

Filed on behalf of the: Claimant  
Witness: Helen Rose  
Statement: 1  
Exhibits: "HR 1"  
Date made: 11/01/06

**IN THE HIGH COURT OF JUSTICE  
QUEENS BENCH DIVISION**

**Claim No. HQ05X02706**

**BETWEEN:**

**POST OFFICE LIMITED**

**Claimant/Part 20  
Defendant**

**- and -**

**LEE CASTLETON**

**Defendant/Part  
20 Claimant**

**WITNESS STATEMENT OF HELEN ROSE**

**I, HELEN ROSE (nee Hollingworth) of Investigation Suite, First Post House, Brightside Lane, Sheffield, S9 2XX WILL SAY AS FOLLOWS:**

1. I am currently an Investigations Manager for the Post Office Limited ("the Post Office") and have been an Investigations Manager since September 2004. Prior to that, I was an auditor at the Post Office for 5 years since August 1999. I have worked for the Post Office for nearly 9 years since approximately February 1997.
2. I make this Witness Statement in support of the Post Office's Application for Orders that:
  - (a) Time be extended until 16 November 2005 for the Claimant/Part 20 Defendant to file and serve its Reply to Defence and Defence to Counterclaim; and
  - (b) To set aside the Default Judgment on the Counterclaim entered against the Claimant/Part 20 Defendant.
3. I make this Witness Statement from facts within my own knowledge unless otherwise stated. I have had the benefit of reading through the audit papers.

References to page numbers in this Witness Statement are to page numbers of Exhibit "HR 1" to this Witness Statement.

4. As an Auditor, I was responsible for auditing Post Office Branches. I usually carried out at least 1 audit every day, although sometimes it could be closer to 2 or 3 audits and on 1 occasion I remember that I did 4 audits. I would therefore conservatively estimate that over the 5 years whilst I was an auditor, I carried out well over 1,400 audits.
5. On 23 March 2004, I attended the branch of the Post Office at 14 South Marine Drive, Bridlington, YO15 3DB ("the Marine Drive Branch"), together with my colleague Chris Taylor. We arrived at approximately 8.00 a.m. I had not had any previous involvement with the Marine Drive Branch.
6. The process of carrying out the audit involves physically counting the cash and stock at the Marine Drive branch, checking the paperwork such as Giro deposits and withdrawal receipts, Pensions and Allowances Reports and where appropriate, declared cash receipts.
7. Mr Castleton explained that he had been having problems balancing the books and that those problems had started in the cash account week ending 43 (21 January 2004) with a shortfall of £4,230.97. Mr Castleton was adamant that the misbalances were due to a computer problem and that no members of his staff could be committing theft. In my considerable experience as an auditor, I have never personally come across any computer problem generating cash shortfalls and Mr Castleton's explanation sounded completely implausible to me.
8. The handwritten notes of the audit are at pages 1 to 47 and a typed copy of the audit is at pages 48 to 64. A copy of the conclusion of my report is at page 65. In short, I concluded that there were unauthorised losses of £25,758.75. This was a result of unauthorised losses that had accumulated in the cash account and it had been transferred to the suspense account for many weeks leading up to the audit.
9. As part of an audit, we have to complete a procedural security inspection. This was carried out by my colleague Chris Taylor. A typed copy of the procedural and security inspection is at page 63. The inspection revealed that the safe was left open, the safe keys were left in the safe door and it was not secured, that cash and stock were not secured during lunchtime if the Sub-Postmaster was not on the premises, that Travellers Cheques were not kept in the safe and Foreign Currency was not held securely, that standard procedures for adjusting losses and gains were not adhered to (because losses were unauthorised) and personal cheques on hand had been incorrectly treated.

10. I do remember that Mr Castleton left the branch at lunchtime and returned in the afternoon smelling strongly of alcohol.

11. I did not remove any documents from the Marine Drive branch during the audit. If there were any documents that are required, I always ask the Sub-Postmaster to print off his spare copy. I understand that one of the live issues in this case is whether any balance snapshots were removed. A balance snapshot is a report that contains what the computer believes is the total cash in stock figure. It looks at the previous weeks' declared cash in stock and adjusts items as they are sold, so if someone forgets to enter an item that a customer has purchased, then the balance snapshot figures will be inaccurate. I certainly do not recall removing any daily balance snapshots and for the reason I have explained, they would not have been particularly useful to me.

12. I was not involved with the case any further after completing the audit.

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

Signed ..... **GRO** .....

HELEN ROSE

Date ..... 11th January 2006 .....