed errors. We do apologise for this. This situation impacted the whole of the Network and the Lottery Team are now able to address current issues.

10) There was clearly confusion over telephone conversations that have taken place and hope my illustration has helped to clarify.

11) The fact that £120 surplus' should have appeared on your balance snapshots is correct, but the fact that you were experiencing losses on the majority of weeks in question does not indicate that the expected surplus is not incorporated within the net loss figure.

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(2) You are correct that customer claims on Lottery Transactions cannot be entertained after 6 months, driving the business requirement to hold records in branch for that period. The Lottery team have already supplied the Horizon/Camelot file records that illustrate where discrepancies have occurred.

(3) As discrepancies at Branch Trading are routinely made good at the office, there would be no discrepancies for Audit to pick up, as stock levels were indeed correct. The discrepancies are only visible within POL Product & Branch Accounting when Client (Camelot) and Horizon files do not match.

(4) Unfortunately it does appear as though the Transaction Correction was correct to have been issued. Activation of the packs on the Camelot terminal generates billing to POL whilst the REM in operation provides the opposite entry for POL to agree payment. POL do acknowledge that it would have been far preferable to have alerted you earlier in order that the correct processing could have been instigated and preventing the debt to have built to this level.

Yours sincerely

GRO

Andy Winn
Branch Analyst
Product & Branch Accounting
1 Future Walk
Chesterfield
S49 1PF

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Correct Accounting

	<u>HORIZON</u>		Cash	Branch Subtotal
	Stock			
Opening Balances	500		£ 500.00	£1,000
Rem In 1 Pack	120	620	£ 500.00	£1,120
Sales of 50	-50	570	£ 50.00 £ 550.00	£1,120
Rem In 3 Packs	360	930	£ 550.00	£1,480
Sales of 250	-250	680	£ 250.00 £ 800.00	£1,480

Adjustment rather than REM IN

	<u>HORIZON</u>		Cash	Branch Subtotal	Cash held in Till	Discrepancy
	Stock					
Opening Balances	0		£ 500.00	£500	£ 500.00	£ -
Adjust up by 1 Pack	120	120	-£ 120.00 £ 380.00	£500	£ 500.00	£ 120.00
Sales of 50	-50	70	£ 50.00 £ 430.00	£500	£ 550.00	£ 120.00
Rem In 3 Packs	360	430	£ 430.00	£860	£ 550.00	£ 120.00
Sales of 250	-250	180	£ 250.00 £ 680.00	£860	£ 800.00	£ 120.00
Adjust In 2 Packs	240	420	-£ 240.00 £ 440.00	£860	£ 800.00	£ 360.00
Sales of 250	-250	170	£ 250.00 £ 690.00	£860	£ 1,050.00	£ 360.00
Transaction Correction	360	530	£ 690.00	£1,220	£ 1,050.00	£ 360.00
Corrective stock adjustment	-360	170	£ 360.00 £ 1,050.00	£1,220	£ 1,050.00	£ -

Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA
6th December 2007

Dear Mr Winn,

Lottery Scratchcards Issues

Thank you for your letter dated 15th November 2007 re: above. My apologies for the delay but I have been awaiting a response from NFSP.

In the absence of a response from NFSP to date and in view of the impending legal action, I now give the following response to you letter.

I appreciate the time you have taken to investigate and report my concerns but the key question still remains unanswered.

It seems to me that POL, the Lottery Team and others are getting themselves tied in knots over Horizon technical jargon and accounting terminology.

The issue is very simple:

Scratchcards are received at Bowburn Post Office and as and when required put into dispensers for sale.

This activity is no different to goods being received into a Tesco warehouse and then put onto shelves in the retail area for sale.

Up until the point a customer purchases and pays for the goods, no sale is made and no income is generated.

I have already explained in my previous correspondence how, at close of business, a simple calculation separates the cash due to POL (Camelot) and what remains for the retail side.

(Our retail side is relatively small-daily takings average £63-00. We know from experience that over 80% of the cash accumulated in our retail till belongs to POL(Camelot) for the lottery. If we find the takings are unusually high e.g. £150-00, we know a mistake has been made in our calculation. This may be simply due to an error in reading the scratchcard number (numbers are upside down on the till side). Even if the mistake is carried over, it will correct itself the following day when the number is re-read and as already explained, Shirley Owens (Counter Clerk) keeps a meticulous check on the cards at least 2-3 times per week and compares to what we have and what the Balance Snapshot states. Any discrepancy is made good in cash).

Appendix 1b

Calculations

Match Card Calculations

£1		£2		£2		£1		£1		£8		£1		£1		£1		£1		£1	
100 60		100 60		100 60		120		120		100		120		120		120		120		120	
FLAMING HOT		PRIMAN		FROSTY FORTUNE		ITS XMAS		100-000 TOP PRIZE		CHIPMUNK		BANGERS & CASH		GOLD MINE		HOT CARDS		BONUS CHANCE		COUNT CASH.	
Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold
34		31		48		21		96		116		51		102		39		91		7	
35		31		52		25		105		107	*	62		107		44		94		7	
35		31		54		31		109		16		65		108		47		95		8	
36		31		56				000		33		65		108		52		97		8	
36		31		55		42		01		34		66		108		55		97		10	
39		31		—		50		19		45		69		112		55		100		10	

Bol.

Appendix 19

Scratch Card Calculations

Scratch Card Calculations

Pack Size	£8		£2		£2		£2		£2		£1		£1		£8		£1				
	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold	Card No	No Sold			
	24		60		60		60		60		60		60		120		120		120		
Date	MERRY MILLIONS TOP PRIZE		250,000 TOP PRIZE		HAPPY BIRTHDAY BONUS		XMAS BONUS		SOLID GOLD		FLAMING HOT		PREMAN		FROSTY FORTUNE		IT'S XMAS 100,000 TOP PRIZE		CHIPMUNK BANK & CA		
28.11.07	17		23		20		36		20		34		31		48		21		96	116	51
28.11.07	18		24		27		45		20		35		31		52		25		105	116	51
29.11.07	18		26		27		47		22		35		31		54		31		109	116	51
30.11.07	21		29		27		50		22		36		31		54		31		109	116	51
1/12/07	23		29		27		54		22		36		31		54		31		000	33	65
3/12/07	—		29		30		—		22		39		31		—		42		01	34	66
																	50		19	45	67

Camelot

Camelot's management systems and their ability to access information are excellent.

At any given time, Camelot is fully aware of :

- The number of packs of scratchcards we have in our secure area
- The number of activated packs and the names of the games in dispensers on sale
- The number of lottery (Lotto, Thunderball, Euromillions etc.) tickets we have sold
- The number of prizes on-line and scratchcards we have paid out

The information that Camelot lacks during the day is the actual number of scratchcards that we have sold. As already explained, we calculate the number of scratchcards sold using a simple spreadsheet (Appendix 1a and 1b). This is the information we give to POL via the Horizon system at the close of each day between 17:30 and 17:45. It is usually the last transaction carried out on Horizon. Due to early closing, Saturday's information is input on Monday morning before opening and is usually the first transaction carried out on Monday.

These transactions are no different to any other transactions we carry out on Horizon- be it the sale of a stamp, bill payment, Giro's, cash withdrawals, cash deposits etc. It is essentially cash in- cash out.

It does not matter, therefore, how many packs were received, remmed in, remmed out, activated or not activated- the key question which you, Paul Smith, John Day and others in the Lottery Team refuse to answer is the number of scratchcards sold. I find it difficult to accept John Day/Paul Smith's answer that sales figures are not available.

A very simple way to address this issue is for POL to obtain the sales figures from the dates in question, equate them to the number £1, £2, and £5 scratch cards sold and then compare with the figures supplied by Camelot. A competent person should be able to do this exercise in a less than two hours. All information should be available at the press of a button.

I now make comments on other parts of your letter.

Paragraph 9

The fact that the Lottery Team had a backlog is frankly of little interest to me. All it tells me is the levels of mismanagement and incompetence within the organisation. If the system was not ready why on earth did POL move over to Branch Trading?

Making mistakes regularly seems to be part and parcel of POL's culture. You only have to look at the Memos sent to SubPostmasters via the Horizon system. Practically every other memo is an admission of incorrect information supplied or incorrect instruction.

Paragraph 10

There was absolutely no confusion on our (Myself and Shirley Owens) part. All conversations took place with both of us present. The details of the conversation are already documented in previous correspondence and demonstrate quite clearly the contradicting advice given by Lottery Team and Helpline.

If there is any doubt, then please obtain the transcripts.

Paragraph 11

The £120 surplus should have appeared in the Balance Snapshot. The losses indicated are due to faults with the Horizon system for which the legal action is being pursued. If you are suggesting that the losses on the weeks in question does not indicate the expected surplus is not incorporated within the net loss figure, then the issues with Horizon are much more serious than previously thought.

Paragraph 12

On the basis that I followed procedure and instructions from POL and Camelot and disposed of Lottery records after 6 months the current claim (if at all valid in the first place) is null and void and I am not prepared to consider the claim any further.

I am prepared to consider albeit very reluctantly (because it will mean going through Horizon slips for every single day for the last six months) any claim for the last six months as I will have the records and that only on the basis that you supply me with the actual breakdown of every single scratchcard sold (which we would have declared on Horizon and the number of scratchcards supplied by Camelot.

Paragraph 14

The Transaction Correction was not correct to have been issued. Not enough thought or understanding went into prior to the note being issued. Time and time again we were told there was no money involved-it was merely a stock correction.

All monies due to POL (Camelot) have been paid. There is no money whatsoever due to POL in this instance.

If there is a need for stock adjustment then that is between POL and Camelot NOT between POL and Bowburn PO.

A further transaction correction now needs to be issued to reverse out the 4312 to take us back to what we physically hold in the branch.

Yours sincerely,

GRO

R S Bilkhu

Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA
9th June 2008

Dear Michele,

Re: Bowburn Post Office

My name is Raj Bilkhu and I am the Sub Postmaster of Bowburn Post Office (BPO). I assumed control of BPO on 31st January 2004.

During the first few months of trading, there were a few errors (mainly paper related) and any shortages/surpluses were satisfactorily resolved.

However, in October 2004 Horizon system was upgraded in BPO and from there onwards my losses started to increase at an alarming rate. There were no changes in staff or procedures.

By the end of December 2007, I had paid over £10,000 to Post Office Ltd (POL) to settle shortages and continue to trade.

In the intervening period, I tried desperately to seek the help and advice of the Contract Manager, the Area Intervention Manager (who later became the Business development Manager) and even members of NFSP. Other than suggesting the losses were due to theft, none of these people helped.

I was left with no choice but to pursue legal action against POL.

The legal action was discontinued (with the option to continue to claim in future) due to an absurd counterclaim by POL to have the Cash Accounts for BPO examined by a forensic accountant at a cost of £1 million! It has to be said that if the case had gone to court, the claim would have been rejected purely on the basis that it was grossly disproportionate to the sum being claimed by myself (£10,000).

Enclosed with this letter is a spreadsheet which is essentially a week to week summary of cash discrepancies as generated by the Horizon system.. This is referred to as 'Amount system required to be made up'. The column 'Amount Personally paid to POL' is exactly that: amount paid by me to POL to allow me to continue to advance to the next Trading Period and remain in business.

The document also highlights incidents which are indicative of serious system and management failures.

To date my losses are as follows:

	<u>£</u>	<u>p</u>
Personally paid by RSB to POL	10862	97
Legal fees and disbursements paid by RSB to his legal team	6630	71
Legal costs paid by RSB to POL's legal team to discontinue counterclaim	5452	20
<u>Total</u>	<u>22945</u>	<u>88</u>

In addition to the above costs, I am also being pursued by POL for £4312 for Lottery Scratchcards which date back to two years. (see Spreadsheet for details).

The key points are:

1) Conduct of the Contract Manager and Business Development Manager

I regard both of these key personnel to be in effect my senior line managers to whom I look for help and support. Their conduct (see spreadsheet for details) have left a lot to be desired. My repeated requests for a meeting with the Contract Manager to discuss issues have been ignored.

2) Cash Account

During the litigation process, POL argued that because I had signed the Cash Accounts that they were correct, I could not then come back at a later stage and then claim they were not. Of course, at the time of signing they were correct-they have to be as every SubPM and POL know perfectly well that any cash discrepancy has to be settled before you may advance to the next Trading Period and continue to trade.

PS The BDM removed Cash Accounts from BPO for the litigation process and has still not returned all of them to BPO.

3) Calls made to Helpline

Also during the litigation process, POL submitted transcripts of all calls made from BPO to the Helpline from the period in question (i.e. from 31st Jan 2004 onwards). When analysed closely these indicated quite clearly that over 90% of the calls were directly related to issues with Horizon (hardware/software) and equipment failures e.g. printers, pinpads etc. Very few calls referred to transactions or business policies. These calls clearly demonstrated that we had very competent staff but were being frustrated by poor equipment.

In February 2008, Terminal base station (the one which appeared to have caused to most problems) was replaced by a Fujitsu engineer. It was removed from BPO on the understanding that it would kept in a secure area at Fujitsu's site in Bracknell. The base station was sealed in a box before leaving BPO.

Since the replacement of the base station, we have had no issues or losses at BPO. Our discrepancies amount to +/- £10-£15 which is well within acceptable limit for a business which turns over tens of thousands of pounds every week. There have been a number of Transaction Corrections during the period but we do not have any issues with these TR's as we understand them and know exactly how they were caused.

By way of this letter, I now request that you nominate one of you Flagship investigators to critically study the enclosed spreadsheet to see if my criticism is justified and also arrange to have the offending base station kept at Fujitsu's Bracknell site be examined by an independent expert.

Please contact me if you need any further information.

Yours sincerely,

R S Bilkhu

Our ref: FCT203/08

Mr Raj Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
DH6 5AA



www.postoffice.co.uk

11th June 2008

Dear Mr Bilkhu

Thank you for your letter addressed to Adam Crozier, Chief Executive, Royal Mail Group Limited.

Mr Crozier has asked that the issues you have raised are fully investigated on his behalf and a full response will be sent to you as soon as these are completed.

Yours sincerely

GRO

Michele Graves
Executive Correspondence Manager
Post Office Limited

Telephone: **GRO**

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Our Ref: FCT203/08



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Mr Raj Bilkhu
Bowburn Post Office®
5 The Leazes
Bowburn
Co Durham
DH6 5AA

18th June 2008

Dear Mr Bilkhu

Thank you for your recent letter dated 9th June addressed to Adam Crozier, Chief Executive, Royal Mail Group Limited.

The issues you have raised are being investigated but enquiries are taking a little longer than anticipated, for which I apologise.

I assure you that a full reply will follow shortly.

Yours sincerely

GRO

Michele Graves
Executive Correspondence Manager
Post Office Limited

Telephone: **GRO**



www.postoffice.co.uk

Mr Raj Bilkhu
Post Office®, Bowburn branch
5 The Leazes
BOWBURN
CO DURHAM
DH6 5AA

07 July 2008

Dear Mr Bilkhu

Thank you for your letter and enclosures dated 9 June addressed to Adam Crozier, Chief Executive Royal Mail Group Ltd. Your letter has been forwarded to me for investigation and reply on his behalf.

I apologise for the delay in reply but I wanted to consult with colleagues to better understand the situation before responding.

As I understand it you issued proceedings against the business in November 2007 alleging problems with the Horizon system. As part of your evidence you supplied a document, which is to all intents and purposes, identical to that supplied under cover of your letter of the 9 June except that the last entry was made on 7 November 2007. As you withdrew your action upon receipt of our Defence and paid a contribution to our cost we are not going to reopen the issues litigated as we consider this matter to be closed. There was absolutely no option to bring fresh proceedings in the future on the same facts. Once a Court case is settled then there can be no further litigation over the issues disputed and identified in those proceedings.

The basis of your claim was that Horizon was not fit for purpose. As Horizon is a computerised accounting tool both computer and accountancy evidence would be required by you to prove your case. Post Office Ltd is fully aware of the costs of employing such specialised experts. As you have formally requested the return of your Branch Trading records I will arrange for this to be put in hand.

Once a subpostmaster has balanced and completed the Branch Trading Statement for that period without seeking and obtaining special permission to hold items in suspense the accounts for that period are closed. By completing the Branch Trading process you are certifying that its contents are a true and accurate record of the position within your branch.

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Whilst I note the points you have raised with regard to your requests for a meeting, I have been unable to find any record of a request for a formal meeting. I believe, however, that you received a visit from a member of the training team in November 2005, and also from your former Business Development Manager in an attempt to provide assistance with balancing procedures and ongoing losses at your branch.

You have been offered additional training on the Horizon system, which I would encourage you to take up, as it is important that laid down processes are followed exactly. I also understand that a recommendation was made to you to move from having a single stock unit that you refused. This would permit any possibility of misappropriation to be detected and I would urge you to act upon this recommendation. Should you decide to pursue this option or require any further assistance or training in relation to the use of individual stock units, or on any other aspect of the Horizon system, please advise me in which areas you require development and I will make arrangements for you to receive the necessary training.

I am pleased to note that your difficulties with operating the Horizon system are now under control.

Fujitsu have confirmed that:

- (a) as they own all terminals they are not holding one in a secure area at Bracknell for your branch
- (b) (b) even if the terminal was still in existence it would not contain any of the disputed data

and as such we are not going to conduct any investigation into the replaced terminal.

We are unable to comment on the information that Camelot have provided, however I have confirmed with our Lottery Team in Chesterfield that records should be kept for a minimum of two years. Due to system issues when branch trading was introduced it was discussed and agreed with the National Federation of Subpostmasters that records would be reviewed on a branch-by-branch basis, hence the delay in issuing Transaction Corrections. I believe both our team in Chesterfield, and a Camelot manager, have spoken to you previously regarding this matter.

Having reviewed the evidence supplied we believe there is no reason to revoke these Transaction Corrections and, therefore, the amount is proper to be paid. I do recognise that my reply will be disappointing to you but in light of the foregoing we consider this matter closed.

Yours sincerely

GRO

Michele Graves
Flag Case Manager

Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA
16th July 2008

Dear Michele,

Re: Bowburn Post Office

Thank you for your letter dated 7th July 2008.

I am puzzled that document you received only goes up to 7th November 2007.
I enclose the missing pages.

At the outset I have to agree with your final sentence that I would find your reply disappointing. I thought that by escalating the issues to the highest levels of management I might have received a response based on a thorough investigation.

I know you consider the matter closed but your letter is full of inaccuracies and innuendoes that you leave me no choice but to respond.

Legal Proceedings

Clearly there is a misunderstanding between the legal teams. The case did not go to court as the counterclaim was discontinued. My legal team has informed me that the claim can be brought again in the future subject to statutory limits. (Letter ex. Tolhurst Fisher enclosed).

Meeting with the Contracts Manager

The request for a meeting with the Lesley Joyce was made on at least three occasions, twice via Rachel Oysten BDM and once via NBSC. The first time the request was on 12th May 2005 after Rachel Oysten's visit, the second was made in the presence of POL auditors Mike Webb on 22nd September 2005 and my colleague Shirley Owens. Each time Rachel Oysten clearly stated she would arrange a meeting.

I fail to understand how 'formal' one has to be to seek a meeting with one's immediate manager.

R Oysten's conduct on 12th May 2005 was despicable. Both I and my staff were humiliated by her and although I made a formal complaint about her via NFSP and to Linda Rodwell in 2005 and then again to Andy Bayfield via my solicitor in February 2006-nothing was ever done.(Details are in the spreadsheet)

In any other modern organisation her conduct would have been construed as bullying and harassment and at the very least would have resulted in a hearing.

When Rachel Oysten came in to investigate the 'Tesco Mobile' incident Terminal 3 (see entry under 11th April 2007) on 22nd May 2007 that was the only reason for her coming to Bowburn Post Office. When I asked her again on 13th February 2008-she denied all knowledge of the incident. When I reminded her that I gave her copies of all Counter printers receipts-she said yes but they were copies! These copies were made in front of her-she could have had the originals if she wanted. I believe she did nothing to investigate that incident. Indeed I am now beginning to wonder if she ever relayed my request for a meeting with Lesley Joyce and other requests e.g. I have specifically asked her to for the Lottery Team to obtain sales figures. She was also to arrange for individual stock balancing. (see below). I am still waiting. (Details are in the spreadsheet)

- I left message for Rachel Oysten on 9th July 2008 via NBSC to confirm some of the allegations in your letter. To date she has not responded.

Training

I am a firm believer in training. I have never ever refused training be it road shows or in-house. I attended all road shows with the exception one when I was on holiday.

My colleague, Shirley Owens has worked in Bowburn PO for nearly 20 years. She was trained in using the Horizon system.

Camelot offered training in Lottery (via a local college) in 2006, that was also taken up and all staff including myself were trained to NVQ Level.

You state in letter that I refused training. Now, please tell me when and what was it connection with.

For the record, I actually requested for trainers to come and oversee us to ensure that we were following procedures correctly. Both trainers David Round (21st June 2004) and David Oglive (30th November 2005) could not find anything wrong with what we were doing.

On the subject of individual stock balancing, Rachel Oysten was again supposed to arrange for trainers (see spreadsheet entry 16th May 2007) but as usual never got around to doing it. To date I have not heard anything from her.

I would have done anything to cut down my losses and that included taking up ANY training that was offered.

Audit

An audit of Bowburn Post Office was carried out by POL's own audit team on 10th June 2008. They found (taking aside the disputed Lottery element), the net cash discrepancy of £31.53! Now this is hardly indicative of an office which is poorly managed or the staff lack understanding or operating the Horizon system. On the contrary it indicates a well managed office and competent staff. How many other offices can come up with such discrepancies at an audit?

The actions were non display of Banking Code and Data Protection Sheet and emergency phone number for Hostage Policy. (all were not received by us-otherwise they would have been on display).

Your remark about 'difficulty with operating the Horizon system' is patronising to say the least.

Terminal 3 Base Station Removal

Terminal 3 base station, if you had cared to study the spreadsheet caused vast majority of our problems. In fact as far back as late 2004 when the problems started, the then Retail Line manager, Lesley Wilson even suggested that the easiest solution would be to change the base stations.

On 13th February 2008 this base station disconnected itself whenever it was rebooted. Details of the sequence of events with the call references are under the entry for that date. Basically the removal of the base station from Bowburn PO was agreed on the basis that it would be kept at a secure site in Bracknell. These assurances were given by POL's and Fujitsu's representatives. The base station was boxed and sealed and the Fujitsu engineer asked me to sign over the sealed tape on both sides.

Now where is that base station? Are you saying to me that the base station has been destroyed?

You now say Fujitsu are not holding one at Bracknell and even if they were you are not going to conduct any investigation into it.

The investigation FOR TRANSPARENCY needs to be carried out by an independent expert. I only need you to recover the base station. It is not up to me or POL to decide whether this base station was functioning correctly.

Camelot

Camelot is a well- managed and efficient organisation. I do not have any issues with them. They are able to access information at the "press of a button".

It was one of POL's own trainers (John Wilson in 2005) who suggested that I need not keep records for Lottery beyond 6 months. I rang Camelot on 10th March 2005 and they confirmed that records need not be kept beyond 6 months. (You can contact Camelot and they will confirm that conversation). Furthermore, I contacted the Lottery team at Chesterfield on the same day and they confirmed that 'if Camelot were happy – so were they'.

You are now telling me that Lottery Team want records kept for two years. POL's own training manual (National Lottery Subsection 14, copy enclosed) tells a different story. So when did the Lottery Team or POL change its mind when were all the Lottery outlets informed of the change?

Re: Outstanding Lottery Scratchcard Issue

Time and time again the Lottery Team, have been requested (directly to Paul Smith, and via Rachel Oysten and via NFSP) that the only way to address this long ongoing dispute is to obtain the exact number of scratchcards supplied to Bowburn PO and match them with the number sold as declared by Bowburn PO via the Horizon system. Why is such a request difficult?

* The audit team on 20th June 2008 again discovered that there was discrepancy between the number of scratchcard packs activated on Camelot Terminal and our physical stock but because had all the activation slips, we were able to dispute the discrepancy. The audit team accepted our evidence.

Yours sincerely,

R S Bilkhu

Outlining his Forward:Five2Eleven, strategy, Mr A COOK , MD clearly states under 'People':

'Our aim is for the Post Office to be an employer and partner of choice. We put a great deal of emphasis in creating a good supportive working environment for all Post Office people, whether they are direct employees or agents, and this will continue. Our vision is for the Post Office to increasingly become a business for whom people want to work for and with'.

Our ref: FCT203/08R

Raj Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA



www.postoffice.co.uk

23rd July 2008

Dear Mr Bilkhu

Re: Bowburn Post Office

Thank you for your letter addressed to Michele Graves, Flag Case Manager, Post Office Limited.

Mrs Graves has asked that the issues you have raised are fully investigated on her behalf and a full response will be sent to you as soon as these are completed.

Yours sincerely

GRO

Eunice Kirby
Flag Case Advisor
Post Office Limited

GRO

Telephone: **GRO**

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F/426/21



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Mr R S Bilkhu
Post Office@ Bowburn branch
5 The Leazes
Bowburn
Co. Durham
DH6 5AA

20 August 2008

Dear Mr Bilkhu

As the National Consultation Manager with responsibilities for managing the correspondence for Alan Cook, I have been asked to review the issues raised in your correspondence.

I have looked at all the enclosures you have submitted including the spreadsheet, and have liaised with The Retail Line and Contracts Teams, who have provided me with reports relating to your training and branch visits. In addition I have also reviewed the information from Fujitsu, the Helpline and Branch Accounting in Chesterfield.

If I may, I would like to address some of the issues referred to in your letter to Michele Graves on 17 July.

You are correct that there are a range of retention periods for Lottery forms, and I would advise that you continue to follow the instructions on retention periods as outlined in the Operations Manual.

With regards to the base station, I can confirm that upon further investigation, Fujitsu has revealed that they are still storing the base unit that was removed from your branch. Please accept my apologies for any misunderstanding caused in previous responses.

Turning to the legal proceedings, which were concluded in February of this year, the evidence shows that you withdrew your claim following the submission of our defence. Further to this withdrawal you also paid an award of costs to Post Office Ltd. I think it is only fair to point out at this stage the advice I have been given from our legal team in relation to this issue. Current advice suggests that should proceedings be reissued, based on the same issues, Post Office Ltd will seek to have the claim struck out and an award of costs made in its favour on the basis that it would be an abuse of the court system to reissue identical proceedings.



I am also concerned that the evidence indicates procedures in relation to processing lottery scratchcards were at some stage not being followed at Post Office® Bowburn branch. You have been instructed to introduce activated scratchcards into your branch as a "Remittance In". A letter from Andy Winn dated 15 November 2007 confirms the correct procedure and goes further by explaining the impact from an accounting perspective of failing to follow the correct process. Please could you ensure that everyone in your team is now following the correct procedures in relation to lottery scratchcards.

Furthermore, as Michele Graves also mentioned in her letter of 7 July, it is recommended that you move to individual stock units as these will allow you to identify where losses may be occurring and help to recognise any necessary training requirements. I do appreciate that the initial set up of the units will take a little time and effort, however I would stress that there are longer term benefits that should be taken into consideration. I do hope that you will give this some serious thought.

Having looked again at all the information provided, I do feel that we have explained our position on the matter and do not see any benefit to covering old ground. We therefore consider this matter and all other issues related to it now closed and not subject to further discussion.

In closing, I would like to assure you that as part of the forward: five2eleven strategy, Alan Cook is committed to ensuring Post Office Ltd is an employer and partner of choice, and will continue working towards achieving this goal. We will also continue to work on identifying improvement opportunities to work in partnership with subpostmasters. Moving forward, I can only urge you to put the issues relating to your legal claim in the past, as we have done, and work with us to develop and grow a successful business at Post Office ® Bowburn branch.

Yours sincerely

GRO

Philippa Wright
National Consultation Manager

Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA
27th August 2008

Dear Philippa,

Re: Bowburn Post Office

Thank you for your letter dated 20th August 2008.

I fully understand why you want the matter closed and also agree that we need to move forward.

However, for future reference and to ensure there are no misunderstandings, I make the following comments:

- I have to assume from recent correspondence that Mr Crozier and now Mr Cook have been briefed on my complaints and concerns and also your and Mrs Graves's responses to them.
- I do not believe that you or Mrs Graves have carried out an investigation. My understanding of investigations (I carried out hundreds in my previous career in the chemical industry) is somewhat different to what I have witnessed at the highest levels of management in POL. Other than to confirm the existence of the Terminal 3 base station, your letter follows the same 'style' as that of Mrs Graves's letter dated 7th July 2008.
- For reasons known only to yourselves and despite providing you with names and dates, you have refused to comment on the issues and activities (or lack of) of Ms R Oysten. I can only assume that you have decided to sweep the whole of Ms Oysten's episode under the carpet. I now know that nothing was ever done with my complaints and concerns re: Ms Oysten.
- Lottery Scratchcards Issue. As already mentioned in previous correspondence, this on-going dispute will only be resolved once a physical comparison of scratchcards vs sales is made. I know for a fact that no money is due to POL. I know for a fact that we have accounted for every single scratchcard sold and money transferred to POL every night. You mention A Wynn's letter but you have clearly not studied my detailed letters to A Wynn. Unless the Lottery Team or POL have something to hide why ^{was} this comparison not be made?

Furthermore, even you and Mrs Graves cannot agree on the retention periods of Lottery records. Mrs Graves in her letter says keep for 2 years-you say follow the Ops Manual (which I have been doing). You do appreciate my difficulties.

- Since the Terminal 3 Base station was replaced I have had no problems in balancing. Other than settle a Transaction Correction (a paper related error) I have not had to put any cash in personally to settle any discrepancies. So, nothing wrong with my staff or procedures being followed at Bowburn Post Office. You and Ms Graves make repeated references to individual stock units whilst ignoring the fact that I have NEVER refused to introducing them-it was up to Ms Oysten to help us do that!
- As far as any future action (litigation or otherwise) is concerned, it would be up to the legal fraternity to decide if there is an 'abuse of the court system'. In the meantime, I ask you, by way of this letter, to ensure the base station to be kept intact at Fujitsu's site at Bracknell for an indefinite period.

Thank You.

Yours sincerely,

R S Bilkhu

There are clearly issues with Horizon system otherwise Horizon Technical team and Fujitsu engineers would not be admitting there are problems - These involved 2 subpostmasters up & down the country ...



www.postoffice.co.uk

Our ref: FCT208/08

Mr Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
CO DURHAM
DH6 5AA

2nd September 2008

Dear Mr Bilkhu

Re: Bowburn Post Office

Thank you for your letter of 27th August 2008.

Your comments have been noted and will be retained on file at this office.

Yours sincerely

GRO

Philippa Wright
National Consultation Manager



www.postoffice.co.uk

27 October 2008

Mr R Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
Durham
DH6 5AA

Dear Mr Bilkhu

Re Bowburn Post Office

Further to your enquiry to the Post Office Lottery team requesting an investigation into transaction corrections relating to scratchcards dating back prior to February 2008.

Full investigations were undertaken by the Lottery team and the transaction corrections were proved valid to be issued. Evidence was provided at this point. The fundamental reason behind the transaction corrections was the failure to follow the appropriate remittance process alongside activation.

You specifically requested an examination of your pre February 2008 Horizon base unit which has been put into storage. You have claimed that this examination is central to the case you pursued against Post Office Ltd which you subsequently withdrew. The action has been withdrawn and as far as Post Office Ltd is concerned this matter is at an end.

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Post Office Ltd's position has always been that incorrect processes were followed in the branch which was the cause of the transaction corrections and not any fault with the Horizon system. Consequently Post Office Ltd will not be examining the Horizon terminal.

I am sorry I am unable to support your request on this occasion.

Yours sincerely

GRO

Andy Winn
Branch Analyst
Product & Branch Accounting
1 Future Walk
Chesterfield
S49 1PF

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F/426/28

Bowburn Post Office
5 The Leazes
Bowburn
Co Durham
DH6 5AA
2nd November 2008

Dear Mr Wynn,

Re: Bowburn Post Office

Thank you for your letter dated 27th October 2008.

I was not expecting a letter from you because during the last few weeks I have been having constructive discussions with Paul Smith.

I believe Paul Smith is a very competent and capable manager who is genuinely interested in getting to the root cause of my problems at Bowburn PO, in particular the Lottery Scratchcards issues. It was during these discussions that the examination of the rogue Terminal base station surfaced.

Your letter is frankly a repeat of your previous letter and is similar in style to those I have received from Michelle Graves and Philipa Wright (Flag Case Managers for Adam Crozier/Alan Cook).

In my letter to you (dated 6th December 2008), I explained in considerable detail re: scratchcards. Clearly, you did not read or understand my letter because you continue to focus purely on 'procedural issues' and that there is nothing wrong with Horizon system.

There are hundreds of SubPostmasters across the country faced with the similar problems to mine. We cannot all be wrong.

I have obtained from Camelot a list of the number of packs of scratchcards sent to Bowburn PO. I have compared that list (from 20th March 2006 to 3rd July 2007) with the list sent to me by the Lottery Team. There is a discrepancy of 8 packs in my favour-that is equivalent to £960. How do you explain that?

You comment on the legal case that I pursued and refuse to have the base station examined as you consider the matter closed.

I do not propose to get into lengthy discussion re: case because it has been discussed at Adam Crozier/Alan Cook level.

In summary, POL may consider the matter closed but I do not. According to my legal team the case can be resumed subject to legal niceties.

In summary, the case was withdrawn because POL's legal team demanded that Horizon accounts at Bowburn PO for the last 4 years be examined by a forensic accountant. The cost (estimated at £1 million) be borne by me.

Clearly, this was not a case of establishing facts-more a case of legal blackmail.

It seems a sheer coincidence that my problems at Bowburn started in October 2004 when Terminal 3 base station was upgraded. They stopped when the base station was removed in February 2008. This base station, I believe, sent over £12,000 of my life savings into the Horizon blackhole.

Since February 2008, I have had no problems whatsoever. There have been no staff changes or changes to procedures. Our monthly discrepancy is +/- £10-£15- a perfectly acceptable figure, bearing in mind the business turnover.

You continue to restate 'procedures not followed' etc. yet fail to observe/follow your own procedures.

On 10th March 2005 (embedded in Camelot archives), I was advised by POL and Camelot that I need not keep Lottery records beyond 6 months. Your own Operation Manual (details supplied previously) does not even mention 2 years. Even the Flagcase Managers (highest level investigators!) cannot agree on the figure –one says keep for two years the others says follow Ops Manual-which I am doing.

The only fair way to settle this dispute is to match the sales figure vs the no of scratchcards supplied and have the rogue base station examined.

Yours sincerely,

R S Bilkhu



www.postoffice.co.uk

1 December 2008

Mr R Bilkhu
Bowburn Post Office
5 The Leazes
Bowburn
Durham
DH6 5AA

Dear Mr Bilkhu

Re Bowburn Post Office

Paul Smith has passed your note to him attached to a copy of your letter of 2 November 2008. Your letter expressed surprise at my writing to you and correctly observed we were simply recovering old ground. For this reason there seemed no point in replying.

I can only repeat that Post Office Ltd, of which Paul Smith is an employee, consider the matter closed.

Yours sincerely

Andy Winn
Branch Analyst
Product & Branch Accounting
1 Future Walk
Chesterfield
S49 1PF

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Bowburn Post Office
Lottery Scratchcards Discrepancies

Background

Bowburn Post Office is among the selected Post Offices which can carry out National Lottery transactions on behalf of Camelot. It can also sell National Lottery Scratchcards.

The incident below (under 'Sequence of Events') refers specifically to Scratchcards.

Scratchcards (in £1, £2, and £5 'denominations') are delivered via a courier. Upon delivery, the pack is opened and checked so that the contents agree with the barcoded delivery slip. The value of each pack is £120. There are 120 cards on £1, 60 on £2 and 24 on £5 packs.

The delivery slip is scanned into the Camelot Lottery Terminal (situated on the retail side of the business). The packs of scratch cards are then stored in a secure area behind the PO Counter.

When a pack of scratchcards is required for sale, it is scanned on the Camelot Terminal to 'activate' it. The number of cards activated is then remmed into on the Horizon System (PO side). If for some reason, the pack is not activated or remmed into Horizon System, then Shirley Owens (Counter Clerk-20+ years experience) 'adjusts stock' on Horizon system on a regular (weekly) basis so the number of cards currently active (on sale on the retail side) matches what is on the Horizon system. That is what we were led to believe-as we adjust stock with other PO items e.g. stamps stamp books etc. we did not think adjusting scratchcards this way would create problems. No training has ever been given to us on the Lottery side.

As the Lottery Terminal is situated on the retail side, all cash taken on the retail side is placed into a common till on the retail side. At the close of business everyday, two reports are generated: one for On-Line Lottery and one for Scratchcards.(see Appendix 1). A simple calculation is carried out to separate the cash due to the PO (i.e. Camelot) and that due to the retail side. The money owed to the Post Office is transferred every day at close of business.

We have never knowingly had any problems with Lottery or Scratchcards and cannot recall any Transaction Corrections in the past.

Sequence of Events

On 20th August 2007, Shirley Owens (Counter Clerk) was contacted by John Day from Lottery Team stating that they had been looking at our Lottery records for the last two years and there were discrepancies in scratchcards activated vs. remmed in. He insisted that it was simply a 'stock adjustment' that was required.

S Owens informed RS Bilkhu the following day and RSB immediately rang John Day and stated that for a start of it was unacceptable for POL to go back 2 years because RSB had checked and confirmed with BOTH Camelot and POL over two years ago that Lottery records need only be kept for 6 months. Why now were they dragging in Transaction Corrections for which RSB would not be able to dispute.

John Day insisted again that there was no money involved-that it was merely a 'stock adjustment'. RSB said 'send me the paperwork and I'll have a look at it'.

On 28th September 2007, a 17 page report (mainly listing) arrived from John Day. RSB looked at the final figure on the last page which stated 4317.

RSB rang J Day immediately and quizzed him about this figure and whether this was the amount in pounds that RSB was expected to pay. J Day replied again that no it was merely a stock correction and at the most the cost would be a penny.

Discussions continued over the next few days between S Owens /RS Bilkhu and John Day to ensure that we all understood clearly how this discrepancy might have arisen.

It is possible, at times, scratchcard pack may have been 'activated' but not 'remmed in'. However, whether a pack had been remmed in or not, the Post Office (and Camelot) received what was due to them each every day as described above. Nobody has lost out. And also as described above S Owens keeps a check to ensure the number of scratchcards on Horizon matches what we have physically on sale. It is not often 'stock adjustment' is required because S Owens is in three days per week and keeps a check on stock.

Now, whether there was a stock discrepancy or not, the fact remains that the correct amount due to Camelot/PO was transferred AND logged on Horizon with details of the scratchcards sold and prizes paid out etc. (Appendix 1 refers). This has to be the case because:

- a) we cannot recall having any TR's re: Lottery
- b) we should have had an increase of £120.00 on our Balance Snapshot every time a scratchcard pack had gone astray. We have not. In fact, as Appendix 2 (this is summary of the 17 page report that J Day sent but only picks up the dates in question) illustrates, on the dates in question Bowburn PO balance Snapshot figure is a negative in all but four cases.

Transaction Correction

John Day finally sent the TR on 11th October 2007. RSB did not accept it until the 12th October due to uncertainty in what effect it might have on the balance. By accepting the TR, it increase the number of scratchcards held by the Horizon system (515) to 4832!

RSB was horrified by this and this^{is} exactly what RSB had been trying to explain to J Day. This now meant that on Balance Day, stock would be adjusted and the by adjusting the scratchcards to the physical level i.e. about 500, the system would be looking for £4317! That is what RSB would be expected to put in to rollover to next Trading Period! This was all explained to J Day but he continued to insist that it was just a stock transaction. **John Day said that the only way to address this was to 'reverse' the original adjust Stock increases.**

RSB rang the Helpline on 16th October 2007 at 12:40 (Balance Day-Branch Trading Period) to seek help and advice to address what was now clearly a serious problem-if RSB corrected the Horizon held stock of scratchcards-Bowburn PO would close the following day.

At 12:40 RSB spoke to a Sandra on Option3. She said that as it was a 'credit' TR I should simply take £4317 out and keep it! I said to Sandra that it was not as simple as that. She said she would get someone to ring later.

RSB rang later and spoke to a Neil. Neil explained that as it was a credit it would increase the stock value and I would be expected to pay £4317.

Maureen from Helpline rang later and initially agreed with what Sandra had said i.e. 'take out cash-it's yours' but when I explained the implications of the Balance Report, she agreed that I would have to pay.

My final discussion (also with S Owens participating) took place with Paul Smith (John Day's Line Manager. This discussion went on for a good hour and all of the above points were explained to Paul viz. nobody has benefited from this, all parties concerned have had the cash where due as all scratchcards sold are accounted for at the end of the day and cash transferred. If there had been a surplus, it would have been highlighted by an increase in cash on our Balance Snapshot.

I suggested to him that all accounting systems had to have a debit/credit. All they had given me was the debits. To address this correctly, what the Lottery team needed to do was to obtain the sales figures and match them with the cash declared and transferred by Bowburn PO.

Paul said that they were unable to get those figures! RSB was astounded by this statement.

In the end Paul did say that he would investigate further but in the meantime it was agreed that the figure on Horizon would remain unchanged so that it would allow RSB to rollover to the next period.

RSB was contacted by a Rebecca from the Lottery Team on 24th October 2007 After about five minutes Rebecca declared that she was not supposed to ring me she was to ring some other Post Office but my number had popped up on her screen!

- Also on 24th October 2007 RSB rang Camelot and spoke to Elena. Elena was able to confirm RSB's query on 10th March 2005 re: how long Lottery records need to be kept. She confirmed that they had advised RSB that records need only be kept for 6 months as claims by customers were not entertained after that period. RSB made the same query to POL at Chesterfield on that day (10th March 2005) and they said if Camelot were happy so were they.
- An audit was carried out on 22nd September 2005 when I was forced to pay £3503-59 to POL to stay in business. Why did not the audit team pick these up?

Appendix 3 : POL's own operation manual

Appendix 4 : Processed Transaction Correction

Appendix 1

THE NATIONAL LOTTERY

ON-LINE SUMMARY
TODAY

THU25 OCT 07 17:22:22
RETAILER NO. 200627

34 LOTTO	£	103.00
3 TBALL	£	4.00
0 XMAS GAME	£	0.00
0 LOT EXTRA	£	0.00
1 HOTPICKS	£	2.00
0 DLY PLAY	£	0.00
1 DREAM NUM	£	1.00
0 VOUCHERS	£	0.00
0 PROMOTION	£	0.00
5 PRIZES	£	42.00-
0 MAT 0 PRZ	£	0.00
0 CANCELS	£	0.00
0 MAT 0 CNC	£	0.00
COMMISSION	£	0.00
SUB TOTAL		£ 68.00

EUROMILLIONS SUMMARY

5 SALES	£	13.50
0 CANCELS	£	0.00
1 PRIZES	£	7.10-
EST. COMMISSIONS	£	0.00
EST. BALANCE	£	6.40
TOT. EST. BALANCE	£	74.40

VOID NOT FOR SALE

INSTANT SUMMARY
TODAY

THU25 OCT 07 17:21:38
RETAILER NO. 200627

0 SALES	£	0.00
7 PRIZES	£	59.00-
RETURNS	£	0.00
COMMISSIONS	£	0.00
BALANCE	£	59.00-

298-08993678-07297
VOID NOT FOR SALE



Post Office Ltd.
Your Receipt

Boxburn
5 The Leazes
Boxburn
Durham
County Durham
DH6 5AA

VAT REG No. 243 1700 02
25/10/2007 17:33
SESSION : 3-2070134-1

DUPLICATE

Nat lot game		
110 @ 1.00		110.00
Nat lot game		
11 @ 1.50		16.50
Instants £5		
1 @ 5.00		5.00
Instants £2		
30 @ 2.00		76.00
Instants £1		
25 @ 1.00		25.00
Nat lot cash pze		
1- @ 100.10		108.10-
TOTAL DUE TO POST OFFICE		124.40
Cash	FROM CUSTOMER	124.40
BALANCE		0.00

Thurs 25/10/07

Thank You

Appendix 2**National Lottery Scratchcards Camelot Horizon Discrepancies vs. Bowburn PO
Balance Snapshot Discrepancies**

DATE	DIFFERENCE	Bowburn Post Office Cash Discrepancy (£)	Notes
06-09-2005	120	-2528.95	
23-09-2005	240	-2912.06	Audit carried out on 22 nd Sept 2005. Was forced to pay £3501-59. Why did not the Auditors pick up any discrepancies in Scratchcards?
10-10-2005	240	-185.92	
17-10-2005	120	-185.92	
26-10-2005	120	-185.92	
01-11-2005	120	-27.47	
10-11-2005	120	-62.39	
14-11-2005	120	-183.19	
30-11-2005	120	-183.19	
08-12-2005	120	-25.51	
19-12-2005	120	+17.94	
23-01-2006	120	-217.99	
27-02-2006	120	-348.85	
13-03-2006	120	-4.88	
22-03-2006	120	-285.46	
28-04-2006	120	-162.84	
08-05-2006	120	-162.69	
23-05-2006	120	-323.45	
12-06-2006	120	-4.41	
06-07-2006	120	-82.44	
26-07-2006	120	-364.32	
25-08-2006	120	-24.00	
17-10-2006	120	-152.81	
14-11-2006	120	+128.00	Error in inputting Xmas stamps-corrected
06-12-2006	120	-117.76	
11-01-2006	120	-169.03	
05-03-2007	120	+33.62	
30-03-2007	120	+33.62	Gain due to error in stamps
25-04-2007	120	-82.41	
31-05-2007	120	-60.82	
21-06-2007	120	-101.97	
09-07-2007	120	-75.65	

14 Retention period of forms

Item	Description	Retention period
-	Five - part form (showing the number of unactivated full packs of scratchcards to be collected by Securicor/Omega)	6 months
-	On-line terminal cancellation receipt (and cancelled ticket)	210 days
-	On-line terminal pay authorisation receipt (and winning ticket for under £500 paid in cash)	180 days
-	Remittance in slip (for activated scratchcard packs entered on Horizon)	1 year
-	Scratchcards activation slip	Until all activated scratchcards are sold
-	Pay authorisation receipt (and attached prizewinning scratchcard)	180 days
P4802	On-line game daily money transfer form	6 months
P4803	Instants reconciliation form	6 months
P4804	Instants money transfer form	6 months
RS 1	Monthly Stock Returns form	2 years

Appendix 4

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Bowburn
08:37 12/10/2007

Processed Transaction Corrections Report - Office Copy

Date Received	Date Processed	Outcome	Reference	Credit/ Invoice	Affected Product	Settlement Product	Amount	Quantity	Client Reference
11/10/07	12/10/07	Stock WO	E600027666012542007	CRM	Instants £1				4317 CAMELOT

AS DISCUSSED WITH CHESTERFIELD (AND AS PER PREVIOUSLY SENT FIGURES) TRANSACTION CORRECTION ISSUED IN RESPECT OF NATIONAL LOTTERY SCRATCHCARDS. BETWEEN 25/08/05 TO 18/08/07 CAMELOT ACTIVATIONS SHOW In Pounds58800 WHILE HORIZON CLIENT REM IN TOTAL In Pounds54483. ONCE THE CORRECTION IS ACCEPTED THE STOCK ON HORIZON WILL INCREASE BY THE DIFFERENCE, In Pounds4317. A STOCK ADJUSTMENT MAY BE REQUIRED AFTERWARDS TO BRING THE STOCK INTO BALANCE. JOHN DAY [GRO]

*** END OF REPORT ***

