

Office Copy

THE QUEEN -v- ALISON HENDERSON

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NAME AND ADDRESS OF PROSECUTING  
SOLICITOR

Agent acting on behalf of the Solicitor  
to Royal Mail Group Limited

.....  
  
Royal Mail Group Limited  
Legal Services  
3<sup>rd</sup> Floor  
6a Eccleston Street  
LONDON  
SW1W 9LT

Telephone No:

Telephone No:   
Postline ()

General Office

Reference CRM/264657/RGW

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# Royal Mail Group

## CONFIDENTIAL Witness Statement

Criminal Justice Act 1967, Section 9, Magistrates Court Act 1980, sub section 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Statement of: Mr William Keith Kinrade

Age if under 18: Over 18 (if over 18 insert 'over 18')

This statement (consisting of two pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 7<sup>th</sup> day of September 2010

Signature **GRO**

On the 10<sup>th</sup> February 2010, accompanied by my colleague Mrs Debbie Gilding, I conducted an audit of the Worsted Post Office® Branch.

The purpose of this audit was to verify financial assets due to the Post Office® and confirm compliance with a range of Business processes, procedures and regulatory requirements.

The audit revealed a shortage in the branch of **£11,957.78**

A breakdown of the audit result and details of the audit findings are as follows:

£ 11963.15	-	Identified as a difference in cash figures
£	(+/-)	Identified as a difference in cheque on hand figures
£ 19.48	-	Identified as a difference in stock figures
£ 24.85	+	Identified as a difference in postage figures
£	(+/-)	Obsolete stock not included in audit figures
£	(+/-)	Identified as a difference in foreign currency figures
£	(+/-)	Transaction errors revealed to documentation
£	(+/-)	Outstanding transaction corrections not processed
£	(+/-)	Discrepancy as per office snapshot
£	(+/-)	Other
<hr/>		
£ 11957.78	-	Total Shortage

We arrived at the branch at 08.15hrs and introduced ourselves to the Postmaster Mrs Henderson

Signature **GRO**

Signature witnessed by

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**CONFIDENTIAL**  
**Witness Statement**

Criminal Justice Act 1967, Section 9, Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B, Criminal Procedure Rules 2005, Rule 27.1

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Continuation Statement of Mr William Keith Kinrade

She allowed us access and advised her that we were to perform an audit on behalf of Post Office Ltd.

Mrs Henderson allowed us access to the secure area, and was present in the secure area whilst the audit was carried out.

I printed an Office Snapshot to give a cash on Hand Figure. This is now produced as Exhibit KK/01.

When the cash was being checked it was obvious quite quickly that there would not be the required amount of cash in the office. I pointed out to Mrs Henderson that there appeared to be a shortage in the office and would have to keep the office shut while we conducted a full Audit. Mrs Gilding and I then counted and listed all cash and stock in the office. Once all the figures were entered on to the Audit Template (a Microsoft Excel spreadsheet) the shortage figure was produced. This Document is produced on a Compact Disc (CD) due to it's size as exhibit KK/02.

Mrs Henderson was then advised that she should satisfy herself that the figures of the audit team were correct. We asked Mrs Henderson if she would do her own independent count of all the cash on hand again, which she declined.

Signature

**GRO**

Signature witnessed by

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# Royal Mail Group

## Witness Statement

Criminal Justice Act 1967, Section 9; Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Statement of	Mr Alan Lusher	
Age if under 18	Over 18	(If over 18 insert 'over 18')

This statement (consisting of four pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 20<sup>th</sup> day of September 2010

Signature **GRO**

I am employed by Post Office Limited as an Agents Contract Manager (ACM) and I have held that position for five years. I have been employed by the Post Office since January 1982. As an ACM, I cover a number of Post Office® Branches within the Norfolk area. One of those Branches is Worstead Post Office® Branch North Walsham NR28 9RN An ACM is responsible for Contracts and Services at the Sub Post Offices under their control and to ensure that standards and procedures at those offices comply with Post Office Ltd standards.

From records held by Post Office Ltd I can say that Mrs Alison Henderson was appointed to the position of Sub Postmaster at Worstead Post Office® Branch 1997, and her contract with Post Office Limited was suspended on 10<sup>th</sup> February 2010.

Mrs Henderson, as Sub Postmaster would be responsible for the day-to-day running of his Post Office® Branch, including provision and maintenance of suitable premises and the employment of sufficient staff to maintain adequate service requirements. She would be responsible for ensuring that Post Office Ltd services are provided to the general public, for maintaining and summarising daily, weekly & monthly accounts in respect of the Post Office® Branch transactions, and for preparing those accounts and despatching them on a daily, weekly or defined periodical basis to the relevant accounting departments within the Post Office, and various agencies, such as National Savings and Investments, The Department for Work and Pensions and Alliance & Leicester Girobank etc.

Signature **GRO**

Signature witnessed by

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### Witness Statement

Criminal Justice Act 1967, Section 9; Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Continuation of statement of Mr Alan Lusher

The recruitment and employment of staff at Worstead Post Office® Branch, subject to certain restrictions, would also be entirely at the discretion of the Sub Postmaster.

Post Office Ltd within its Post Office® branches uses a computerised accounting system known as HORIZON in relation to the various types of transactions conducted over the counter and for the recording of daily, weekly and monthly figures in relation to those transactions. The system is used by the operator to conduct all transactions carried out at the counter and therefore the operator is able to view the extent of transactions conducted on a daily basis as well as provide information as to the state of stock sold or received and cash received.

Post Office Ltd operates a system whereby all Sub Post Offices must bring to account all of the transactions conducted over a four or five-week period, as well as declare the correct amount of cash and stock held at the close of business at the end of this period. This process ultimately leads to the office producing a document known as a 'Branch Trading Statement' for the defined four or five-week period. In practice, although the requirement is only to produce a Branch Trading Statement every four or five weeks, many Post Office® Branches perform the exercise on a weekly basis for their own records; they do this without producing a final Branch Trading Statement which is only required by Post Office Ltd, as stated every defined four or five-weeks. The Post Office® accounting period always begins on a Thursday and runs through until a Wednesday, be that through a required four or five-week period or just a local non required one week period. The term used throughout the Post Office® community when referring to the practice of declaring the state of the office accounts be it on a non-required weekly basis or a required four or five-week basis is 'Balancing the office' or doing the 'Balance'.

As previously stated, the accounting period for Post Office Ltd starts on a Thursday morning at which time the actual cash and stock physically held on site is known and forms part of the starting figure used for accounting purposes for that period. As the week progresses a large number of transactions are performed over the counter with the general public, for instance if a customer purchases a first class stamp for 41 pence, the Post Office counter provides the customer with a first class stamp (i.e. stock) and therefore the starting figure reduces by 41 pence in the stock portion, however, the customer hands the Post Office 41 pence in cash, this therefore inflates the cash figure by 41 pence and brings the starting figure back to it's original state and a 'balance' is once again established.

**GRO**

Signature

Signature witnessed by

GSD11 (Side B)

Version 6.0 11-07

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### Witness Statement

Criminal Justice Act 1967, Section 9; Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Continuation of statement of Mr Alan Lusher

Other transactions are slightly different and accounted for slightly differently but the same principle stated above applies. As an example, if a customer presents a £100 green Giro cheque to the Post Office Counter, as long as all of the security procedures have been met, the counter clerk would hand the customer £100 in cash, this would deflate the office cash holding by £100, however, the green giro cheque for £100 would become a 'paid voucher' and be held by the Post Office and ultimately would be used to balance the accounts at the end of the week. Basically for every transaction carried out by the Post Office we receive payment from the customer and provide something for it, or we pay cash out to a customer for which we obtain some form of 'paid voucher' i.e. green giro cheque, bank cheque etc. which remains within the Post Office and is accounted for.

The Horizon system keeps a running tally of all transactions conducted over the course of the balancing period and the operator is able to request various reports from the system at any time to display the current state of the accounts, such as the cash on hand figure, or the number of Green Girocheques paid to date etc. These can be viewed on the monitor or printed off.

On a Wednesday evening at the end of the four or five week period when the office balance is performed prior to the production of the Branch Trading Statement, summaries for all the paid vouchers are requested from the Horizon system. A physical check is made to ensure that all vouchers are present and that they have been correctly entered onto the Horizon balancing system. The Horizon system is then interrogated to provide a printout known as a 'snap shot' which gives a summary of all of the transactions performed during that balancing period and a breakdown of all of the cash and stock which should be on hand having taken into account all sales and receipts transacted by the system during that balancing period. The person who then carries out the task of balancing merely has to verify all of the cash and stock on hand and input those figures into the Horizon system which should then match the 'snap shot'.

A balance is reached when the figures for both the payments and receipts are the same, any discrepancy in the two figures would result in the office declaring a shortage or a surplus of cash in the accounts. Once the operator is content with the office accounts, they are then required to finalise the Branch Trading Statement as being a true reflection of the Post Office Account at that time. The Branch Trading Statement shows summaries of transactions conducted that period together with the actual values of cash and stock to hand. A copy is sent

Signature: **GRO**

Signature witnessed by

GS011 (Side B)

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Version 6.0 11-07

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## Witness Statement

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Continuation of statement of Mr Alan Lusher

electronically to the Post Office Limited Accounting Centre and a hard copy is printed off the Horizon system, signed by the Sub Postmaster as being a true record of the state of accounts of the office, and retained at the Sub Post Office. The cash & stock held within the Post Office remain the property of Post Office Limited at all times.

On Tuesday 10<sup>th</sup> February 2010 I received information from Mr Keith Kinrade that he had discovered a cash shortage at Worstead Post Office® Branch. He confirmed that he had identified a cash shortage of around £11,957.78

In view of Mr Kinrade's findings I took the decision to precautionarily suspend Mrs Henderson's contract for services with immediate effect to give the time to understand the reasons for the shortage.

As part of the contractual procedure, on 22<sup>nd</sup> February 2010, I sent a letter to Mrs Henderson to inform her that I was considering whether the contract for services should be allowed to continue and inviting her to interview on 3<sup>rd</sup> March 2010 to tell me her version of events leading to the shortage in the accounts. However, she then sent a letter dated 23<sup>rd</sup> February 2010 in which she resigned to avoid termination of her contract for services. My concern was then directed to the future provision of Post Office services in the area and so I did not conduct the interview as planned or involve myself further with the matter of the shortage in the accounts.

Signature

**GRO**

Signature witnessed by

GS011 (Side B)

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Version 6.0 11-07

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# Royal Mail Group

## Witness Statement

Criminal Justice Act 1967, Section 9; Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Statement of	Mr Paul Whitaker		
Age if under 18	Over 18	(If over 18 insert 'over 18')	

This statement (consisting of one page signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 17<sup>h</sup> day of September 2010

Signature P Whitaker

I work for Post Office Ltd a part of Royal Mail Plc and have done so for twenty four years. The latter eleven years I have worked as an Investigator. My role is to investigate possible criminal offences committed against Post Office Ltd.

On 11<sup>th</sup> march 2010 in the company of Mr Christopher Knight, Investigation Manager, I attended the Norwich Royal Mail centre where a tape-recorded interview took place in the Counter Training room and also present was Mr Keith Nicholls, National Federation of Sub Postmaster (NFSP) representative.

The interview commenced at 11:08hrs with the first tape ending at 11:51hrs. This tape was then sealed with Tape Seal number 071654. I have signed the tape seal accordingly.

Signature P Whitaker

Signature witnessed by

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# Royal Mail Group

## CONFIDENTIAL Witness Statement

Criminal Justice Act 1967, Section 9; Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Statement of: Mr Christopher Granville Knight

Age if under 18: Over 18 (if over 18 insert 'over 18')

This statement (consisting of pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 16<sup>th</sup> day of September 2010

Signature C G Knight

I have worked for Post Office Ltd, a part of Royal Mail Group Plc, for twenty five (26) years the latter twelve (13) years as an Investigator in the Security Department. As part of my role I investigate possible criminal offences committed against the business.

On Tuesday 10<sup>th</sup> February 2010 an Audit took place at Worstead Post Office® Branch. I was informed that there was a shortage in the account and that I should commence and investigation.

Post Office® Branches use a computer system called Horizon. As an Investigator I have access to historical data from this system via the business Intranet system. This gives me transactional data and also office management data. I now produce a schedule as exhibit CK/01. This data shows that when the Branch Trading statement for the period end 14/12/2009 was being produced multiply Cash Declarations were made. This occurred again when the Branch Trading statement for the period end 06/01/2010 was being produced. This suggests that the final figure declared was manipulated to achieve a balance on the Trading Statement. The figure initially shown as a discrepancy on 06/01/2010 was £11,970.69 This was £12.91 different from the final account loss discovered on the audit approximately five weeks later.

On 11<sup>th</sup> March 2010 in the company of Mr Paul Whitaker, Fraud Investigator, Post Office Ltd, I attended the Royal Mail Centre in Norwich. Mr Keith Nicholls from the National Federation of Sub Postmasters (NFSP) was also present.

A tape-recorded interview commenced at 11:08hrs. The usual formalities were observed with Legal Rights form GS001 being completed. Mrs Henderson declined the presence of a Legal representative. Form GS003 Friends at Interview was completed accordingly as Mr Nicholls was present. Forms GS001 and GS003 are produced as Exhibits CK/02 and CK/03 respectively

Signature C G Knight Signature witnessed by

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**CONFIDENTIAL**  
**Witness Statement**

Criminal Justice Act 1967, Section 9, Magistrates Court Act 1980, sub section. 5A(3)(a) and 5B; Criminal Procedure Rules 2005, Rule 27.1

Continuation Statement of Mr Christopher Granville Knight Page of Pages

The interview concluded at 11:51hrs. The tape was sealed with tape seal number 071654. The Master tape is now produced as Exhibit CK/04. A Summary has been produced and is now Exhibit CK/05.

I now produce the following Branch Trading Statements for Worstead Post Office® Branch:

11/03/2009 to 08/04/2009 Trading Period 12 Exhibit CK/06

19/05/2009 to 03/06/2009 Trading Period 02 Exhibit CK/07

03/06/2009 to 08/07/2009 Trading Period 03 Exhibit CK/08

13/08/2009 to 10/09/2009 Trading Period 05 Exhibit CK/09

10/09/2009 to 08/10/2009 Trading Period 06 Exhibit CK/10

08/10/2009 to 12/11/2009 Trading Period 07 Exhibit CK/11

12/11/2009 to 14/12/2009 Trading Period 08 Exhibit CK/12

14/12/2009 to 06/01/2010 Trading Period 09 Exhibit CK/13

06/01/2010 to 10/02/2010 Trading Period 10 Exhibit CK/14

Signature

C G Knight

Signature witnessed by

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