

**From:** "Loraine, Paul" </O=DICKINSON DEES/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LORAIN, PAUL>

**To:** "Mark Underwood" <[REDACTED]@GRO>

**Cc:** "Parsons, Andrew" <[REDACTED]@GRO>

**Subject:** RE: Private & Confidential: Subject to legal privilege

**Date:** Fri, 24 Jun 2016 10:07:50 -0000

**Importance:** Normal

**Inline-Images:** image001.jpg; image002.jpg; image003.jpg; image004.jpg; image005.png

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Mark

On a separate point, we are going to add a section to the response on counterclaims.

Would you be able to provide a list of the individuals in the 91 who have outstanding debts (along with details of what those debts are)?

Thanks

Paul

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**From:** Mark Underwood <[REDACTED]@GRO>

**Sent:** 24 June 2016 07:54

**To:** Loraine, Paul

**Subject:** RE: Private & Confidential: Subject to legal privilege

Let me know if need anything further and I will see what else I have

Mark

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**From:** Loraine, Paul [[mailto:\[REDACTED\]@GRO](#)]

**Sent:** 23 June 2016 13:59

**To:** Mark Underwood <[REDACTED]@GRO>

**Subject:** RE: Private & Confidential: Subject to legal privilege

This looks very helpful Mark, cheers.

I will dig out the Castleton judgment too as it looks like there may be some extra detail in there.

Thanks

Paul

**Paul Loraine**  
Solicitor  
Bond Dickinson LLP

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**From:** Mark Underwood **GRO**  
**Sent:** 23 June 2016 13:50  
**To:** Loraine, Paul  
**Subject:** Private & Confidential: Subject to legal privilege

Paul – how is the attached?

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**From:** Loraine, Paul [[mailto:](#)] **GRO**  
**Sent:** 23 June 2016 10:00  
**To:** Mark Underwood **GRO**; Dave M King  
**Subject:** RE: Horizon

Thanks Mark – after 12 is fine.

**Paul Loraine**

Solicitor  
Bond Dickinson LLP

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**From:** Mark Underwood <[redacted] GRO>  
**Sent:** 23 June 2016 09:12  
**To:** Loraine, Paul; Dave M King  
**Subject:** RE: Horizon

Paul, I think I have some information. Give me a nudge if you have not received it by midday as I am in meetings until then

Mark

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On Thu, Jun 23, 2016 at 8:52 AM +0100, "Dave M King" <[redacted] GRO> wrote:

Hi Paul

This will need to come from Fujitsu, and I have been told that the appropriate person to arrange the contact is Mark (cc'd)

Thanks



**Dave King**  
Senior Technical Security Assurance Manager

GRO

1 Future Walk,  
Chesterfield, S49 1PF

GRO

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**From:** Loraine, Paul [<mailto:> GRO]  
**Sent:** 21 June 2016 11:37  
**To:** Dave M King  
**Subject:** FW: Horizon

Morning Dave

I am trying to dig out some information about the Falkirk / Calendar Square bug which affected branches in 2005.

Would you be able to put me in contact with the relevant person at Fujitsu? I was given Pete Newsome's name initially but Andy Winn didn't think he would be best placed.

Thanks

Paul

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**From:** Loraine, Paul  
**Sent:** 21 June 2016 11:04  
**To:** [andrew.winn](#); GRO  
**Subject:** FW: Horizon

Morning Andrew

I wondered if you had any information on the Falkirk Horizon bug please (see below)?

Kath and Shirley said you may be well placed to help.

Thanks

Paul

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**From:** Loraine, Paul  
**Sent:** 17 June 2016 15:17  
**To:** [kath.alexander](#); GRO; Shirley Hailstones ([shirley.hailstones](#)); GRO  
**Subject:** Horizon

Kath and Shirley

I am currently drafting part of the letter of response to Freeths dealing with the 3 known Horizon bugs.

I wonder if you could help me gather together information you have on the "Falkirk" bug please? Alternatively, if someone else is better placed to help, if you could point me in the right direction, that would be great. The bug is referred to in the Castleton judgment and is also known as the Calendar square bug.

To give you an idea of the sort of info I need, I have copied below some draft wording relating to another of the bugs we are describing (the suspense account bug). I basically need to be able to explain what the bug was, the scale of its impact, how it was identified and dealt with and whether there were any losses for SPMRs which flowed from it (and if so, how they were dealt with).

Let me know if you want to discuss.

Thanks

Paul

### ***Suspense Account "14" bug***

- 1.1 If a postmaster declares on Horizon that there is a discrepancy between the amount of cash and/or stock in the branch and the amount of cash and/or stock recorded on Horizon (say following an ad hoc cash/stock count), the discrepancies are removed from the branch's live Horizon records, so that the branch accounts will reflect the cash and stock actually in the branch at that point. However, the loss or gain in cash and/or stock is stored as a temporary accounting record in a separate part of Horizon called the "Discrepancy Account".
- 1.2 At the end of each trading period, the figures in the Discrepancy Account must be cleared before the branch can move on to trade during the next trading period (called "rolling over" – see paragraphs [X]-[Y] above). To do this, postmasters transfer the net value of all discrepancies recorded in Discrepancy Account during that trading period into a "Suspense Account". The postmaster can then settle any loss or gain in the Suspense Account by making good the discrepancy or settling centrally (as per paragraph [X]).
- 1.3 After settling any loss or gain, the Suspense Account resets to zero and the branch rolls over.
- 1.4 The 14 Bug caused a small number of entries in the Suspense Accounts of 14 branches (4 Crown branches and 10 postmasters) in 2010 to be erroneously reproduced in those branches' Suspense Accounts for 2011 and 2012.
- 1.5 [The issue was discovered when 2 postmasters who suffered significant discrepancies raised the matter with Post Office in early 2012. Post Office began an investigation and identified the bug as being the cause of the issue in January 2013. In the interim period, Post Office suspended any attempts to recover known losses from affected postmasters. However, some of the losses were not identified by the postmasters or Post Office at the time (principally because they were too small to raise any concern) and were therefore settled by postmasters in the normal course of managing their branches.
- 1.6 Some of the entries were losses and some were gains. For example, at the Dundas branch, the postmaster put a £5.84 gain into Suspense in Trading Period 9 of 2010. This £5.84 gain then erroneously re-appeared in the branch's Suspense Account in Trading Period 9 of 2011 and 2012.
- 1.7 This error forced postmasters to re-settle the incorrect entries in order to clear their Suspense Accounts in 2011 and 2012 despite those entries already having been settled in 2010. In effect, some branches accidentally benefited from the same gain three times and some branches suffered the same loss three times.

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