

Case No: HQ05X02706

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IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

8th December 2006

BEFORE:

HIS HONOUR JUDGE HAVERY

BETWEEN:

Claimant

POST OFFICE LIMITED

- and -

Defendant

LEE CASTLETON

MR MORGAN appeared on behalf of the Claimant.

MR CASTLETON appeared In Person

Evidence

Wordwave International, a Merrill Communications Company

GRO

(Official Shorthand Writers to the Court)

421 Folios
30,268 Words

(Please note that due to the poor quality of digital recording, it has not been possible to produce a high quality transcript in this case.)

A

LEE CASTLETON (sworn)

MR MORGAN: Mr Castleton, could you turn around please and find Bundle 4 behind you. Do you have there behind divider 65 the first page of a witness statement?

B

A. I do.

Q. Whose witness statement is that?

A. It's mine.

C

Q. Could you turn please to page 621?

A. Yes.

Q. Could you tell the court whose handwriting that is please?

D

A. It's mine.

Q. Mr Castleton, have you had a chance to read this witness statement recently?

A. Not since it was written.

E

Q. Is there any part of it that you would wish to correct at this stage?

A. No.

Q. You are happy that this is your evidence?

A. Yes.

F

Q. Do you confirm that that evidence is true?

A. Yes.

Q. And there are no corrections you want to make?

G

A. No.

Q. And you are happy for that to stand as your evidence in this trial?

A. Yes.

H

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Q. Mr Castleton, in fairness to you is there anything that you want to add to in this statement or amplify? It is not a trick question, is there anything that has arisen so far that you think the court should know about?

A. Yes, I found that since the opening arguments there are some things I would like to amplify, if that's possible, my Lord?

JUDGE HAVERY: Yes, do.

A. With respect to the opening arguments by you yourself, my Lord, we spoke at great length on Wednesday about the contracts of the statement of accounts and I would like to draw my Lord's attention to the fact that Post Office Limited have the opportunity and have used that opportunity on occasion to actually change the accounts electronically. On 13th May 2004 Post Office Limited added to the Account 2133377, which is Marine Drive post office branch, a transaction for a £1,256.88 National Savings & Investments transaction which was placed not by the office, it is not on any of the transaction logs and it was added to the account after the account was closed and they sought to recoup that money from myself. In doing so they reopened the accounts themselves and it beggars belief really. Those documents are contained in Mr John Jones' statement also --

JUDGE HAVERY: So you are looking at some documents now that are in the bundles somewhere?

A. Yes, would you like me to ...

JUDGE HAVERY: It would help if you tell me where they are, yes.

MR MORGAN: My Lord, I can clear this up quite clearly. It is a matter that Mr Castleton already gives in evidence and it is dealt with in Mr Jones' statement. Mr Jones' statement is in Bundle 3, tab 60. The relevant passage is paragraph 8 on page 482. Mr Castleton --

A

JUDGE HAVERY: Just a moment. Would you like to read to yourself again paragraph 8, page 482 just so we know what we are talking about. It will also give me a chance to read it.

MR MORGAN: Of course, my Lord, yes. (Pause)

B

JUDGE HAVERY: So that is actually or will be in evidence Mr Jones' --

A. Yes, my Lord.

MR MORGAN: Mr Jones will be called as a witness, my Lord.

C

JUDGE HAVERY: Yes, so those facts --

A. My Lord, may I also point out that according to this the transaction was placed supposedly on 17th March. It was actually transacted on 13th May according to documentation contained in the bundles, but Mr Jones states that it was reversed on 20th January 2005 --

D

JUDGE HAVERY: You are going a bit fast for me. Actually transacted on 13th May, did you say?

E

A. Yes, my Lord, which was some months after I had actually left (inaudible) suspension.

MR MORGAN: My Lord, I hesitate -- I do want to try to help the witness and not cross-examine at this stage.

F

JUDGE HAVERY: Yes.

MR MORGAN: Mr Castleton, take Bundle 4 of, your witness statement, and look at page 618, paragraph 18. Would you like to refresh your memory, Mr Castleton, about what you say occurred on 17th March in relation to a transaction undertaken by a customer called Mrs Dorothy Constable?

G

A. Yes. (Pause).

Q. Does that help you at all, Mr Castleton?

H

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A. Obviously the transaction (inaudible) the transaction was never completed. The customer actually refers in her own letter that the details on the application form were not complete and she took them home to complete them, so there was no processing of that form in-house. That form was sent then by the customer directly to NS&I and they returned the cheque to the customer without completed form.

Q. Is there anything else you would like to add, Mr Castleton?

A. No.

MR MORGAN: I am in your Lordship's hands, it may be easier to deal with my submissions if your Lordship had a written copy. I have a written copy of my questions which might assist your Lordship's note.

JUDGE HAVERY: That will certainly help me, yes.

MR MORGAN: Might I submit it subject to your Lordship perhaps giving me leave not to ask questions and then your Lordship will not take into account any questions that I do not put to the witness. I am very grateful.

JUDGE HAVERY: So this is now the cross-examination.

MR MORGAN: This is now the cross-examination.

JUDGE HAVERY: Is there anything else you want to add by the way?

A. No, my Lord.

JUDGE HAVERY: Questions that counsel will now be asking you are designed to elicit evidence that will help his case you understand?

A. Yes, my Lord.

JUDGE HAVERY: Right.

Cross-examined by MR MORGAN

MR MORGAN: Mr Castleton, can I ask you some introductory questions?

A. Certainly.

Q. Are you a careful man?

A

A. Very.

JUDGE HAVERY: Did you say merry?

A. Very.

B

MR MORGAN: Indeed, that would have been a most unusual start in cross-examination.

Did you observe Horizon procedures at all times?

A. I believe so.

C

Q. Can you add up and subtract accurately?

A. I believe so.

Q. Do you check figures if they are important?

A. I believe so, yes.

D

Q. Would you sign something you know to be untrue?

A. No, I don't believe so. Not without drawing attention to it first.

E

Q. Mr Castleton, you have been kind enough to accept certain witness statements without the need to call those witnesses, am I right in thinking from that that you accept there were about 15 error notices which are identified in those witness statements?

A. Those error notices were I believe pertaining to lottery errors.

F

Q. There are no other error notices that you can recall personally?

A. Through the period --

Q. Yes, through the period that we are talking about, Weeks 42 to 51?

A. No, not that I can recall. They have certainly never been brought to my attention.

G

Q. I am sorry to go over ground dealt with in submission, but formally this is now your evidence rather than submissions.

A. I appreciate that.

H

A

Q. Could I ask you very briefly to look in Bundle 3 tab 54, page 369. This is exhibit to the second witness statement of Catherine Ogilvy and it is a plan we looked at briefly in opening. A page 369 you will find her plan of the Post Office?

A. Yes.

B

Q. Is it pretty accurate?

A. Reasonably apart from the counter, but that's ...

Q. Which counter are we talking about?

A. The counter at the front of the store.

C

Q. The shop counter and lottery machine?

A. Yes.

D

Q. Would your evidence be that in fact it is slightly closer to the door and is orientated slightly differently?

A. Yes.

E

Q. You can confirm though that broadly speaking the locations of the post office counters, the lottery machine and the shop till are pretty much as indicated. The shop till would be in the area which is called shop counter and lottery machine?

A. Yes.

F

Q. Can you tell the court where the shop safe is?

A. Upstairs.

Q. Can you tell the court where the post office safe is?

A. In the post office.

G

Q. Inside the post office area?

A. Yes.

H

Q. Now did Christine Train work behind the post office counter?

A. Yes.

- A Q. Did Ruth Speamer work behind the post office counter?
A. Yes.
- Q. How often did she work behind the counter?
A. Who?
- B Q. Ruth Speamer?
A. Two and a half days per week. It depended on other staffing levels obviously.
- Q. And on what days did she work?
A. It would depend on other staffing levels.
- C Q. Would I be right in saying it would be described as variable days?
A. Yes, I think so.
- Q. Is she alive and well?
A. She is certainly.
- D Q. Could she give evidence on your behalf?
A. Yes, she could do.
- E Q. Did your wife Lisa work behind the counter?
A. No.
- Q. Am I right in thinking that you and your wife Lisa live above the shop?
A. We do.
- F Q. Where did you keep the keys to the sub post office?
A. Where?
- Q. Where?
A. In the safe upstairs or about my person.
- G Q. Who had access to the safe upstairs?
A. Myself and my wife.
- H Q. Is your wife GRO able to give evidence?

A. GRO no.

A

Q. Where is the alarm pad for the sub post office?

A. Inside the office.

Q. So the alarm of the sub post office is not the same system as that for your house?

B

A. No, and not the same system it is for the shop either.

Q. Did your wife know the number?

A. No.

Q. Did your wife have access to the sub post office area?

C

A. If somebody else was in there, yes. She would not be able to take the alarm off.

Q. Could we move on slightly. Could you confirm that the contract under which you were appointed appears in Bundle 2 at tab 28?

D

A. Yes (inaudible).

Q. Can you confirm that you were paid monthly in arrears pursuant to the terms of your contract?

E

A. Yes.

JUDGE HAVERY: Did you say yes?

A. Yes, my Lord.

F

MR MORGAN: Can you also confirm that you were paid according to the amount of work that was recorded as transacted at the branch?

A. Not totally, no. (Inaudible) as well.

Q. Base payment plus payment for volume?

G

A. Yes.

Q. Can you confirm that you received that remuneration for all months up to and including the date of your suspension on 23rd March 2004?

H

A. I believe so, yes. There was occasion when it was late (inaudible).

A

Q. Can I move on to ask you something about something you say earlier in your witness statement?

A. Of course you can.

B

Q. Can you look back please at Bundle 4 and turn to tab 65 and page 614?

A. Yes.

Q. Do you see there the first page of your witness statement?

A. I do.

C

Q. Could you look at paragraph 3?

A. Yes.

Q. Are you sure that the first occasion on which you did not balance was the week ending 14th January 2004, which is Week 42?

D

A. Yes.

Q. Might it not have been Week 39 that was the first occasion on which you did not balance?

E

A. No.

Q. You have Bundle 3 beside you?

A. Yes.

F

Q. Could you turn back to divider 53, statement of Catherine Ogilvy and turn to page 350 and look at paragraph 10?

A. Yes.

Q. Do you think you might be mistaken --

G

A. I don't believe so.

Q. So you are sure it was Week 42?

A. I believe so, yes.

H

A Q. Do you think that Catherine Ogilvy is therefore referring to the mistake in November that you refer to in paragraph 5 of your witness statement?

A. Possibly.

B Q. Could you go back to Bundle 4, page 614, paragraph 3. How do you know the balance was £1,103.15 short?

A. How do I know?

Q. Yes.

A. Sorry, I don't understand the question.

C Q. In your witness statement in paragraph 3 you say 14th January 2004 we balanced £1,103.15 short?

A. Yes.

D Q. How do you remember that that was the figure?

A. (Inaudible) to make it good, my Lord.

Q. So you remember it quite clearly?

E A. I made the phone call that evening, yes.

Q. Who did the calculation that showed you were £1,103.15 short?

A. The computer.

F Q. Is there a printout evidencing that?

A. Yes.

Q. Where is that printout?

A. It is the final balance for Week 42.

G Q. The final balance for Week 42?

A. Yes.

Q. Mr Castleton, could you look at Bundle 9 please, behind tab 42, page 2608?

H A. Yes.

A

Q. Is this the final balance that you are talking about?

A. Yes.

Q. Do you see there the discrepancy of £1,103.15?

A. No, because (inaudible) in there.

B

JUDGE HAVERY: Where is this figure (inaudible)?

A. It is in the box, a little bit above your finger there.

MR MORGAN: In the left-hand column at the top?

A. There.

C

JUDGE HAVERY: Right up there, I see. That is what you are referring to?

A. Yes, my Lord.

MR MORGAN: Yes, my Lord. I am grateful to Mr Castleton, learn something every day.

D

So where you say £1,103.15 at page 614 of your witness statement?

A. Yes.

Q. In fact the discrepancy is £1,103.60?

E

A. No.

Q. Maybe I am missing something and I am not trying to split hairs, Mr Castleton?

A. I appreciate that.

F

Q. Why do you say 15p not 60p?

A. Because on the screens we have a balance screen and if you go through the balance screen it produces a cash and stock deficit accordingly, which then produces a cash amount that is required to make up the balance and on that screen the cash deficit (inaudible) 15p, but it is not printed on here because (inaudible) altogether. I can appreciate your question and I can appreciate why you are saying that is inaccurate, but --

H

Q. I am not trying to say (inaudible)?

A

A. What you have got to understand is the system actually balances separately between cash and stock.

JUDGE HAVERY: (Inaudible)

B

A. Sorry, my Lord, the system itself has a differential between when you go through the balancing stages at the end of the week it will tell you if the -- you may well in situations if someone has forgotten to place a sale through for a book of stamps or £3.00, you may well have an increase of £3.00 in cash because you have physically taken money from the customer and you may well when you have declared your stock have a £3.00 shortage in stock, so the two will self level, my Lord.

C

JUDGE HAVERY: What you are telling me is how you can have a discrepancy over of £3.00 and a discrepancy short --

D

A. In actual fact, my Lord, in this particular occasion I actually had to put £1,103 in of my own money, my Lord.

E

JUDGE HAVERY: I do not understand this printout at all in that case. If the net discrepancy is only 60p why do you need to put (inaudible)?

A. Because that is what was occasioned by me having to put £1,103 in, my Lord.

F

JUDGE HAVERY: I see. So this figure that we have been looking at actually reflects the fact that you have paid in (inaudible)?

A. Yes, my Lord.

G

JUDGE HAVERY: Just one moment, please. (Pause) I am just making a note. This is at the top of page 260, reflect the fact that I have paid in 1103.15, is that right?

A. Actually, my Lord, I paid in £1,103 exactly.

JUDGE HAVERY: I see.

H

A. I did not (inaudible). I do apologise to the court (inaudible).

MR MORGAN: We do not take any point on that, Mr Castleton.

JUDGE HAVERY: So the discrepancy over is that money that you paid in to (inaudible).

A Yes, I see. So we have a third figure now, this is only (inaudible) accuracy of the computer?

A. Absolutely, my Lord.

JUDGE HAVERY: We are concerned with (inaudible) discrepancy.

B MR MORGAN: My Lord, yes. Could you look at your witness statement at paragraphs 4 and 5?

A. Yes.

C Q. Do you have those on page --

A. I do, sir.

D Q. As I understand your evidence you and Christine Train checked all the figures very carefully?

A. Actually during conversation with Horizon help desk.

Q. Presumably you checked the figures against the physical documents?

E A. Physical documents as in?

Q. The summaries you had from earlier in the week?

A. Yes.

F Q. Presumably they all matched up?

A. As far as I'm aware.

Q. So it was only after all the checking that you decided you had to make up the loss?

A. It was actually --

G Q. (Inaudible)?

A. (Inaudible) cheques first of all ourselves with obviously Christine Train's experience she knew exactly where to look and then making a phone call to Horizon help desk

H

who had gone through the various (inaudible) checks that we had been through already. I could financially afford to make good so I did.

A

Q. Do you remember it well?

A. Reasonably.

B

Q. Nearly three years ago. When did you take the decision to make good the loss?

A. After we have exhausted all avenues of looking for the money.

C

Q. Did you take the decision to make the loss on the Wednesday evening and I think in fairness to you the suggestion is at the top of page 615 that you decided to leave it overnight and revisit the paperwork the next morning before opening?

A. It was very (inaudible) I can't remember.

Q. Do you think it would have been on the Thursday morning?

D

A. Possibly, I don't remember.

Q. But you remember making good the loss?

A. Yes.

E

Q. Did you have to find £1,103 then?

A. Yes.

Q. Did you make it good in cash or with a cheque?

A. In cash.

F

Q. Did you find it hard to find the cash?

A. Yes.

Q. How was the cash made up?

G

A. I can't remember my Lord, it's a long time ago now.

Q. Mr Castleton, you remember that you had to make good the loss and you remember that it was hard to find the cash?

H

A. Yes.

A

Q. You must have some recollection of actually doing it. Did you put in notes or did you put in coins, let us start it as basically as that?

B

A. I can't remember, honestly. We (inaudible), it could have been of anything, any denomination, I can't remember. Surely nobody can expect me to remember what I put in.

C

JUDGE HAVERY: Let me ask you a question. Did you go to your bank and draw money out?

A. At that time we carried probably £1900 in the float in our safe for our own use for the shop, so it could have been of any denomination, my Lord. It would depend on our balancing and what we had in the safe, whether I needed to get more change.

D

JUDGE HAVERY: So it could have been your own money out of the safe?

A. Yes.

JUDGE HAVERY: Paid £1,103 in cash in denominations you cannot remember?

E

A. I cannot remember my Lord, I apologise.

MR MORGAN: Do you think it would have been in coins or do you think some of it would have been notes and some coins?

F

A. It could have been (inaudible).

Q. Presumably that was before you prepared the cash count final?

A. Yes.

Q. Presumably that was also before you completed the on-line cash declaration?

A. I would have thought so, yes.

G

Q. Can I now move on to look at the (inaudible) of your case. I am right in thinking that you accept that the audit conducted on 23rd March confirmed that there was a deficiency of £25,758.75?

H

A. The computer's figures, yes.

A Q. Keep those bundles out and look at Bundle 2, tab 31. Do you have there a copy of the trial balance produced at 17.13 on 23rd March 2004?

A. Yes, I wasn't in the office then; I had been suspended at 1400 hours.

Q. Do you understand this to be the trial balance produced by the auditors?

B A. I don't know, I wasn't in the office then. I was suspended and I had no access to the office from 1400 hours.

JUDGE HAVERY: 2 o'clock?

A. 2 o'clock my Lord, yes.

C MR MORGAN: Could you look at the bottom of the second page and the figure for net discrepancy?

A. Yes.

D Q. Do you accept that this was the discrepancy found by the auditors?

A. I don't know, I wasn't there. I am sure that this discrepancy would appear on a form (inaudible).

E Q. (Inaudible)?

A. Your client seems to have lost the one that in actual fact (inaudible) because the certified loss itself has always been in argument, hasn't it?

Q. We accept that you did --

F A. Now you are asking me about the paperwork, in actual fact I wasn't present for the actual production of it.

G JUDGE HAVERY: Mr Castleton, just a moment (inaudible) certain form, you said you expect the discrepancy should be on form something or other?

A. My Lord, I do actually have a copy of (inaudible) entered into our evidence.

JUDGE HAVERY: I am just asking what you said?

H A. P242 my Lord, yes.

A MR MORGAN: My Lord, the Post Office accepts that in the ordinary course a Form P242 would be signed by the (inaudible) postmaster and signed by the incoming postmaster to agree the value transferred.

A. Can we just clarify that please? Is it (inaudible) or a certification? Does it not word certification? Would you like to see a copy, my Lord?

B JUDGE HAVERY: I do not think it matters for present purposes.

MR MORGAN: Mr Castleton, can you take Bundle 1 and turn to divider 3. Do you find there at page 7 (inaudible) of your Amended Defence and Counterclaim?

C A. Yes.

Q. Do you see in paragraph 2 --

JUDGE HAVERY: You are going too fast. (Inaudible) yes, Bundle 1.

D MR MORGAN: Tab 3, page 7, the first page in Mr Castleton's Amended Defence and Counterclaim.

JUDGE HAVERY: Yes.

E MR MORGAN: Do you see in paragraph 2 there that you admit that there is an apparent shortfall of £25,758?

A. The key word there is apparent.

Q. Yes.

F A. Which has always been and always will be in my belief a computer generated figure. Why would I then certify in a Form P242 that the Post Office agreement that was a real figure. Have I ever at any point not said this was (inaudible) figure?

G Q. Mr Castleton, have you had a chance to look at this trial balance produced by the auditors. That is the trial balance back in Bundle 2, tab 31?

A. Yes.

H Q. Can you identify any figure that they got wrong?

A. I wasn't there.

A

Q. Can you now identify any figure that they got wrong?

A. I wasn't there.

JUDGE HAVERY: (Inaudible) figures at all is the question, is it not?

B

A. No, my Lord, I can't because I wasn't there.

JUDGE HAVERY: These are figures that the computer produced (inaudible) common ground?

A. Yes, my Lord.

C

MR MORGAN: (Inaudible) please correct me if I am wrong, it is produced from entries made by you during the course of the week?

A. No. How can that be?

D

Q. Mr Castleton, do you say that the auditors sat down and typed in entries (inaudible)?

A. That's not what I am saying.

Q. No?

E

A. No, no, no, no.

JUDGE HAVERY: I am making a note of what you are saying. I don't accept that it was produced from entries produced and entered by me is what you are saying, is that right?

F

A. Yes, my Lord.

MR MORGAN: Do you accept it was compiled from entries produced by you and Christine Train?

G

A. I have no way -- without going through a final balance there is no way a trial balance can give you anything.

Q. Mr Castleton, during the week --

H

A. Can I just ask you a question?

A

JUDGE HAVERY: Well (inaudible) if you do not understand counsel's question, but not otherwise?

A. I apologise.

B

MR MORGAN: You do not need to apologise. We know each other well enough (inaudible) try to help you where I can?

C

A. I was only going to point out the very same edit that your client repeatedly told me that our snapshots have no bearing on the outcome of this case and on the outcome of what has actually occurred in the office. (Inaudible) Mrs Ogilvy's very long statement.

D

JUDGE HAVERY: (Inaudible)?

A. I apologise, my Lord.

E

JUDGE HAVERY: At the moment (inaudible)?

A. Sorry.

MR MORGAN: Now Mr Castleton, as I understand it each day in Week 52 you completed the paperwork required for Horizon's system up to not including Tuesday, 23rd March?

F

A. I believe I did, yes.

Q. Those are summaries that have been available to you?

A. I believe they have.

G

Q. And you could have checked them against the figures in this trial balance?

A. I believe I have seen one of these, I don't believe (inaudible) and also it has no bearing I believe, but continue please.

H

Q. As you stand here in the court today you are unable -- I am not criticising you, but you are unable to say that there is any figure that the auditors got wrong in this trial balance?

A. As my Lord said, I am unable to say they have got them all right.

A Q. Indeed. What I hope is that Helen (inaudible) will be able to say that they got them right, but you are unable to say that they got them wrong?

A. My answer to that will have no bearing.

B JUDGE HAVERY: The truth is (inaudible)?

A. No, of course, my Lord.

MR MORGAN: In that case could we go and look at the cash account final for Week 51?

A. Can you tell me where it is?

C Q. It is in Bundle 2 at page 244, behind divider 30. Did this account match the underlying physical documents, the summaries?

A. (Inaudible) our declarations.

D Q. Yes.

A. As far as I'm aware, yes.

Q. So there is no figure that did not match the physical documents or the cash or the stock that was present?

E A. As far as I'm aware.

Q. Mr Castleton, you can put Bundle 2 away for now. I apologise to your Lordship, for some unknown reason the printout I have produced has cut off all the bundle references, so if your Lordship will bear with me. If your Lordship takes up Bundle 9 and the witness could do the same. Can you look now at cash account final for Week 50 at tab 50 in Bundle 9?

F A. Yes.

G Q. I beg your pardon, I am quite happy for you to take it up again, but the document we have just looked at cash account final for Week 51 that was your signature on it, was it?

H

A. Yes.

A

Q. It is your signature here on cash account for Week 50?

A. Certainly is.

Q. Did this account match the underlying physical documents?

B

A. As far as I'm aware.

Q. So you cannot identify any figure that did not match the physical documents?

A. No.

C

Q. Mr Castleton, just so that you are aware hopefully if all the technology works, I know we have an issue about technology, this will be recorded, so ...

A. That's fine.

Q. You cannot identify anything that was wrong?

D

A. No, I can't.

Q. Can you now go back to tab 49 of Bundle 9. Do you have that? Can you confirm that is your signature on this?

E

A. I can.

Q. Did this account match the underlying physical documents as far as you are aware?

A. As far as I am aware (inaudible).

JUDGE HAVERY: Apart from what you say?

F

A. It is just handwritten on there my Lord, it is just where I put it in wrong.

MR MORGAN: Can you identify any (inaudible) not match the physical documents or the cash or stock (inaudible). You identified a figure that was wrong?

G

A. Yes.

Q. Can you turn back please to divider 48?

A. Yes.

H

Q. Is that your signature?

A. It is.

A MR MORGAN: My Lord, would it be convenient if I just repeated the same questions
and if Mr Castleton (inaudible).

JUDGE HAVERY: Yes.

B A. I have no disagreement to anything down to (inaudible).

MR MORGAN: So ...

JUDGE HAVERY: (Inaudible) 43 am I right in saying that you do not disagree?

A. I don't.

C MR MORGAN: I am grateful Mr Castleton, that saves us a lot of time. So your answers
would be the same to each of the documents?

A. They would.

D MR MORGAN: With that, my Lord, I can safely jump ahead to page 15 of the questions.

JUDGE HAVERY: Right.

MR MORGAN: And Question 94.

E JUDGE HAVERY: Thank you.

MR MORGAN: Mr Castleton, can I now ask you about your method of completing Post
Office returns and preparing figures?

A. Yes.

F Q. Can you confirm to the court that before taking up your place you had a few days
training on Horizon in a classroom?

A. Yes, nothing to do with balancing though, just parcels and packaging.

G Q. Can you also confirm that you had someone assisting you with Horizon in your first
week operating the system?

A. That's true.

H Q. Did they assist with balancing?

A. Yes. I would like to say yes.

A

Q. Can you also confirm that you had copies of the Horizon documentation provided to you at the Marine Drive branch?

A. We did.

B

Q. Can you confirm that those documents appear in 6A and B and 7A and B?

A. Yes, I can.

C

Q. Moving on to thinking about remming(?) in. Presumably every time you received a remittance you would check that what was stated as being in the packet was what was actually received?

A. Absolutely.

D

Q. Presumably you only signed the docket when you were happy with its accuracy?

A. Yes.

Q. Presumably when you remmed in you then checked what appeared on Horizon --

E

A. You actually have 24 hours (inaudible) so when it is delivered it is delivered (inaudible) it would be impossible, the guys would never get around delivering everything if (inaudible) there and then, so you have a 24 hour window to check everything that's in the rem.

F

Q. So what happens is they deliver the packet, you put it in the safe for instance, when you get a quiet moment in your operation --

A. (Inaudible) yes.

G

Q. You would take the packet out of the safe?

A. And check it.

H

Q. You would scan the bar code in if it was bar coded, you would check it?

A. Yes.

A

Q. You would check against the screen that what you had entered corresponded to what you had checked?

A. That's right, yes.

B

Q. And only once you had done that would you sign off and send back the remittance slip?

A. Yes.

Q. Or whatever the document was called?

A. Yes.

C

Q. Presumably when you sold something you were also careful in entering up the details of the transaction?

A. Yes, it is not always easy, sometimes customers change their minds or there's various different reasons. You have to do reversals and various other things, but generally.

D

Q. And again as required by the various manuals, presumably at the end of each day you checked the physical receipts against what was shown on Horizon before sending them off?

E

A. That's true. I believe there is no error notices (inaudible) to that, is there?

JUDGE HAVERY: I do not think you asked the witness, let me ask in case I did not hear. When you did ring in the information, did you check what the screen showed on Horizon?

F

A. With this (inaudible) you have a 24 hour window in which to check the physicality of the stock and the screen. You generally would not have time to do it there and then and you have to revisit it.

G

JUDGE HAVERY: But then it would show (inaudible)?

A. Possibly.

JUDGE HAVERY: Yes, I understand.

H

A

MR MORGAN: I am sorry, Mr Castleton, this may be my (inaudible) it is not part of my case, but I would like to understand how this works. When you rem in, do you enter the figures onto Horizon or are they entered automatically when you scan in?

B

A. It depends what it is and at the time (inaudible) rem's were handled (inaudible) but I can't remember to be honest. I know that now we don't because it is bar coded.

C

Q. Do you have Bundle 9 there still?

A. Yes.

Q. And I think we were probably looking at 48, do you have that still open?

A. Yes.

D

Q. For instance, if you turn to page 2700 presumably even if you did rem in and sign off, you would still have an opportunity to check at the end of the week?

A. Yes.

E

Q. That the remittance has matched what you had signed you accepted?

A. Yes.

Q. As I understand your evidence, please correct me if I am wrong, you do not say that there is a misrecording of remittances which arises?

A. Not what I (inaudible). There again I can only see my end at the time.

F

Q. Mr Castleton, when you say "I can only see my end" I am going to suggest to you that the Post Office's claim is based upon the figures shown on these accounts?

A. Right.

G

Q. And I am going to ask you, do you say that the addition of these figures and subtraction of these figures in each account produces a different answer to the answer --

H

A. Could I have a transaction log to clarify my point for you?

Q. Can I ask the questions?

A. Of course you can.

A

Q. You confirmed the figures in each of these accounts are correct?

A. Right.

Q. Do you say that Horizon has misadded the figures to give, for instance on page 2698,
the wrong figure for the shortage?

B

A. (Inaudible).

Q. Adding up the figures on the cash account?

A. Right.

C

Q. Do you say they are wrong?

A. Can I show you in the transaction (inaudible)?

JUDGE HAVERY: You are not suggesting the arithmetic is wrong, are you, Mr
Castleton?

D

A. My Lord, the cash account in general itself is sent back from Chesterfield (inaudible)
confirm for me and throughout this period of the problem, my Lord, I can show you
instances where what the computer in Marine Drive prints as being a reproduction
in the office does not match what the cashing account says.

E

MR MORGAN: But, Mr Castleton, you have produced these cash accounts in the Marine
Drive branch?

F

A. Yes, but what I am saying to you about this is that I am not responsible for what
happens at the other end (inaudible).

Q. Mr Castleton, it is not part of my case that you are responsible for what happens at the
other end, what I am putting to you is that you produce -- let us take the cash
account for Week 48, you produce the cash account for Week 48 in your office?

G

A. Yes.

H

Q. You check the figures against the figure dockets?

- A. Yes.
- A Q. They correspond?
- A. Yes.
- Q. You could yourself manually add up and subtract all the entries in Week 48?
- A. Yes.
- B Q. Do you suggest that the final figures produced as a result of that arithmetical exercise differ from those shown on this document?
- A. Can I show you a document that shows that?
- C Q. Can you answer the question?
- A. Can I show you a document that --
- JUDGE HAVERY: No, just answer the question. Do you accept, you do not have to say
- D yes - you can say yes I do or no I don't, but the question is do you accept --
- A. No.
- JUDGE HAVERY: You do not?
- E A. No, my Lord.
- MR MORGAN: So where do you say that the figures shown on the face of these cash accounts do not add up, shown on the face of this -- take cash account 48?
- A. Right.
- F Q. If we sit here today and spend the next hour adding up and subtracting figures, do you say they will not give a shortage of £3,509.18?
- A. That has never been the question here, has it, my Lord?
- G JUDGE HAVERY: I wish you would just answer the question.
- A. I am sorry my Lord, I apologise.
- JUDGE HAVERY: The question is simply (inaudible)?
- H A. They will add up to what it says the shortfall is.

JUDGE HAVERY: So you are not denying the arithmetic --

A

A. No, my Lord, it is how it is generated that (inaudible).

JUDGE HAVERY: Right, that is all you are being asked at the moment?

A. Sorry my Lord, I apologise.

B

JUDGE HAVERY: Yes.

C

MR MORGAN: I think you accept that you did not receive any errors to suggest the data entered by you on to Horizon was not consistent with the underlying fiscal evidence (inaudible). I think you also accept that as regards Michael John Watson's statement, Gillian Hoyland's statement, Kenneth Crawley's statement and Wendy Smith's statement the physical processes that they describe are the processes you would have gone through each day?

D

A. The checking of the dockets, yes.

Q. And also Paul Williamson?

A. Yes.

E

Q. When it got to weekly reports and balancing I think you already said you checked your daily summaries against the Horizon figures as required by the manuals?

A. Yes.

F

Q. And you never identified a discrepancy?

A. Yes, we did.

Q. When did you identify a discrepancy?

A. Repeatedly, throughout numerous phone calls.

G

Q. I am sorry, Mr Castle I think we may be talking at cross-purposes. That is a discrepancy between what the balance should have been and the physical amount of cash that you held?

H

A

A. No, that was never the question that was raised with help line, it is just that they chose to print down the phone calls in the way that they did.

Q. You are saying that all the people who printed out phone calls recording what you were asking misrecorded the phone calls?

B

A. No, I am saying that all the people that took phone calls reported what they felt was pertinent to the questions that I raised. Some of those phone calls are one hour long. It would be impossible for them to reflect the whole phone call within a box of three inches by two inches, surely you must accept that.

C

Q. Pick a discrepancy?

A. Okay. Do you have a listing of --

Q. It should be in Bundle 5?

D

A. Week 49, transaction report.

Q. Mr Castleton, I am not sure what transaction you are referring to --

A. Has anyone found it yet, Week 49.

E

JUDGE HAVERY: If you have a trial bundle index and tell us what it is you are referring to.

MR MORGAN: Week 49 there does not seem to be a transaction --

A. (Inaudible) document 2977, page (inaudible).

F

Q. Bundle 10, tab 49, page 2977.

A. It is the one at 2979, I apologise. If you look at the cash account for Week 49, which is 2714 and you look at cheques --

G

JUDGE HAVERY: Is there a page to this?

A. It is 2718, my Lord.

JUDGE HAVERY: Volume 9 then, is it?

H

A. It is my Lord, I apologise.

JUDGE HAVERY: All right. So we are comparing 2718 with 2979?

A Yes, my Lord.

JUDGE HAVERY: Very well.

A. If you look at cheques, my Lord, you will see on the cash account which is 2718 it states cheques remitted to (inaudible), which is a processing department are £3,519.43, but if you also look at the completed sales report on the fourth line down the cheques were £3,533. They are both (inaudible) end of business after 17.30 on the same day.

MR MORGAN: Mr Castleton, that is not actually strictly accurate, is it?

A. Why?

Q. If you look at the cash account final?

A. Yes.

Q. That is printed off on 4th March at 7.46 in the morning?

A. Okay.

Q. This is a sales report produced only on the Wednesday evening at 17.45?

A. So we had cheques (inaudible).

Q. Mr Castleton, I do not know what manipulations occurred overnight and I not mean manipulations perjoratively. I apologise that was a lawyers' term for adjustments. I did not mean to cause you any offence?

A. My Lord, 2725.

MR MORGAN: Mr Castleton, can I finish asking a question?

A. I am still answering the last question, aren't I?

JUDGE HAVERY: Yes, I think you are.

A. 2725, final balance cheque to check £3,519.43.

JUDGE HAVERY: Where do I find that, I see --

A. Yes, my Lord. And yet the sales report says £3,533.30, my Lord.

A

JUDGE HAVERY: Yes.

A. That is the cheques going out, my Lord. (Inaudible) remittances to client which is date essential (inaudible) my Lord.

B

JUDGE HAVERY: What is it now referring to?

A. It is 2725 again, my Lord (inaudible) is the actual client that looks after the cheques on behalf of the Post Office.

C

JUDGE HAVERY: Therefore you say (inaudible) must be cheques and nothing else?

A. It can only be cheques my Lord, that is the only place that looks after cheques. It is date essential, my Lord.

D

JUDGE HAVERY: It is logical really and it does not look after anything else?

A. No, my Lord.

MR MORGAN: Mr Castleton, I am just a bit surprised by this. First of all, it has never been a point identified by you previously?

E

A. Yes, it has.

Q. In your case?

F

A. Yes, it has. That is very unfair. These are all facts from phone calls that we were repeatedly told that this was not the case, this was not a problem with the computer.

This has been repeatedly thrown down my throat repeatedly at (inaudible).

Q. I suggest to you that if this was a serious issue it could and it should have been raised earlier?

G

A. Do you not believe (inaudible).

Q. Mr Castleton, I suggest to you that in material respects these match?

H

A

A. Do they? So now you are telling me that the sales report and the report produced by the office (inaudible) made in the office matches the cash account final produced by the very same office?

B

Q. Mr Castleton, why did you sign off the cash account final?

A. What did I do on discovering that? What have I done repeatedly and how many times must I do that? I made those phones calls for due care. Those people should have looked after me and helped me through this but you chose or you client chose not to do so and I am beggared belief as to that.

C

MR MORGAN: Mr Castleton, I suggest to you that you produced this account on the morning of 4th March 2004 --

JUDGE HAVERY: (Inaudible) this account.

D

MR MORGAN: The account at (inaudible) cash account final.

JUDGE HAVERY: Yes.

E

MR MORGAN: I suggest to you that you checked the figures and that you signed it off as being an accurate account?

F

A. Why would I do that having made the phone call to NVSC help line explaining the situation in the office, explaining the repeated calls I have made and explaining that the office paperwork does not match the paperwork produced on the final balance. Why would I do that?

G

JUDGE HAVERY: You say why would you, you have done it, have you not; you signed it off?

H

A. No my Lord, I did that on the understanding that they were going to look into the reasons as to why. I was assured repeatedly that investigations would take place, my Lord.

MR MORGAN: So --

A

A. In order to continue business one of the stipulations that Post Office make is that this account is sent away signed to Chesterfield, is it not?

Q. Can I ask, the stipulation is that the account has to be checked until it is found to be correct by you?

B

A. And you are telling me that these were not brought up in phone calls then?

Q. Mr Castleton, I have no record of it and indeed you do not give any primary evidence --

A. I have no primary evidence to a phone call that took place.

C

Q. -- as to who you called and when and when you made certain statements or statements that you received?

A. Would you like me to go through those phones calls now?

Q. No, Mr Castleton, I would not because it is far too late --

D

A. It is far too late --

Q. -- on the third day of this trial --

A. Really.

E

Q. -- for us to try to find --

A. I do not need to find, I can find the phone calls for you right now; they are all listed in your own evidence.

F

Q. -- the people to rebut this allegation that you now make?

A. This is not an allegation that I now make newly. This has been an allegation from very day one when I repeatedly said the stock and (inaudible) and the daily paperwork does not match the cash account that is produced at the weekend and your company has chosen, or your client has chosen to refute that repeatedly saying that I had no evidence to the fact.

G

H

Q. Mr Castleton, I put it to you that you were obliged to check these accounts until they reconciled to the paperwork. Do you accept that?

A. And I put it to you, sir --

A

Q. No, you answer the question?

JUDGE HAVERY: Do you accept it?

A. No.

B

JUDGE HAVERY: Is the answer no, you do not anticipate it.

MR MORGAN: So you do not accept that you were obliged to follow the Horizon manual?

C

A. I don't accept that that is the only reason why I must sign the cash account final. Your company again owed me a due of care. That care was taken by myself to repeatedly ring help line to explain the situation at Marine Drive Post Office and you took no action, and repeatedly no action.

D

JUDGE HAVERY: (Inaudible) the time stated there at the top of the page is 7.37 on 4th March?

A. That's right, my Lord.

E

JUDGE HAVERY: Whereas the figure --

A. Because (inaudible) following morning, my Lord.

JUDGE HAVERY: (Inaudible)?

A. I apologise, my Lord.

F

JUDGE HAVERY: So the figure of (inaudible) is a figure that purports to be correct (inaudible) at 03.37 on 4th March?

A. Yes, my Lord.

G

JUDGE HAVERY: But this figure of (inaudible) is a figure purports to be (inaudible) purports to be a figure at 17.35 on 8th (inaudible)?

A. Because the office closes at 17.30 my Lord, that is when the reports are signed.

H

JUDGE HAVERY: What you are saying is -- when does the office open in the morning?

A. Not until 9 o'clock, my Lord.

A JUDGE HAVERY: So what you are saying is they ought to be the same?

A. Yes.

JUDGE HAVERY: Can you offer any explanation why they are different?

B A. Because the computer does not work, my Lord.

MR MORGAN: Mr Castleton, I put it to you that you changed a figure to make the remittances out to correspond?

A. After close of business?

C Q. And I put it to you that the figure of £3,519.43 is the correct figure. Do you accept that?

A. I (inaudible) is the correct figure; I do believe that because I had (inaudible) with me.

D Q. So you believe £3,519.43 is the correct figure?

A. I believe it is.

Q. So all in fact although you take the court to an example where you say the record is wrong --

E A. It is wrong.

Q. In the sales report at 2979 you say that in fact by the time it gets into the cash count final it is correct?

F A. No.

Q. You just said that the £3,519.43 figure is correct?

A. What I am saying is that the two documents are produced by two separate halves of the computer. One is actually produced in-house, the other one is produced as (inaudible) explaining to you in your own witness statement a combination of workings out through transaction that took place both at Chesterfield and in-house.

H

A

Q. Mr Castleton, let me cut through this. Is it your evidence that the figure shown in the cash account final on page 2718 of cheques to CHEC of £3,519.43 is incorrect?

A. No.

B

Q. Do you accept that the figure of £3,519.43 cheques to CHEC is the correct figure?

A. From memory (inaudible) cheques that I paid.

C

Q. So your quibble is not with the cash account final it is with the accuracy of the figure produced in the sales report at 2979?

A. No. My quibble is with the accuracy of the computers that generated the sales report figures.

D

Q. But you accept that the figure shown in the cash account final is the correct figure?

A. I accept that the figure in the cash account is the final figure, yes.

E

Q. Do you accept that it is the correct figure?

A. I believe it is.

Q. Do you also accept that when you produce the document at 2979 that was a draft report produced so as to enable you to check the figures before you put them into the final cash account?

F

A. No, because (inaudible) final cash account. I am sorry, but that is not the case. The cash account generates itself. It is generated from the transaction (inaudible) Chesterfield.

G

Q. If you take up Bundle 6B --

A. Yes.

H

Q. I suggest that in fact the cash account is generated by your machine at Marine Drive branch, it is not generated by Chesterfield?

A. If you look at (inaudible) witness statement you will find that the series of checks that the computer does through Marine Drive Post Office branch through Chesterfield

corresponds; it is not generated in-house. And also you also find me checking these figures now that check to check is not a generated or figure that we actually place into the computer, it is a check has done daily on separate information that the computer then reproduces in the cash account. (Inaudible) we physically count the cash, we physically count the (inaudible), but the computer itself produces all the other figures.

Q. Mr Castleton, I ask you do you check the other figures produced by the computer against your records of the transactions that have occurred that week?

A. We do.

Q. As you stand here today for the cash account finals that you signed, are you now or were you then able to identify a discrepancy between what you checked or what you thought you had done by way of business from the physical records that you had and what was actually in the cash accounts?

A. (Inaudible)

Q. Did the cash accounts correspond to the physical evidence of the transactions that you had undertaken?

A. Not always, no. We need to differentiate between cash account and the daily transaction on the logs and also the stock (inaudible) figures produced by the balanced snapshots.

Q. Let us take a step back?

A. Okay.

Q. You produce a trial balance which goes into the cash account final?

A. Yes.

Q. You check the final account, do you not?

A. We do.

A

Q. And you check each of the figures on the final balance carefully?

A. Yes.

Q. And you check then against the physical records?

A. That's true.

B

Q. Is there any figure in the cash account final balance that you do not check against fiscal records?

A. No.

C

Q. So you check all the figures in the final balance against fiscal records?

A. Yes.

Q. And only when you are happy with that do you proceed to print out to cash account final?

D

A. And if there is anything I don't agree with I make a phone call to help line, which is what we repeatedly did.

E

Q. If something in the cash account final did not match up with the underlying fiscal transactions, the physical records, do you accept that an error notice would be issued?

A. Not necessarily, no.

F

Q. Why would an error notice not be issued?

A. Because when you said physical records I presume you mean records like the (inaudible) or are you going to be more definite in the process and where that particular piece of paper comes from. Do you mean the check disclosure (inaudible) closure of cheques?

G

Q. Yes, that is a list of cheques?

H

A

A. That physically matches what is declared on the cash account, but in this particular case and in other cases the cheques that the computer lists in-house as a sales report does not match, but they should.

B

Q. Mr Castleton, was there ever an occasion on which the cheques that you recorded as having received did not tally with the figure shown in the cash account final?

A. Yes, there has been occasions where human error has occurred.

Q. So there has been human error?

A. I believe so, yes.

C

Q. Would an error notice be issued in those circumstances?

A. Yes.

Q. Mr Castleton, I suggest to you that you are a careful man?

D

A. I am.

Q. And I suggest to you that you did check each week the summaries prepared and produced by you against the figures shown on the final balance in the cash account final?

E

A. Yes.

Q. And I suggest to you that they corresponded?

A. (Inaudible) yes. But it's not that that we are arguing, is it?

F

Q. Mr Castleton, you may choose to argue whatever you want, I am putting to you that these cash accounts that you signed off reflected the underlying fiscal documents?

A. I believe that they did, I believe you saw.

G

Q. The physical documents that you had reflected the actual transactions that you undertook in the branch?

A. (Inaudible)

H

A

Q. I suggest to you that when you received a (inaudible) pension of £50.75 and you put that on your pile of pensions --

A. In that particular case because they are cheques (inaudible).

B

Q. And I suggest to you that that was the same for each transaction where you had a physical receipt, but it corresponded to the actual transaction that was undertaken in the branch?

A. I would say so, yes.

C

Q. And I quite accept that sometimes human error occurs and that instead of paying £50.75 you paid £51.20, you give the wrong coins or whatever, but where that error occurs that is a different matter, but the physical (inaudible) of the transaction is what stands in the accounts. Do you accept that?

D

A. I think so.

Q. Can I turn to something relatively (inaudible) and ask you to pick up Bundle 8 please and turn to divider -- (Pause) Bundle 10, page 3093, tab G at the very back?

E

A. Right.

Q. Was this document prepared by you?

A. It is a little bit of mine, my Lord, and a little bit of Christine Train.

F

Q. Who did which bits?

A. We write very similarly, don't we? Various, it is just a case of working through it. It looks to me like I've done both (inaudible).

G

MR MORGAN: Would I be right in thinking that she then checks and corrects (inaudible)?

A. Yes.

Q. Can you give me an example --

H

A. If we have made a mistake, then yes.

Q. Can you give me an example of where her writing might appear on this?

A. The lower figures usually by looking at this.

Q. You mean (inaudible)?

A. (Inaudible) uppers.

JUDGE HAVERY: When you say the lower figures, oh you the lesser amounts?

A. Yes, it looks to me like she's done the drawers and I've done the safe by the look of it.

MR MORGAN: So if you flick through from here to page 3129 are those principally yours or principally hers?

A. I wouldn't say (inaudible) even split to be honest.

JUDGE HAVERY: It all looks to me in much the same handwriting?

A. Yes, we write very similarly, my Lord.

JUDGE HAVERY: I see.

MR MORGAN: Would you solemnly sit down and count out those denominations and write out the totals on the Wednesday evening?

A. Yes, well the safe is actually down on the floor behind you, so quite often you were kneeling (inaudible) from the safe and work through and then shout it back up to whoever was doing drawers.

Q. How big is the safe?

A. It is quite a size.

Q. Roughly how big, is it as big as one of these?

A. No, bigger than that.

Q. Two of these?

A. It is probably the (inaudible) about that size. It has all different compartments inside because quite often you go in there and you miss a drawer or whatever (inaudible).

Q. Am I right in thinking you prepared this manuscript on the Wednesday evening?

A

A. Yes, Wednesday afternoon sometimes I will do the bulk and then continue on from the drawers.

Q. Then would you not enter the stuff on the Thursday morning?

B

A. No, you make a cash declaration prior to final balance. You go right through to trial balance on a Wednesday evening.

Q. Then you do it again on a Thursday morning?

A. Then you would have lottery obviously to add to that and then you would produce a further cash declaration which would then allow you to roll.

C

Q. The lottery takings on a Wednesday were about £400?

A. Not necessarily, it depends. It could be any amount.

D

Q. Then presumably you get a printout from Horizon and check that against your manuscript figures when you made your cash declaration?

A. You can't. I don't understand what you mean, sorry.

E

Q. You take this manuscript calculation of values and you sit down in front of your Horizon terminal and you enter in figures, is that right?

A. Yes, that is right.

JUDGE HAVERY: (Inaudible) understand this, I do not.

MR MORGAN: I am sorry.

F

JUDGE HAVERY: I am looking at page 3129, for example -- will you turn to that?

A. I will certainly, my Lord.

G

JUDGE HAVERY: When the first question is what is all this and I assume it is this, tell me if I am right. You have a heading there saying £50 and a total of 150 and I assume that means there were three £50 found in the safe?

A. Absolutely, my Lord.

H

JUDGE HAVERY: Similarly, I suppose 19 £20 notes, is that right?

A. I see yes, my Lord.

A JUDGE HAVERY: So that is what these things are?

A. Yes, my Lord.

JUDGE HAVERY: They are what you find in the safe on a Wednesday evening, is that right?

B A. That is correct, my Lord.

JUDGE HAVERY: (Inaudible) what happened.

C MR MORGAN: Is this a Christine Train document (inaudible) writing looks quite different?

A. Again, some of the small stuff is Christine's, some of the bigger stuff is mine.

D Q. For his Lordship's benefit and for the benefit of the record this forms the basis of what you are going to enter into Horizon for your cash declaration?

A. Yes.

Q. So what you do is you take this document and you sit in front of your Horizon screen --

E A. On the balance day there actually is not a cash declaration in the system so you provide it with what you feel is a representative figure of the cash, a physicality.

Q. Surely it is not a representative figure, surely it is what you actually have by denomination?

F A. That is why I said physicality.

Q. You enter that on to the Horizon system, do you?

A. You do.

G Q. And you get a printout?

A. You do.

Q. Which reflect what the machine says you have typed into the system?

H A. That's true.

- A Q. And you check that then against the manuscript, do you not?
A. Yes.
- B Q. If there is a discrepancy between what you counted and what is shown as having been entered, you can correct it?
A. We can.
- C Q. Now can I ask you to take Bundle 9?
A. Yes.
Q. Can you turn to tab 44, page 2643?
A. Yes.
- D Q. If you look at Bundle 10 at 3093, which is where we started?
A. There you go.
- E Q. I think it is cut off, it might say Friday - I take that to be an abbreviation on the manuscript?
A. Okay.
- F Q. If you look at (inaudible) bottom left-hand 2643, they correspond?
A. Yes.
- JUDGE HAVERY: Just a minute, do not go too fast. What am I looking for 180 and 3.48.
- G MR MORGAN: Usual notes and unusual coins.
JUDGE HAVERY: Hence the word (inaudible).
MR MORGAN: Indeed, yes. Nobody need criticise Mr Castleton for using that?
- H A. It is not actually me, it is Christine; she does particularly like it.
MR MORGAN: Then your Lordship will see there is a one to one correlation between the amount in manuscript and the amount shown as having been prepared onto Horizon.
JUDGE HAVERY: All these other figures you mean?

MR MORGAN: All these other figures.

A JUDGE HAVERY: Yes, I see. You say these are all the same.

MR MORGAN: Yes.

JUDGE HAVERY: Very well. I cannot read some of them, but those one can see are the same.

B MR MORGAN: Insofar as they have not been totalled, then they do total what is shown.

JUDGE HAVERY: Yes, I see.

C MR MORGAN: It you look at the bottom right-hand panel on page 2643 you see a cash declaration for Saturday, 24th January 2004?

A. (Inaudible)

D Q. Do you think that corresponds with the manuscript notes in Bundle 10, behind tab 3094?

A. (Inaudible) presume it is right, is it?

Q. In we added it up it would be £365.95?

E A. Yes.

F Q. So it goes on for Monday and Tuesday. (For the benefit of his Lordship I am moving on now to Question 125, page 22). Can you think of any reason why the figures appearing in your manuscript notes would not be the figures that you entered into Horizon aside from lottery money?

A. Yes, if I made a mistake, could have miscounted or misheard somebody saying something.

G Q. So when you say if you have misheard or miscounted that would be a reason why the manuscript would not correspond to the fiscal reality?

A. On what has been put in Horizon as well because (inaudible) re-visit.

H Q. May I try and summarise what you are saying?

- A. Yes.
- A Q. You would count up and get a manuscript sheet?
- A. Yes.
- Q. You would enter it onto Horizon?
- B A. Yes.
- Q. And you check that against the manuscript sheet, then you balance --
- A. Not necessarily, depends what day it was because there would be a balance snapshot at the end of the day which produce a cash all in together that the computer believes the cash (inaudible) and if that is out by any amount really, then you would revisit and make sure you have not made any mistakes or miscounted.
- C Q. Sometimes you might go back and recount, but then instead of making a new manuscript you would (inaudible)?
- D A. It depends or we would scribble out and make it right on the manuscript.
- Q. Going back to the days we have just been looking at?
- E A. Yes.
- Q. If you look in Bundle 10 and turn to 3085?
- A. Yes.
- Q. This is the analysis of delivery - total notes and coins. It is broken down into notes and coins?
- F A. Yes.
- Q. Do you accept that there were no deliveries of cash on the Friday, 23rd or Saturday 24th January 2004?
- G A. I don't know, it is not rem day, so I presume not.
- Q. You say it is not a rem day, remittance days were Thursdays generally?
- H A. Yes.

JUDGE HAVERY: Where is this question or is it not?

A MR MORGAN: It is Question 126, my Lord.

JUDGE HAVERY: What was the answer?

MR MORGAN: The witness cannot remember a delivery, but he thinks that -- do you think the schedule is broadly right?

B A. Well, I don't know about the schedule, but the remittance is yes.

MR MORGAN: The witness's evidence is that usually money came in on the Thursday.

JUDGE HAVERY: What is this page 3085?

C MR MORGAN: My Lord, it is a printout, sorry its technical description. It is a spreadsheet of notes and coins delivered to Marine Drive branch produced on 19th October 2006 from the Horizon of deliveries.

D JUDGE HAVERY: I have got down spreadsheet with notes and cards delivered to the Marine Drive branch, what was the rest of it?

E MR MORGAN: Produced from Horizon, from the back up (inaudible) of Horizon in October 2006, so it is going back to the archive information held on Horizon to show what notes and coins there was according to the business records at the post office.

JUDGE HAVERY: I see. What is this figure of (inaudible)?

F MR MORGAN: My Lord, yes it is for all deliveries between 24th July 2003 and 25th March 2004.

JUDGE HAVERY: Thank you.

G MR MORGAN: Mr Castleton, you have said that your recollection is that deliveries of money you witnessed in normally occurred on the Thursday each week?

A. Yes.

H

A

Q. I think that is broadly reflected by this schedule. The dates seem to fall seven days apart?

A. Yes, unless we have had an emergency.

B

MR MORGAN: My Lord, looking at Question 127. Am I right in thinking that the difference in the denominations declared each day by you arises by recently you receiving deposits, receiving payments for goods, paying out change or money pursuant to pension allowances or withdrawals from bank accounts?

C

A. Yes.

Q. So, for instance, looking at page 2643 of Bundle 9 you will see that your £50 notes (inaudible) change you paid out a few £10 notes and a £5 note. It does not look as if you transacted much business on that Saturday?

D

A. It may well have been coming in and going out.

Q. Yes, of course.

E

A. It is not necessarily the volume of business because (inaudible). Quite often if customers came in and paid, say, a lot of £10 notes in that would obviously be in the drawer that the person would be using. You would not then (inaudible) cash.

F

Q. Not surprisingly, it looks from page 2643 that (inaudible) spent their money over the weekend?

A. (Inaudible).

Q. (Inaudible) more cash?

A. Yes.

G

MR MORGAN: Does your Lordship see that?

JUDGE HAVERY: I see that on Monday there is less cash than Friday and Saturday.

H

MR MORGAN: Could we have a look at a different week and go to the final balance prepared for Week 45, Bundle 9 at tab 45, page 2658?

A. Yes.

A Q. You said previously that you check all the figures and those go into this final balance, do they not?

A. Yes, well it depends what it is. Some of it is self-generated. Are we talking specifically of cash?

B Q. Mr Castleton, yes at the moment?

A. Okay.

Q. If we look say at the figure on Wednesday, 4th February 2004 at page 2662?

C A. Yes.

Q. That is a figure generated on the morning of 5th February 2004, that figure of 59,291.86 finds its way into page 2658, does it not?

D A. Yes.

Q. As cash figure in top left just below the starred line. That figure and indeed all of these figures go back to make up the cash account final, do they not?

E A. Yes.

Q. So if you turn back to page 2646 cash account final for Week 45, again a figure of (inaudible) -- 2647 is where we are going to?

A. Right.

F Q. You see the figure of cash 59,291.86 (inaudible)?

A. Yes.

Q. So that cash follows through from your cash declaration through into your trial balance through into your cash final?

G A. Yes.

Q. Could we turn back now in the bundle to page 2610, tab 42?

H A. Okay.

- A Q. Do you recognise this document?
- A. Yes, giro. Giro withdrawals is it.
- Q. I think you are in the wrong bundle, Mr Castleton?
- A. Sorry. Yes, there you go.
- B Q. Is that a manuscript note?
- A. Yes.
- Q. Do you recognise this document?
- A. Yes.
- C Q. Did you prepare it?
- A. I think some of it again.
- Q. Which bits did you prepare?
- D A. I didn't do bulk on this one, I did the (inaudible) two pounds I did and the 50ps.
- Q. For the moment will you take it from me that we think this is your manual cash calculation for Wednesday, 14th January, the day you first had difficulties balancing?
- E A. I will take it from you (inaudible).
- Q. On that Wednesday did it take you a long time to count up the cash denominations?
- A. It is not (inaudible).
- F Q. No, but I am asking you, on that Wednesday, 14th January 2004, the day that you remember you had this problem balancing, did it take you a long time to count up the cash denominations?
- G A. (Inaudible).
- Q. Can you remember whether it took you an unusually long time?
- A. Not particularly, I can't remember.
- H Q. Do you remember --

- A. I spent a long time in the office looking for --
- A Q. Do you remember whether it took you an unusually long time to count up the cash denominations the next evening, the Thursday, 15th January?
- A. I can't remember.
- B Q. Going back to the Wednesday, presumably you prepared these manuscript calculations that evening before you started trying to balance?
- A. Yes, it is the only way to do it.
- C Q. Presumably when you used these figures you came up with a deficiency?
- A. Yes, I would have thought so. I can't remember.
- Q. It was once you had identified a deficiency that you started going back through the paperwork?
- D A. I would have thought so, yes.
- Q. I think it is your version of events that you did not find anything on the Wednesday evening, you slept on it, could not find anything early on Thursday morning and so you made good the loss from your own pocket so as to balance and allow the account to roll-over?
- E A. Is that in my statement?
- F Q. (Inaudible)?
- A. (inaudible) Christine's statement.
- Q. Some of it is in yours and some of it is in Christine's, but I am not asking for what is in your statement, I am asking the question whether that is your recollection?
- G A. I can't remember.
- Q. You cannot remember at all?
- A. I can't remember (inaudible) denomination it was, but I can't remember that either.

H

A Q. Mr Castleton, you said it stuck in your mind, this event stuck in your mind because it was the first occasion on which things did not balance?

A. The actual event did yes, or does even now.

Q. Stuck in your mind as you had to put your hand in your own pocket?

A. That's true.

B Q. And find £1100 and put it in to balance up?

A. Yes.

C Q. What I am asking you in essence is when did you put the cash into balance these books?

A. I can't remember.

D Q. I am putting to you a version of events that arises partially from your evidence and partially from the witness evidence of Christine Train?

A. Okay.

E Q. I am suggesting to you that you did not put the money into the post office till until Thursday morning?

A. I can't remember.

F Q. I am going to suggest to you that presumably the cash that you put in is not reflected in this manuscript notes on page 2610. Do you accept that?

A. Well, it is whether Christine would have written it on or not or myself, it does not look to be. It certainly does not look to be reflective of it.

G Q. I am going to suggest to you that it would be reflected in the cash (inaudible) that was incorporated into the final balance and the cash account final?

A. Yes.

H Q. Could you turn two pages to page 2612 and in fact it may be helpful if you take 2610 out?

- A. Okay. I know already that they match.
- A Q. You will see there top left hand panel Marine Drive branch declared cash 07.33 on
15th January 2004?
- A. Yes.
- B Q. If you compare the figures for (inaudible) 50 and 20 and 10 pound denominations you
see (inaudible)?
- A. Yes, apart from the 50ps.
- C Q. Do you therefore accept that this looks as if it is the manual calculation in advance of
preparing the Horizon declaration?
- A. It could be.
- D Q. If therefore you put in the cash that you say you did -- first of all let me ask you, is the
cash declaration a true declaration of cash?
- A. I believe so, yes.
- E Q. The reason I ask you is that in the manuscript calculation you declare only £161 of 50p
pieces?
- A. Yes.
- F Q. Yet in the Horizon declaration you declare £1,590 of 50p pieces?
- A. Yes.
- F Q. Can you explain this?
- A. Yes, we could have missed three bags of change out.
- JUDGE HAVERY: Say that again?
- G A. We could have missed the bags of change, my Lord.
- MR MORGAN: Mr Castleton, I suggest to you, I put it to you that the difference of
£1,429-odd is the amount you needed to make up in order to balance?
- H A. Yes.

- A Q. I put it to you that it is unlikely that you put it in as 2,858 50p pieces?
- A. Why?
- Q. It is 22.8 kilos of coins stacked 5.08 metres tall?
- A. That is no what we are saying here, is it?
- B Q. Mr Castleton, is it your evidence, are you asking the court to believe that (inaudible) deficit of £1100-odd, instead of going and taking some notes you solemnly went and counted out 2,858 50p pieces?
- C A. That is reflected of that and also that we had not made a mistake on the 50ps. You are not telling me that is the reason that you are standing me here today because of that surely.
- D Q. Let us move on a bit. Could we look at your manuscript declaration for the following Thursday in Bundle 10, tab G, page 3087. Could you put 2610 back in?
- A. Okay.
- Q. If you could turn to tab G, page 3087?
- E A. I have got it out, yes. Did you want me to take it out?
- Q. It makes no difference. I think it is safer to leave it in the bundle?
- A. All right.
- F Q. Do you see there another manuscript declaration?
- A. I do.
- Q. Whose declaration is that?
- A. (Inaudible) again.
- G Q. Can you tell me who did the 20p declarations?
- A. It looks like Christine's.
- Q. Who did the 50ps?

H

A. It looks like Christine's again, or mine, it is my -- no, no, I thought it was my £60, but it
A isn't.

Q. So that is all Christine?

A. Looks like it.

B Q. Who would have entered these figures on to Horizon?

A. I don't know, either either.

Q. So each of you took turns entering up?

A. It would depend who was dealing with what, yes.

C Q. Do you see there that you identified £84.50 worth of 50p pieces?

A. Absolutely.

Q. Do you see that there are £254.60 of 20p pieces?

D A. Yes.

Q. If you look in Bundle 9 again at tab 43, page 2627?

A. Yes.

E Q. Can you see there a declaration for the Thursday, the first day of Week 43, 15th January
17.32?

A. Yes.

F Q. Can you see that unusables notes £25, coins 2p, £20 notes, 59,900 and so on?

A. Yes.

Q. Do you think that this Thursday corresponds with the Horizon declaration with
Thursday, 15th January?

G A. It doesn't correspond, does it?

Q. I know it does not correspond, but do you think it is --

A. Reflective of it.

H Q. Reflective of it?

A. I don't know. It could be it.

A Q. Do you think this is a true declaration onto Horizon?

A. We never declared anything (inaudible).

Q. If I can ask you to take out page 2612 for a moment?

B A. Yes. You want me to take it out.

Q. Yes, and physically hold it alongside 2627?

A. Okay.

C Q. Apparently between 7.30 in the morning on 15th January and 5.30 in the evening, so
ten hours later, you seem to have paid out £1,500-odd in 50p pieces?

A. Okay.

Q. Do you think that is likely?

D A. Yes, it could be (inaudible).

Q. Can you identify any other day on which you would have paid out so many 50p pieces?

A. It is just as customers come in or even myself.

E Q. More interesting, Mr Castleton, do you see you have gone through having £277 worth
of 20p pieces to £2,654.60 of 20p pieces?

A. Yes.

JUDGE HAVERY: Where do I find that?

F MR MORGAN: On page 2612, top left-hand panel and on page 2627, bottom left hand
panel. How do you account for that?

G A. It looks like someone has it wrong way around to me, I might be wrong, or either they
are put wrongly on there.

Q. Mr Castleton, I ask you again, is that a true declaration of cash that you have on hand?

A. What this?

H Q. Yes.

- A. Yes. Are you telling me it is not?
- A Q. So you have £2,654.60 worth of 20p pieces at 5.32 on 15th January?
- A. That is a true declaration of the cash we had on hand.
- Q. So you see 59.425 kilos of 20p pieces?
- A. (Inaudible).
- B Q. About 20.204 metres high in ten hours?
- A. What I am saying is we could have made a mistake in terms of (inaudible) we put it into. We are human.
- C Q. Mr Castleton, I asked you whether this was a true declaration and you said it was. Think?
- A. Yes, it is a true declaration.
- D Q. I suggest to you that it is unlikely that you received 19.8 20p pieces every minute for ten hours between 7.30 in the morning and 5.30 in the afternoon?
- A. On whose business are you talking about?
- E Q. I have been unable to identify any other occasion when you have received so many 20p pieces?
- A. So we never have a customer comes in and pays in large amounts of coins.
- F Q. I asked you whether you recall spending a large amount of time counting up these coins and you were unable to recall and I suggest to you that it would take --
- A. Would it take a long time to count that amount of coins?
- Q. I am asking you, would it?
- G A. No, because it is sealed bags and we generally use document on top of the drawers of the cash because we had two new drawer systems safes --
- Q. Sealed bags, so somebody came and deposited these 20ps in sealed bags?
- H A. It could well be.

- A Q. Which customer would have done that?
- A. There are various customers.
- Q. I suggest to you --
- A. (Inaudible).
- B Q. You yourself (inaudible)?
- A. (Inaudible) are you saying I couldn't?
- Q. No, I am asking you, is your evidence to this court that you yourself deposited 58 kilos of 20p coins?
- C A. No, I am saying --
- Q. Is it your evidence that these coins were deposited in sealed bags?
- A. No, what I am saying is it looks to me like the 50ps and the 20ps were put the wrong way around, that is what I am saying.
- D Q. So you received another £1,000 worth or so of 50p pieces in the ten hours.
- A. Possibly.
- E Q. Possibly?
- A. Yes.
- Q. I suggest to you that these cash declarations do not bear any resemblance to the physical reality of the cash that was in the till?
- F A. Is that what you are suggesting?
- Q. Yes.
- A. I am sorry that is not true.
- G Q. I suggest to you that you did not put your hand in your pocket to make up the deficiency, but you simply manipulated the cash figures and the cash account?
- A. That is definitely not true.
- H Q. It is fair to say, is it not, that you had -- you can put 2612 back in?

A. Thank you.

A Q. I am right in suggesting you instructed forensic accountants early in your case?

A. Yes.

Q. It is fair to say, is it not --

B A. (Inaudible).

MR MORGAN: You instructed forensic accountants.

JUDGE HAVERY: When did you instruct?

C A. My Lord, August 2006 because the Post Office did not release the documentation to me until July 2006.

MR MORGAN: Mr Castleton, I suggest to you that you in fact instructed a forensic accountant?

D A. Is that the Week 49 report you are talking about?

Q. Mr Castleton, I suggest to you that you instructed forensic accountants as early as November 2005?

E A. We had a report (inaudible), but that was not with all the documentation that we required.

Q. I also put it to you that your forensic accountants actually completed a report for Week 42?

F A. Week 42 in November?

Q. Yes, this November?

A. It was inconclusive because we didn't have (inaudible).

G Q. That is what you say?

A. Thank you.

H

A Q. It is therefore fair to infer that despite having retained forensic accountants for some months they were unable to produce a final report that identified any error at all in the figures recalled by Horizon?

A. That is not true.

B Q. Would I be right in thinking that instead they identified the artificial manipulations in the cash account that I have just identified?

A. Definitely not true.

Q. Were you given permission to call an IT expert?

C A. Yes, but I couldn't afford him.

Q. Did the Post Office offer to afford access --

A. (Inaudible).

D Q. -- to their Fujitsu's premises and equipment to assist in the preparation of that IT expert's report?

A. I could not afford to instruct them, that is why I am standing here today.

E JUDGE HAVERY: Yes or no?

A. I believe they did, my Lord.

JUDGE HAVERY: But you cannot recall it?

A. I have no IT expert (inaudible).

F MR MORGAN: Is it also not correct that you never instructed an IT expert to take even the most preparatory steps in relation to examining the Post Office's system?

A. No, because I had no money.

G Q. Mr Castleton, could I turn on to consider Weeks 46 and 47?

A. Yes.

H Q. Could you turn to tab 46 in Bundle 9, page 2663 and that is the cash account to Wednesday, 11th February 2004?

- A. Yes.
- A
Q. Do you see there a discrepancy of £8,243.10?
- A. I do.
- Q. Can you look at the next page declared cash (inaudible) £33,100?
- B
A. Yes.
- Q. Could you turn forward to 347, tab 47, page 2680 and see there discrepancy have been moved in suspense?
- A. It has.
- C
Q. The next question, Mr Castleton, if you look very briefly at Bundle 10, behind divider F and at page 3083?
- A. Yes.
- D
Q. This is a delivery schedule broken down into notes (inaudible). Do you see there a delivery on 12th February 2004 for £70,000?
- A. I do.
- E
Q. Going back into Bundle 9 -- I apologise this is so complicated just so the witness understands the question that comes when it is put -- if you look at the declared cash on 12th February, tab 47, page 2695?
- A. Yes.
- F
Q. Whose manuscript writing is that on the bottom of each of those cash declarations?
- A. Christine Train's.
- Q. Have you any explanation as to why she should be writing those figures on the bottom
- G
of this cash declaration?
- A. Because as she told Mrs Ogilvy and help line (inaudible) showing.
- Q. In fact, if the figures in the bottom panel on page 2695 as entered rather than corrected
- H
in manuscript at that date on 12th February 2004 the amount of additional cash over

and above the declared cash would have largely matched the amount in the
suspense account?

A

A. Not really, sometimes there is £1,000 difference, sometimes it was £10,000 difference.

JUDGE HAVERY: I am sorry, what you are looking at? What page are you on?

MR MORGAN: My Lord, page 2695.

B

JUDGE HAVERY: Yes, I am looking at that.

MR MORGAN: Bottom panel has two manuscript alterations to it, one is the £20 figure
that changes it from 60,540 to 50,540.

C

JUDGE HAVERY: Yes.

MR MORGAN: And in the bottom --

JUDGE HAVERY: 987,51 to 88,751.

D

MR MORGAN: Indeed.

JUDGE HAVERY: I see.

MR MORGAN: My Lord, Mr Castleton's evidence just now is that the (inaudible) below
that, the minus 11,019.67 is the amount that Christine train thought that they were
short of cash as regards the overall position?

E

A. I think it was a difference of (inaudible).

JUDGE HAVERY: Difference of a balance what?

F

A. Balance snapshot, it is a procedure that you can go through to see what (inaudible). It
is literally almost a photograph of what business has occurred during that day.

JUDGE HAVERY: So what are the two figures which differ by (inaudible) in your
opinion?

G

A. From memory I believe it's from the cash declared to (inaudible).

JUDGE HAVERY: So the balance snapshot on your belief as to what this is is less than
the cash declared by (inaudible)?

H

A. That's what I believe my Lord, yes.

A JUDGE HAVERY: I see.

MR MORGAN: But you cannot assist his Lordship beyond saying that these are Christine Train's figures?

B A. They are definitely Christine's, yes. It's not my writing.

MR MORGAN: My Lord, moving on to Question 179.

JUDGE HAVERY: Where does this 70,000 (inaudible).

C MR MORGAN: My Lord, the witness's evidence is these are calculations conducted by Christine Train.

JUDGE HAVERY: These manuscript figures on 2695?

D MR MORGAN: My Lord, yes. So therefore I cannot usefully take my line of cross-examination forward with this witness.

JUDGE HAVERY: I see.

E MR MORGAN: I apologise some extensive ground work, I cannot pursue it sensibly with this witness because his evidence is he does not know.

JUDGE HAVERY: So where do we move on to then?

MR MORGAN: Question 179.

JUDGE HAVERY: Right.

F G MR MORGAN: I am going to ask a preliminary question before that. Mr Castleton, I suggest to you that the figures for Week 42 show that you were prepared to enter up in the cash declarations the figures that suited you rather than the figures that were actually there?

A. (Inaudible) that is not the case.

H Q. I suggest to you, given that you were manipulating the cash declarations to suit your own purposes that the cash accounts were actually inaccurate?

- A. I again strongly deny that.
- A Q. And I suggest to you that neither the Post Office or indeed the court can be satisfied that any account that you now produce would be correct?
- A. Again I strongly deny that.
- B Q. Mr Castleton, in paragraph 6 of your statement -- we can move off the detail of this now?
- A. Okay.
- C Q. If it is convenient if you want to clear your desk --
- JUDGE HAVERY: So we can put 9 and 10 away?
- MR MORGAN: My Lord, yes. In paragraph 6 of your statement, Bundle 4, page 615 and over the page, you say that you called Horizon help line on various occasions and the Post Office accepts that?
- D A. Yes.
- E Q. But I suggest to you that although you said you were having problems you never identified a specific figure as being wrong?
- A. No, that is not true. That is not true, my Lord.
- F Q. Mr Castleton, to avoid the detailed bit, can I take it you have looked at the call logs in Bundle 12?
- A. Yes.
- G Q. And summarising those, the Post Office's position is there is no record of (inaudible)?
- A. As I said before, if you make (inaudible), then obviously those records are not going to be complete.
- H Q. I suggest to you that had there been a specific area identified that would have been recorded?
- A. I don't know how they work. I couldn't answer that I am afraid.

A Q. It is also true that you never received assurances that it was all a mistake and would sort itself out?

A. That is definitely a fact that I received assurances.

Q. From whom did you receive those assurances?

A. From both Mrs Ogilvy and help line.

B Q. I suggest to you those assurances were that if there had been a mistake in the documentation those would be reflected by way of error notices?

A. It was not put that way. Clearly was not put that way.

C Q. Is there a specific representation that you can recall?

A. Mrs Ogilvy (inaudible) verbally told me that it will an error (inaudible).

D Q. I suggest to you that by saying the words "it will be an error" and will come back meant it will be an error made by you in the paperwork and will be picked up when that paperwork is checked against the physical documentation?

E A. The conversation went on from there (inaudible) and why we couldn't find any differences through the paperwork and why one was saying one thing and the other half was saying another.

F Q. I also put it to you that you were never told to sign any document irrespective of the errors?

A. I was told (inaudible) cannot complete the business (inaudible).

Q. So the answer is you were never told to sign irrespective of the errors?

G A. No, the answer is I was told to sign because I had to complete the week's work, otherwise I could not roll over into the next week.

H Q. I think we can skip (inaudible). In Bundle 1 in your defence at tab 3, page 8 do you see there you say you are going to be able to demonstrate the original documents the alleged errors (inaudible) within Horizon?

A. Yes.

A Q. May I ask, if you were going to do it in the context of these proceedings, why did you not do it at the time that the errors were arising allegedly?

A. Because I didn't have (inaudible).

B Q. You have had the primary documentation?

A. The primary documentation is, you need to compare more than just one document, you need to compare a multilevel as I showed earlier with the cheques and I was always rebuffed anyway.

C Q. Mr Castleton, I suggest to you that you had summaries in your hand of the physical receipts and payments made through your branch each week and that you checked those against the cash account final and they corresponded, is that true?

D A. (Inaudible) I showed you earlier, they corresponded with what was on the cash account, but the stock and mop (inaudible). This is why the (inaudible).

Q. Mr Castleton, you counted the stock and the cash and recorded that, did you not?

E A. (Inaudible).

Q. So as regards each and every figure on the cash account final it was something that was counted and checked by you against the physical reality of what you actually held in your hands on Wednesday and your records compiled from primary physical documents of what had been transacted by way of business through the week?

F A. That is not true, is it, because of the sales report I showed you earlier with the cheques. It cannot have a difference on another report containing the same (inaudible). How can you possibly have that same difference?

G Q. Mr Castleton, I am focusing solely on the cash accounts?

A. All right.

H

A Q. And I suggest to you, I put it to you that each and every figure in those cash accounts was something that could be and was checked by you each week, is that true?

A. Yes, but that is not (inaudible).

Q. Mr Castleton, did you order more cash in Weeks 42 to 50 when none was needed?

A. No.

B Q. Bundle 4, page 616 you say that you knew that nobody could be taking the money. How did you know that?

A. How was it that I knew?

C Q. Yes.

A. Because only Christine and I have access and I would have known, I would have seen. 95 per cent of the time I am there.

D Q. What about Ruth Speamer?

A. She had no access; she didn't even know the alarm code.

Q. She was working at the tills though, was she not?

E A. To take £1,200 when you have £900 in the till (inaudible) no bags in there, no nothing.

Q. Were your security procedures watertight?

A. (Inaudible) pretty good with security I believe.

Q. Was the safe ever left open?

F A. Never.

Q. Were keys left in the safe?

G A. Never. I like these things -- sorry, might I speak in reply to that my Lord. These are all not contained in the audit report that specifically reports on the particular subject as part of their audit, yet supplementary documentation (inaudible) seems to bring about these same questions.

H Q. Were cash and stocks secure if you were not on the premises at lunchtime?

- A. I was on the premises anyway (inaudible) either Christine or myself.
- A Q. Is it correct that travellers cheques and foreign currency were not kept secure?
- A. Can you look through all this paperwork --
- Q. Is it yes or no?
- A. We don't keep travellers cheques, never have.
- B Q. Why did Helen Rose, the auditor, think that there were significant differences there?
- A. Again, this had been written up after the event. Her original report was written and actually she misstated --
- C Q. She did misstate it?
- A. (Inaudible) none of these events, not one of these things was contained in that report and yet all of them are specific to the contract, including the allegation that I had been drinking. All of these are specific absolute that must be contained in the audit report and yet they are not contained in there. Then in her statement produced (inaudible).
- D Q. Mr Castleton, is she lying therefore when she makes that statement?
- E A. I will get the opportunity to cross-examine her.
- Q. Are you saying she is lying?
- A. I do not believe that they are true, no.
- F Q. Do you accept that Catherine Ogilvy suggested you carry out individual stock unit balancing?
- A. Yes, but not on the point (inaudible) no.
- G Q. I suspect this might be and I apologise to his Lordship, it might have assumed a level of knowledge (inaudible) his Lordship might need some assistance. Could you tell his Lordship what is individual stock unit balances?

H

A. It is where you split the individual stock (inaudible) office between two operators, so that you can balance separately and see which side or if at any point anything is gone missing.

A

JUDGE HAVERY: I see.

B

MR MORGAN: So for his Lordship's benefit there are two (inaudible) post office?

A. There are.

Q. And individual stock unit balancing mean assigning a balance of cash and stock to one till and the other cash and stock to the other still?

C

A. Which is (inaudible).

Q. And by doing that was it Mrs Ogilvy's view that one might be able to see whether cash and stock were going missing from the operation of one of those tills?

D

A. It was her view, yes. (Inaudible).

JUDGE HAVERY: You say you could not do that?

E

A. No, my Lord. Whilst our computers were missing or separating we had no facility to split the stock and no facility to organise a split stock unit. We only had one (inaudible), which did not have at the time a separate safe drawer which would be required to separate the units.

F

MR MORGAN: Moving on to consider the National Lottery, am I right in thinking that you now accept that you received £176 on 23rd March 2004 in respect to National Lottery sales and paid out prizes of (inaudible)?

A. That has never been in question.

G

Q. Is that a yes then?

A. Yes. It was never a question of receiving the monies, the fact that repaid (inaudible).

H

Q. Do you accept that you were obliged to account to the Post Office for the money you received for National Lottery sales?

- A. (Inaudible) 1400 hours on Tuesday, 23rd March I did (inaudible) raised the subject.
- A Q. Mr Castleton, you instructed solicitors?
- A. Yes.
- B Q. From before this action was commenced. (Again, my Lord, I apologise I am departing from my script.) You instructed solicitors before this action was commenced?
- B A. Yes.
- Q. You instructed them by telling them what your version of event was, did you not?
- A. Yes.
- C Q. I am not asking you to tell me what you told them, but I am just asking you whether you did go through the process of telling them (inaudible)?
- A. Not initially, no.
- D Q. At some point you did?
- A. At some point after me for pre-action disclosure, yes.
- Q. They presumably also advised you -- I am not asking you to tell me what the advice was?
- E A. That is fine.
- Q. Mr Castleton, the reason I ask this is that the first time that you suggest that you paid the money to Ruth Simpson was by a side wind in Christine Train's statement and by your skeleton argument provided on Monday of this week?
- F A. No, that is not true.
- Q. Can you identify any document that shows that that was your case at any time prior to that?
- G A. Yes, but (inaudible).
- MR MORGAN: Perhaps over the adjournment (inaudible).
- H JUDGE HAVERY: (Inaudible)

A. That is fine, my Lord, yes.

A MR MORGAN: Do you understand that you have no obligation to give disclosure, that is disclosure of relevant documents?

A. Yes.

B Q. Do you understand that if you had a relevant document that that should have been produced by way of disclosure?

A. I don't physically have the relevant documents.

C Q. Mr Castleton, is it the case that you have control over who goes into the sub post area Marine Drive branch?

A. (Inaudible).

D Q. Is it correct that you are able physically to prevent members of the Post Office from attending on the premises?

A. No, I have never refused anybody access.

E Q. Mr Castleton, would you like to take up the bundle of correspondence which is Bundle 13 and turn to tab 118, page 4256?

A. Okay.

Q. Do you see there a letter from Rowan (inaudible)?

A. Yes.

F Q. And it is dated 9/7/2005?

A. Yes.

MR MORGAN: So these are your solicitors?

G JUDGE HAVERY: Is that right?

A. Yes, that is right. Sorry, my Lord.

H

A MR MORGAN: Do you see there that it records some events that occurred a few days previously when Dorothy Day was contacted by Andrew Betson(?) in order to go to the Marine Drive branch to collect certain documents?

A. Which was fine, yes.

B Q. (Inaudible) respective clients. There was a discussion about what documents could or could not be collected?

A. It wasn't really what documents could or could not be taken, it was the originals (inaudible).

C Q. Do you see five paragraphs down Mrs Day declined to deliver up those documents requested?

A. Because they wanted them (inaudible). You will be able to ask Mrs Day.

D Q. Do you see over the page at 4257:

"Please make abundantly clear to your client ... (Reading to the words)... standard disclosure in due course."

E Now in Bundle 4 of the witness statement?

A. In my own personal statement?

F Q. No, it is Mrs Train's behind divider 3, page 640?

A. Yes.

Q. Do you see there:

G "Following my recent statement to assist Dorothy I went through ... (Reading to the words)... was not."

A. Yes.

H Q. Where are these documents, Mr Castleton?

A. In the post office.

- A Q. Why have they not been produced on disclosure?
- A. (Inaudible).
- B Q. Mr Castleton, I am just putting to you that it is extraordinary that this case has not been advanced until the night before, the 11th hour of this trial?
- A. Yes.
- B Q. That we are not put on notice of it until at the earliest the Wednesday and your submissions on Monday?
- A. Yes.
- C Q. That you have relevant documentation without the control of people who are going to give evidence on your behalf?
- A. Right.
- D Q. We have been denied access to the sub post office?
- A. (Inaudible).
- E Q. And now you are purporting to support your case by reference to documents that you have not disclosed?
- A. I have supported my case with it, Mrs Day is supporting the case with it. She is the person that has the temporary postmaster's position at Marine Drive Post Office and there has never been any denied access to the office. The only reason why on that day those people came to take that work away (inaudible) originals, it was never against actually having copies, so I believe (inaudible).
- F Q. Mr Castleton, I suggest to you this is something that this is a case that has been developed late by you and I suggest to you that it is going to be impossible for this court now to get to the bottom of it because you have not produced the relevant documentation, if it exists?
- G
- H

A. I can't produce the relevant documentation because I was terminated from my position.

A I don't have a key to the post office, all access (inaudible).

Q. Just knowing about the existence of this documentation, the very least you could have done is ask one or two of your witnesses to have copied it?

A. You must have known that that documentation was there.

B Q. Mr Castleton --

A. Surely you asked Mr Simpson in the production of (inaudible).

C Q. Mr Castleton, we did not need to ask Mr Simpson for the production of (inaudible) quite simply because this was not a case that was advanced by you through your lawyers. There was no positive case advanced on the pleadings and there still is no positive case advanced on the pleadings and I resist --

D JUDGE HAVERY: I am not sure there is anything more you can put to the witness about it.

MR MORGAN: No, I apologise for entering into a discussion with him.

E JUDGE HAVERY: I will rise now and I will sit again at five past two. I think there is something you want the witness to look for.

MR MORGAN: My Lord, the witness himself thought that he might have a document that suggested that this is something that has been raised earlier.

F A. It was about the lottery, my Lord.

MR MORGAN: Whether it had been raised at some (inaudible) previous.

JUDGE HAVERY: I see. If you could do that and I will sit at five past two.

G MR MORGAN: Yes, my Lord.

JUDGE HAVERY: If you do that during the break. I must also tell you that you must not talk to anybody about your evidence (inaudible)?

H A. Okay, my Lord.

A

MR MORGAN: My Lord, I am comfortable I will finish with the other two witnesses this afternoon.

JUDGE HAVERY: Thank you.

(The short adjournment)

B

MR CASTLETON (continued)

C

MR MORGAN: Mr Castleton, before the short adjournment you mentioned there was a letter that you thought might assist you. I think you have identified the letter that you want to draw to the attention to the court at Bundle 13, the correspondence bundle, tab 126 at page 4319. Mr Castleton, perhaps since it is your point that you want to make to the court, perhaps you could explain it to his Lordship.

D

JUDGE HAVERY: Perhaps I should read it to myself first and then (inaudible)?

A. Yes, my Lord. (Pause)

JUDGE HAVERY: Yes I read that, thank you.

E

A. My Lord, as you can see in our defence (inaudible) the National Lottery was discussed.

From coming out of the office to this present day I have never set foot in the office to obviously procure my evidence and therefore I would be unable to provide the lottery tickets (inaudible), but subsequently from reading Mrs Day's witness statement obviously she has full access to (inaudible) and she has told me that those receipts are there.

F

MR MORGAN: Your Lordship will also notice at the bottom of that page (inaudible) earlier the offer of inspection facilities in relation to computers.

G

JUDGE HAVERY: Yes.

MR MORGAN: Mr Castleton, we are very close to the end you will be pleased to hear. Can we consider the replacement of sub-postmasters. Do you accept that neither

H

Ruth Simpson nor Greg Booth reported any significant problems with balancing on the Horizon system?

A

A. I don't accept that Ruth Simpson had no balancing problems.

Q. Do you accept that Greg Booth did not report any significant problems with balancing under the Horizon system?

B

A. I believe Greg Booth had some minor problems, but no balancing problems.

Q. In your witness statement in Bundle 4, page 619 at the bottom of paragraph 19 of the witness statement is this the incident where you believe that Ruth Simpson had difficulty balancing?

C

A. One or two occasions, yes.

Q. How do you know that Mrs Simpson was phoning Catherine Ogilvy?

D

A. From seeing and her telling me (inaudible).

Q. So your evidence is that she told you that she phoned her repeatedly?

A. Yes.

E

Q. Is it also your evidence that she told you what the content of those telephone conversations was?

A. No.

Q. I suggest to you that Mrs Ogilvy had an all day meeting on 24th March 2004?

F

A. I didn't know that.

Q. Do you know Mrs Simpson likes to talk to her husband on the telephone if she has to be away from their farm?

G

A. I can believe that.

Q. Do you accept that Mrs Simpson could have been on the telephone to her husband rather than Mrs Ogilvy?

H

A. Then why would she tell me she was ringing Cath.

A Q. Do you have any real evidence that Mrs Simpson did not miss balance by only £2.12 on that day?

A. From the lottery errors it would be impossible for Mrs Simpson to have not balanced or to have balanced to £2.00.

B Q. So you base that allegation of misbalancing on the allegation that the lottery should have been taken into the balance at some point?

A. She must have either (inaudible) and she would have declared that or she was so far out she didn't notice.

C Q. Going back to your statement and over the page, page 620, do you have any real evidence that the computer was having a software rewrite?

D A. Across the bottom of the computer there is a bar to say that it cannot (inaudible) comes across when the computer is in correspondence (inaudible) that bar was (inaudible).

Q. How could you see that, Mr Castleton?

A. We have an actual glass that looks through into the post office.

E Q. You say you could see that bar?

A. Yes.

F Q. Could you look please in Bundle 8, behind tab 76, page 2379. This is a spreadsheet of software updates produced from the Post Office database showing updates sent to Horizon at Marine Drive?

A. Yes.

Q. Do you see any reference to an update occurring on 1st April 2004?

G A. No.

Q. Do you say the schedule is wrong?

H A. It seems surprising that there is no updates between when you consider virtually every day there was an update and then nothing from 12th March through to 6th April. I

am not saying the schedule was wrong, it is just I am saying I don't know either way.

A

Q. Mr Castleton, you just say that did you know; you said that the machine was being up loaded?

A. I believe that to be the case, yes.

B

Q. I suggest to you that you do not have that belief and that whilst there was a computer failure on 24th March there was not the update taking place that you allege?

A. Then I would question Mrs Simpson's statement that throughout her time in the post office she only had to remove once.

C

Q. Are you saying that this is all a conspiracy against you by the Post Office (inaudible)?

A. No, I would say for a reboot to take between 10 and 20 minutes to not be able to use the computer for four hours would be a question and whether Mrs Simpson has actually got it wrong.

D

Q. You would say that this schedule is wrong as well?

A. No, (inaudible) if that is what the schedule says, that does not mean that that has not occurred. This could well be a schedule of uploads that have taken place throughout the period that are systematically loaded on to the system through an automated procedure.

E

Q. Mr Castleton, could I take you to back to paragraph 21 of your statement on page 620?

A. 21, yes.

Q. You said Mrs Ogilvy attended on 10th May and took away paperwork?

F

A. Yes.

Q. Is that not the case that that is your date of your hearing with Mrs Ogilvy?

A. I thought the hearing was on the 13th from memory.

G

Q. Mrs Ogilvy's evidence is that the hearing was on the 10th?

H

- A. Right.
- A Q. Do you maintain that she took away any material paperwork you had not seen?
- A. Yes.
- Q. What do you say that you have not seen since?
- B A. (Inaudible) snapshots for a huge amount of period of time and transaction notes.
- Q. Mr Castleton, I suggest to you that all the paperwork was taken away (inaudible). Do you accept that?
- A. No.
- C Q. Mr Castleton, what I would like to do now is put the Post Office's case to you formally and then conclude?
- A. Okay.
- D Q. Mr Castleton, the Post Office's case and I ask you to accept the deficiency found by the auditors on 24th March 2004 was a real deficiency. Do you accept that?
- A. No.
- E Q. From your evidence this morning, as I understand your case it is not that the cash accounts were wrong, but that there is a discrepancy or you think there is a discrepancy between reports produced during the week and what is recorded in the final accounts, is that right?
- F A. The actual breakdown of the transactions that are placed in the cash account and the daily figures that are produced by Horizon system in-house have discrepancies, yes.
- G Q. But you do not say that the final accounts have discrepancies as against the physical documentation?
- A. As against the physical documentation of the final, yes.
- H Q. So your quibble is actually that the interim reports do not reconcile one for one with the final accounts that you produce?

A

A. My quibble is that those interim reports have an effect on the cash account and the stock (inaudible) cash account which is (inaudible).

Q. But in fact you accept and you have accepted repeatedly that the final accounts reconcile back to the primary documentation?

B

A. The daily documentation produced reconciles to the figures that are produced in the transaction (inaudible) but do not reconcile back to the stock and mop figures that are produced on the cash account and also there are discrepancies placed between the actual transacted figures that appear on the cash accounts and the transactional data that is produced (inaudible).

C

Q. I think you have accepted that the cash accounts reconcile to your summaries the physical documentation and your summaries?

D

A. What I am saying is that that effect must have had an effect through the week on the stock and what was placed through the system.

E

Q. Mr Castleton, would you accept that if I asked you to sit down with your summaries and produce an old-fashioned cash account using those summaries and your disclosure of physical stock you would produce the same figures as you signed off for on the cash account?

F

A. No.

Q. Mr Castleton, I suggest that they would and I suggest that is a necessary consequence of all the figures in the cash account reconciling back to the physical documentation?

A. Why do the daily totals not match?

G

Q. Mr Castleton, I will ask the question one more time. If you produce an account using the summaries of transactions and the actual figures for cash and stock disclosed by you would the cash account produce any final figure? Sorry, would the cash account produce a different final figure?

H

- A. Yes, in respect to stock and mop was produced on a daily basis, yes.
- A Q. But would the cash account at the end of each week, if you produced an old-fashioned manual account, take it in summaries, would that produce any different figure to that produced by the Horizon system for the cash account final?
- B A. Yes, in the stock and mop figure.
- B Q. But the stock figure disclosed at the end of each week is what you actually have in stock?
- A. (Inaudible).
- C Q. As a means of payment figure that you have -- a means of payment is another word for cash -- is something you count up each week, so why would stock and mop be different?
- D A. Because it is produced in a different way.
- Q. Mr Castleton, I thought we had established that the mop figure was what you physically input into the computer?
- E A. I thought we had established that the transactional data (inaudible) does not correspond to the actual transactional data on the cash account.
- Q. I am not asking you whether the transactional data does, I am asking you whether physically and I think you have shown it by looking at Week 48 that physically the amount that you count up and declare in cash goes into the trial balance, is that correct?
- F
- A. Yes.
- G Q. That figure then goes into the cash figure in the final balance?
- A. Yes.
- Q. So how would that differ?

H

A. As I showed you earlier with the transactional (inaudible) you cannot have a difference
A between the cheques declared on one piece of paper produced (inaudible) and a
difference in the cash account. Why is that the occurrence?

Q. Mr Castleton, that is not the question I am asking you. I am asking you, if we start now
B with a clean sheet of paper?

A. Right.

Q. And we start in Week 42 and we produce for Week 42 a balance sheet, an
C old-fashioned balance sheet, would we get the same figure for cash declared in the
old-fashioned balance sheet as is declared in your Week 42 balance sheet now?

A. In the Week 42? Just in the Week 42?

Q. Yes.

A. There are discrepancies in stock though that come from the transaction (inaudible).
D

Q. No, would we get the same figure in cash?

A. You are talking about two separate items of paperwork.

Q. When you count up the cash, Mr Castleton, for Week 42, let us have a look at it --
E

A. I agree with what you are saying --

Q. Why do you not say yes, please?

A. Because it is not as simple as that. If it were as simple as that, then we wouldn't have a
F problem, would we? It is far far more detailed than that, hence the reason why you
have 250 files.

Q. Mr Castleton, could you take Bundle 1 and turn to divider 42, page 2599?
G

A. Yes.

Q. Table of cash stock etcetera in hand?

A. Yes.

Q. I accept that you say (inaudible)?
H

A. Yes.

A Q. But once you put in the money is the physical amount of cash, stock etcetera in hand, is
the physical amount of cash £83,328.32?

A. There is a reason for that.

B JUDGE HAVERY: Is that the amount of cash-in-hand?

A. It was at that time, my Lord.

JUDGE HAVERY: It was?

A. But there was a reason for that occurring, my Lord.

C JUDGE HAVERY: Whether that is the next question or not, the next question you are
saying that is correct?

A. Yes, my Lord.

D MR MORGAN: Did you have £81.01 worth of (inaudible) licence?

A. We did.

Q. £3,385.46 of postage stamps?

E A. That is what we declared.

Q. Did you have them?

A. Yes, but the computer in the transactional logs status report has a zero figure.

F Q. Did you have £1,183 of PO Face Value?

A. Yes.

Q. Did you have £127.95 of POBs?

A. Yes.

G Q. £380 of TV licences?

A. Yes.

Q. £30 of Littlewoods savings certificates?

H A. Yes.

A Q. £60 of £5 Post Office calling cards?

A. Yes.

A Q. £30 of £10 Post Office calling cards?

A. Yes.

B Q. £160 worth of £20 Post Office calling cards?

A. Yes.

B Q. £200 of £10 --

A. Yes.

C JUDGE HAVERY: (Inaudible).

MR MORGAN: Post calling cards International, I do beg your pardon. And £2,209 of
National Lottery Instants?

D A. Yes.

Q. Giving a sub total of £92,374.74?

A. Yes.

E Q. Now over the page --

A. There is no need to go through each individual line.

Q. So you accept each individual line is accurate?

A. There is a reason for that.

F Q. Mr Castleton, I do not need to enter into a dispute with you as to whether there is a
reason for that. What I am asking is whether these accurately reflect the position of
the business on that date?

G A. Yes.

Q. That is the same that each and every week up to Week 51, is it not?

A. Yes.

H

A

Q. So if one were to do the exercise manually rather than rely on Horizon one would come up with the same figures?

A. No. You would from the cash account -- sorry, I appreciate the question now. You would from the cash account, but there is an underlying system within these cash accounts.

B

Q. You would produce the same physical figures -- sorry, the same figures if you undertook the exercise in an old-fashioned way with pencil and paper?

A. Yes.

C

Q. Thank you.

A. (Inaudible) sorry.

D

Q. Mr Castleton, you can put Bundle 9 away. Mr Castleton, on that basis I suggest to you that the figures recorded each week for the losses were real losses that were being suffered by the business?

A. That is not true.

E

Q. And I suggest to you that there is nothing wrong with the Horizon system and that it produces exactly the same figures as would be produced if you had conducted the bookkeeping exercises manually rather than using what is in effect a sophisticated calculator?

F

A. That is not true.

Q. I also suggest that you never have had any evidence that the Horizon system was causing any losses?

G

A. That is not true.

Q. Finally, I suggest to you that you may have honestly deluded yourself into believing that the real losses are not your responsibility but should be blamed on something

H

else, but you have chosen the Horizon system because it is complicated and because
you felt you could point the finger at it?

A

A. That is not true.

MR MORGAN: Mr Castleton, thank you for answering my questions.

B

JUDGE HAVERY: Can I have Bundles 3 and 8 please? I just have a few questions I may
want to ask you?

A. Yes, my Lord.

JUDGE HAVERY: Could you look at Bundle 3, tab 59, Mr Castleton, page 448?

C

A. Yes, my Lord.

JUDGE HAVERY: You should have part of Mrs Simpson's evidence, in particular
paragraph 12?

D

A. Yes, my Lord.

JUDGE HAVERY: Would you like to read that yourself first briefly before I ask you a
question about it? (Pause)

E

A. Yes, my Lord.

JUDGE HAVERY: Is it right that the car auction business made a practice of dumping
money in your shop?

F

A. My Lord, my wife is an agent paying in for the car auction. They would deliver money
to my wife early in the morning prior to opening and my wife would pay the money
in. We do actually have a letter from the car auction --

JUDGE HAVERY: No, I am just asking what you say about it?

G

A. Yes.

JUDGE HAVERY: So they would actually give the money in bags, is that right --

A. They were actually sealed bags, my Lord.

H

JUDGE HAVERY: So they would give them to your wife, is that right?

A. That's right because she's an agent.

A JUDGE HAVERY: It would be in your house upstairs, is that right?

A. Actually in the store-room at the back of the shop. We open at 5.30 in the morning.

JUDGE HAVERY: I see. So they call and she would answer the door?

B A. Yes, my Lord.

JUDGE HAVERY: Then what did do you about counting that money?

C A. Paying into the post office (inaudible) postmistress would pay it in, so my wife would take the paying-in book with the sheet that says how much cash was there, fill it out, just as you would with any paying-in, and then push that through underneath the counter for the postmistress to pay in. At the time it was Ruth Simpson.

JUDGE HAVERY: So she would come into the post office --

D A. As a customer, that's right she was purely a customer as an agent for them.

JUDGE HAVERY: I follow. So she would presumably (inaudible) Mrs Simpson or whoever was in the post office would also count the money?

E A. That's right.

JUDGE HAVERY: I see. That would be recorded on a paying-in slip?

A. That is right, my Lord.

JUDGE HAVERY: Presumably on a computer?

F A. That's right, Horizon, my Lord.

JUDGE HAVERY: Thank you. Would you take Bundle 8, tab 80 please?

A. Yes, my Lord.

G JUDGE HAVERY: This is a note (inaudible)?

A. I believe it is by Catherine Ogilvy, my Lord, the retail manager.

JUDGE HAVERY: If you turn to page 2391?

H A. Yes, my Lord.

A JUDGE HAVERY: She is quoting you in the middle of the page. I will just read the paragraph to you in the middle of the page:

"He said that he thought that the two ... (Reading to the words)... sheets of giro bank (inaudible)."

B My question to you is simply this. Did you do what she suggested?

A. Yes, I did.

JUDGE HAVERY: You did do that, but she took the paperwork (inaudible).

C JUDGE HAVERY: So you had the two snapshots, but (inaudible) paperwork?

A. No, my Lord. It has never been returned.

D JUDGE HAVERY: Would you turn to Volume 3 again, please, page 352. This again is Mrs Ogilvy?

A. Yes, my Lord.

E JUDGE HAVERY: (Inaudible) last six line of paragraph 15 when she says:

"However, with individual stock balancing ... (Reading to the words)... own separate stock and cash balance."

F I think this is something you said you do not have (inaudible)?

A. We (inaudible), no.

JUDGE HAVERY: So she said:

G "Mr Castleton ... (Reading to the words)... to doing this sort of balancing."

You say it is not possible (inaudible)?

H A. In actual fact this conversation took place in Week 49, my Lord, and also it's as you will find from Mrs Train's witness statement our post office literally is very small,

A

we only have one safe so in order to keep the two separate cash and stock (inaudible) impossible, my Lord. We do have a change safe and change drawers, but the main unit for the stock which is the (inaudible) carry the bulk of the stock it would be impossible to split.

B

JUDGE HAVERY: Will you turn to the same file, tab 62?

A. Yes, my Lord.

JUDGE HAVERY: This is the (inaudible)?

A. Yes.

C

JUDGE HAVERY: Page 544. Perhaps you can read paragraphs 18 and 19 to yourself first. (Pause)

A. Yes, my Lord.

D

JUDGE HAVERY: Do you know anything about that (inaudible)?

A. The rent itself and the phone call that he refers to (inaudible) barrister phoning him on my behalf or on my father-in-law's behalf would be ridiculous and the first (inaudible) I did make a call to him to say I did not want him to come because in his first month we had numerous complaints (inaudible) how many problems he had caused in the office for customers and I didn't wish him to come back to Marine Drive Post Office.

E

F

JUDGE HAVERY: Did you say you would make it difficult and very expensive for him?

A. No, my Lord.

G

JUDGE HAVERY: What about paragraph 19, did you mention the question of (inaudible)?

A. No, my Lord. I believe he is referring to the fact that my father-in-law is a barrister apparently referred to a rent of (inaudible).

H

JUDGE HAVERY: (Inaudible) nothing about that?

A. I do not have a barrister, my Lord.

A JUDGE HAVERY: (Inaudible) barrister is your father-in-law?

A. Yes, well (inaudible) I do not have a barrister in place today. I don't have a barrister. I have no idea what he is talking about to be honest, my Lord.

B JUDGE HAVERY: Does your father-in-law have a barrister?

A. He is here, my Lord. Sorry I apologise, no he does not.

JUDGE HAVERY: All right. Look in tab 60 at the bottom of page 483 paragraph 12?

A. Yes, my Lord.

C Q. This is Mr Jones again and I would like you to read the first half of that paragraph?

(Pause)

A. Yes, my Lord.

D JUDGE HAVERY: Lines 3 to 35 on the top of page 404, which says:

"Is the valuation indicating that the actual transaction or receipts exceeded ...
(Reading to the words)...."

E Do you know anything about that?

A. It is because he has taken figures from the balanced snapshot, my Lord. Balanced snapshot is a guide from the system that would tell you in its own words where you should be with respect to cash declaration. He has not taken out an actual cash declaration.

F JUDGE HAVERY: Thank you. Could you move on to page 486, please?

G A. Yes.

H JUDGE HAVERY: There is something here that I confess I do not altogether understand. You may or may not be able to help me, but paragraphs 21 and 23 on page 486. First of all, paragraph 21. Mr Jones is saying that he explained to you that the

branch had ordered significantly more money for the post office than had normally been the case and you answered (inaudible)?

A

A. That is correct, my Lord.

JUDGE HAVERY: Then he said or says he said this to you that for the entire period from Weeks 42 to 51 the actual cash (inaudible) did not differ from week to week and that you had only needed to order between 200,000 and 265,000 in cash and instead you had ordered 305,000 in cash?

B

A. I can understand why he has made the mistake, my Lord.

C

JUDGE HAVERY: First of all, can you tell me what the mistake was?

A. What he has done is on receipt of any monies in the top half of his equation he has taken into account £60,000 worth of cheques because when people pay in giro or various different other things that is incorporated in his figures some of those payments are cheque payments my Lord, but on the second side, the payment side he has actually removed those £60,000 worth of cheques in order to provide the cash for them and by doing that he has reduced the amount of cash he was required. Again, I have produced a handwritten spreadsheet to prove those two figures and I did actually talk in detail about this prior because he has also made a typographical error between 42 and 49 which I referred to the other day because he has repeatedly (inaudible) now made three different indications to how the figures were made up and throughout that period we actually needed £325,000 of cash to complete the transactions we actually did and we ordered £316,000, my Lord.

D

E

F

G

JUDGE HAVERY: Thank you. That really is also your answer to the question I would have asked about paragraph 23?

A. Yes, my Lord.

H

JUDGE HAVERY: It is the same point?

A. It is my Lord, yes. I could give you a copy of the spreadsheet.

A JUDGE HAVERY: I think we have it (inaudible)?

A. It is just is a handwritten one --

JUDGE HAVERY: (Inaudible)

B A. John Jones -- but he does not total anything, does he?

MR MORGAN: We have seen it briefly in opening. There are not any totals and you may recall I indicated to your Lordship it was not my primary case.

JUDGE HAVERY: No?

C A. I do have a total copy (inaudible).

JUDGE HAVERY: What about this at the top of page (inaudible)?

A. The very first paragraph, my Lord.

D JUDGE HAVERY: Yes, at the top it says:

"Crucially it was only ... (Reading to the words)... able to remain in trading."

E A. Yes, my Lord.

JUDGE HAVERY: What do you say about that?

F A. Of course not taking into account the cheques that obviously went through the system at the same time it would be very easy for us to make a mistake, but when you actually compare the cash in and cash out that you can see they do correspond and at no point was there anything untoward about the order and the cash.

G JUDGE HAVERY: Thank you. Mr Morgan, do you have any questions arising out of those?

H MR MORGAN: My Lord, two or three. I suspect they may be only clarificatory, but let us just say. Mr Castleton, when the car auction produced its giro bags, did you physically open those bags and count the cash inside?

A. It has never been anything to do with me; I have never paid any money in on behalf of
A them.

Q. No, but when you receive the money?

A. When I was working in the post office?

B Q. Yes.

A. Yes of course, sorry I apologise.

Q. So did you not just take it on trust that what was said to be in the bags --

A. No, no, no.

C JUDGE HAVERY: It seemed rather odd to me that these people should pay money in and
leave it to you (inaudible) want to check it myself as well?

A. They do; they seal them in bags, my Lord.

D JUDGE HAVERY: I see.

A. It is all sealed in sticky giro bags.

JUDGE HAVERY: You say you fill in the paying-in slip?

E A. Because they provide us with a slip of their own.

MR MORGAN: Might I make a concession here that will hopefully clarify the whole
thing? Initially the Post Office was concerned and for obvious reasons, however
there has been a complete reconciliation with that account. The Post Office itself
F has gone through all of the paying-in slips and all the receipts shown and we are
satisfied and make no allegations against Mr Castleton there is anything wrong in
that in the sense of anything in the accounting sense. We might prefer not to have
G done business that way, but that is not (inaudible) trial.

JUDGE HAVERY: I am just a little bit puzzled, they fill in a figure themselves and then
your wife checks it is correct, is that right?

H

A. My wife would pay it in on their behalf and fill out the paying-in slip and they would
A then check inside the post office that the figures corresponded, so --

JUDGE HAVERY: Is it a blank paying-in (inaudible)?

A. It is a giro (inaudible).

JUDGE HAVERY: (Inaudible) can answer I suspect (inaudible) it is just a puzzlement
B that these people should pay the money in and leave it to somebody else to count it
for them?

A. They have actually already counted it, my Lord. It would be just the same as if I were
C to pay in on behalf --

JUDGE HAVERY: Supposing your wife (inaudible) she would not even though whether
she disagreed with that figure, she would not know what their figure was?

A. We are friends, my Lord, and obviously the figures that they produce in the four
D bundles we have always had a very good relationship and obviously --

JUDGE HAVERY: They say by word of mouth possibly (inaudible)?

A. To clarify if there was any problems.
E

MR MORGAN: Mr Castleton, it is a tiny point, but presumably that cash was paid in
notes?

A. It would depend (inaudible).
F

Q. People go to buy cars at car auctions probably turn up with rolls of notes?

A. Yes.

Q. Mr Castleton, you were asked very briefly about the suggestion by Catherine Ogilvy
G that snapshots should be produced before and after remming in and you said you
did that and then you said that (inaudible). I am right in thinking, am I not, that the
snapshots you produced on that occasion did not show any discrepancy?

A. The snapshots (inaudible) sometimes we would be --
H

A Q. I am just asking about that specific -- there is one occasion when you produced a snapshot, remmed in and produced another snapshot?

A. On that particular occasion (inaudible).

Q. There was no discrepancy that was shown when you did that?

A. No.

B Q. That is the extent of my questioning. On the question of splitting the stock units?

A. Yes.

Q. You say it was impossible?

C A. Yes.

D Q. Can I just explore with you whether your evidence is really that it was impossible. Can I ask you whether it is in fact merely difficult. You could have done it or can I ask you, could you have done it if you physically had been in charge of the safe and had kept the keys on your person and you had counted out £900 into till one and £900 into till two and locked the safe?

E A. We would have had to have those two stock units completely separate inside the safe and there is no facility for doing that.

F Q. With respect, Mr Castleton, you could then have traded each unit during the day, balanced them at the end of the day and put the money back into the safe, could you not?

G A. I appreciate what you are saying on the actual unit side, but you would have to declare the stocks accordingly to either side of the computers and I had no facility for the declaration to be split.

Q. But you yourself could physically have gone to the safe and said, "I am going to divide the stock like this. I am going to keep a manual record..."

H A. I had no facility inside the safe to do that.

Q. But you could have written it on a piece of paper?

A

A. (Inaudible) whilst I appreciate what you are saying (inaudible).

Q. I accept that, but you could notionally have divided the stock by saying of these 40 books of stamps 20 are going to start off in unit one and 20 are going to go to stock unit two and in the morning when I take out two books of stamps and put it in stock unit one and two books of stamps and put it in stock unit two I am going to make a record of that and at the end of the day I can reverse that process?

B

A. I can appreciate how you are saying it never having used the system because you would have had to have done that on the system too.

C

Q. Yes?

A. And to do that on the system split the stock you would have to physically split the stock also and we had no facility for doing that.

D

Q. When you say "physically split the stock" the system does not know whether you physically put the stock in a separate safe or not, does it?

A. No.

E

Q. So all that is on the system is what it thinks it has access to and as long as you know what it has access to, it is irrelevant whether it is kept in a separate location or in the same location as long as you are the only person with the key to the safe?

F

A. Right. I appreciate what you are saying, but it would still be impossible to do.

Q. I suggest to you it is not impossible, it is just difficult?

A. No, I completely refute that having worked there.

G

JUDGE HAVERY: What would be the point of doing it? I understand if you have two different counters (inaudible) check whether one person may be dishonest or inaccurate or something (inaudible).

H

MR MORGAN: Yes.

A JUDGE HAVERY: In this case I gather the two are close together anyway and therefore
(inaudible) particular person's fault, you would need more secure system of
separation than (inaudible).

B MR MORGAN: My Lord, you might well, but it might have shown up an anomaly. It is
not a key part of my case, it is not a part of my case at all because as your Lordship
will have seen the way I put it, but there are suggestions that my clients did not do
as well as they might and all I am seeking to do is establish whether this was
something that could have been tried to try and narrow the possible options as to
C how this was happening.

JUDGE HAVERY: Yes.

D MR MORGAN: I anticipate it might be a ground for complaint against various people at a
later stage in these proceedings.

JUDGE HAVERY: I see. Very well.

MR MORGAN: My Lord, those are my questions of Mr Castleton.

E JUDGE HAVERY: Thank you, Mr Castleton. You may sit down again now.

A. Thank you.

(The witness withdrew)

MRS DOROTHY DAY (sworn)

F JUDGE HAVERY: (Inaudible) I hope it is. If you turn to tab (inaudible). If you just have
a quick look at pages 622 to 626?

A. Yes.

G JUDGE HAVERY: Is that your signature at page 626?

A. Yes, my Lord, it is.

JUDGE HAVERY: Are you familiar with the contents of that statement?

H A. Yes, I have gone right through it, yes I am familiar with it.

JUDGE HAVERY: Are the contents true?

A

A. Yes, my Lord.

JUDGE HAVERY: Thank you.

MR MORGAN: Mrs Day, I am sorry to have kept you so long --

B

JUDGE HAVERY: I am assuming that Mr Castleton did not want to ask any introductory questions.

MR CASTLETON: No, my Lord.

JUDGE HAVERY: Very well

C

Cross-examined by MR MORGAN

MR MORGAN: Mrs Day, I was wondering whether you would be able to help the court with one or two questions?

D

A. Certainly.

Q. Did you ever use the services of Ruth Speamer?

A. No.

E

Q. Can you please look at paragraph 9 of your statement?

A. Yes.

Q. Do you accept that you can produce a trial cash account?

A. Yes.

F

Q. In paragraph 10 of your statement you state that Christine train had been suspended?

A. Correct.

G

Q. That is not actually quite true, is it, because as a sub-postmaster you employ your assistants?

A. Correct.

H

Q. That is correct?

A. Yes.

- A Q. So if you are suspended your assistant then cannot work, is that also correct?
A. Yes.
- A Q. So I am just trying to get it truly accurate?
A. Yes.
- B Q. This is not absolutely accurate. In fact, I suggest to you that when Mr Castleton was
suspended it then was not possible for Mrs Train still to work?
A. Okay.
- C Q. Do you accept that?
A. I will accept that, yes.
- D Q. Could you look back to paragraph 3 of your statement?
A. Yes.
- D Q. You state that Horizon problems soon became apparent?
A. Yes.
- E Q. Were those problems obvious (inaudible) readily able to identify them?
A. Yes.
- E Q. However as I read your statement you never once mention that you were out of
balance, is that in fact the case?
A. No, and I didn't expect to be.
- F Q. I am sorry, maybe I phrased the question badly. Is that you were out of balance --
A. I haven't been out of balance for a very large sum, I have been a £100 here or there,
may be (inaudible) under, but I know that when I went into that office the computer
G system had been down several hours on the first day after Mr Castleton was
suspended and that can only happen if you reinitialise the system. If you have a
breakdown you have a power cut, power surge, anything it takes ten minutes to
H reboot the system.

- A Q. You say you know the system had gone down?
A. Yes.
- A Q. That is because somebody has told you, is it?
A. Well, there would be also, no the reason for Mrs Simpson to do a final balance at one point in the afternoon if there was not a problem in the morning.
- B Q. Did anybody tell you that the system had gone down on 24th March?
A. Yes, I believe somebody did tell me it had gone down --
- C Q. So you personally do not know that?
A. No, but looking at the evidence (inaudible), then I would say that's what happened. For four hour, for the computer system to be off for that length of time is, it never -- it has never off that length of time.
- D Q. I am sorry, Mrs Day, were you in the post office at the Marine Drive branch on 24th March for four hours in the morning?
A. No, I wasn't.
- E Q. So you do not know that personally, do you?
A. No.
- F Q. So you are simply reporting what somebody else has told you happened on that day?
A. To a degree.
- G Q. So you do not know yourself what happened on that day?
A. Something definitely happened because the balance wasn't done until 1.00 in the afternoon. We balance before we open on a Thursday morning, otherwise you cannot start the next week.
- H Q. You were saying on 24th March there was a balance at one o'clock?
A. Yes.

A Q. Can you explain why you were never significantly out of balance whilst Mr Castleton allegedly had the same sort of problems and yet did find himself significantly out of balance?

A. That is one (inaudible) I can think of is the system was fudged.

B Q. That is the only (inaudible)?

A. It is the only explanation.

C Q. Am I right in thinking that you acted strictly in accordance with the Horizon manuals in identifying transactions that in progress if and when you had a problem?

A. Yes.

D Q. And that you took immediate steps to ensure that the transactions were correctly recorded?

A. Yes.

E Q. Am I right in thinking that for balancing each week you checked all the figures against the summaries as you were required to do?

A. Yes.

F Q. And you corrected discrepancies that you identified in accordance with the manuals?

A. Yes.

G Q. In paragraph 13 of your statement you state that you truly believe that Mr Castleton has done nothing wrong?

A. Correct.

H Q. Is it fair to say you are very supportive of him?

A. Yes, I am supportive, but I am also a very very honest person.

Q. I am not questioning your integrity at all?

A. That is fine.

H Q. Have you also done all you can to try and identify any errors (inaudible) figures?

A. No.

A Q. Have you looked at his figures --

A. I have looked at the reports that he has done (inaudible) transactions appeared to be either a transaction had been made after he had logged out of the computer, I have seen instances of that. It should not be possible.

B Q. Have you looked at his cash accounts?

A. I have looked through them; I have not studied them in great detail.

C Q. You have been unable to identify anything wrong with the figures in those cash accounts?

A. I have not analysed them with (inaudible). I have not gone through them and analysed them, but I saw one instance where a figure rolled over but doubled from one case to the next on a week ending which seemed very unlikely.

D Q. How are you able to be so positive that the alleged anomalies arise from Horizon when even with your extensive bookkeeping experience and your personal experience operating the system you have not been able to identify anything?

E A. Because I have had anomalies when I was 14 years in (inaudible) Horizon system.

Q. But you have always managed to reconcile your books?

F A. No, if you go back to one of the paragraphs on my -- (inaudible) where it says I was twice in the --

Q. Yes, in fairness you say there were two occasions where you were £100 or so over?

A. No, it wasn't £100 (inaudible) several hundreds I think I said.

G Q. Yes, you did, paragraph 12 (inaudible)?

A. Okay. In the first six months on one occasion I was several hundred pounds, I think it was around £500, which never turned up and that was I think in 2000 the Horizon computer system (inaudible). The next one which was even harder to explain was I

H

A

had a very small village post office where I knew everyone who came in and out, it was quite a poor village, if people had paid money into a National Savings or a giro (inaudible) I would know about it, I would remember it and it was (inaudible) and at the end of the half day I was £700 over which never ever turned up.

B

Q. Mrs Day, I am right in thinking that was a different post office, not the Marine Drive branch?

A. No, we all worked (inaudible).

Q. But it was a different post office?

C

A. Yes.

Q. And it was before these events?

A. It was October 2003 my last one.

D

MR MORGAN: Mrs Day, thank you for your time and I am sorry to have kept you?

A. Okay.

E

JUDGE HAVERY: Can you just explain why your statement is in two different typescripts, Mrs Day?

A. Because the original solicitor Mr Castleton had had put a question on one of the pages and I expanded on what I put, that was all.

F

JUDGE HAVERY: I see.

A. (Inaudible) it looked rather a mess, (inaudible) retyped it out. (Inaudible).

JUDGE HAVERY: What (inaudible)?

A. Rent.

G

JUDGE HAVERY: Yes?

H

A. I pay a different rent every month. I take a salary out for the days that I work and I plough back in the money that is (inaudible) because I pay rent, but I also pay Mr Castleton and Mrs Train is his employee and I pay him for her services as well as

rent, so I take the amount out each month and (inaudible) for wages, so it is
different every month and I gave him the money back over (inaudible).

A

JUDGE HAVERY: (Inaudible) it is Mr Castleton's premises, is that right?

A. Correct.

JUDGE HAVERY: So you pay him rent (inaudible)?

B

A. Yes, sir.

JUDGE HAVERY: What the rent you pay him?

A. (Inaudible) split it up, it is just a figure. I believe in his innocence and I am trying to
keep him alive and I plough back the money over and above the salary that I take.

C

JUDGE HAVERY: Thank you. (Inaudible)?

A. More than that every month.

D

JUDGE HAVERY: Really?

A. Yes, sir. Sometimes when it gets up to Christmas it is 1900.

JUDGE HAVERY: Right, thank you.

E

MR MORGAN: Sir, I apologise, my Lord, there is one supplemental question. Am I right
in thinking that the effect of your agreement with Mr Castleton is that he continues
to run the post office but paying you a salary?

A. He does not pay me a salary because (inaudible).

F

Q. Of course, but you agreed a figure that you are going to take?

A. Correct.

Q. And he gets everything over and above that figure?

G

A. Yes.

JUDGE HAVERY: Thank you very much.

(The witness withdrew)

H

CHRISTINE TRAIN (sworn)

A JUDGE HAVERY: Could you look at Bundle 4 on the shelf behind you and would you go to tab 67 and have a look at that witness statement. (Pause) Is that your witness statement?

A. It is.

B JUDGE HAVERY: It that your signature on page 641?

A. It is.

JUDGE HAVERY: Are you familiar with the content of the statement?

A. Yes.

C JUDGE HAVERY: Is the statement true?

A. Yes.

JUDGE HAVERY: Mr Morgan will ask you some questions.

D Cross-examined by MR MORGAN

MR MORGAN: Mrs Train, could you look please at paragraphs 3 and 4 of your statement on page 628?

E A. Yes.

Q. And paragraph 8 on page 629 and paragraph 9 on page 630?

A. Okay.

F Q. Am I right in thinking that of all your years of experience aside from Mr Castleton's problems you have never had any significant trouble balancing Horizon?

A. No.

JUDGE HAVERY: When you say (inaudible) or what?

G A. Not until (inaudible).

MR MORGAN: Have you had significant problems since?

A. There are all sorts of problems with it.

H Q. Have you had any significant problems since then balancing?

- A. Yes, there are lots of problems that do obviously create (inaudible).
- A Q. But since Mr Castleton left, ceased to be sub post office master at Marine Drive branch
you have worked as subpostmaster with Mrs Day, have you not?
- A. I have been her assistant.
- B Q. Have you had problems with Mrs Day in balancing on Horizon system?
- A. We have, yes.
- Q. Have you been significantly out?
- A. With certain items £100 here and there (inaudible). It is how things have been
C processed and how the system changed.
- Q. Mrs Train, I think Mrs Day's evidence, and the learned judge will correct me if I am
wrong, was that she has not been out of balance by more than £100 or so?
- D A. With the problems that are there in the system.
- MR MORGAN: I know you say there are problems in the system --
- JUDGE HAVERY: Let her finish.
- MR MORGAN: I do beg your pardon.
- E JUDGE HAVERY: Just finish what you are saying?
- A. Yes, because there are continuing problems in the system that things are not working as
they should and that has thrown up you know (inaudible) it causes you to
F misbalance.
- MR MORGAN: Have you had significant problems whilst balancing on the Horizon
system whilst working with Mrs Day? When I say saying I mean more than £100?
- G A. No.
- H Q. Looking again at paragraph 9 on page 630, would I be correct in thinking that you are
saying that even after all the checks the computer figure appeared correct and the
amount of cash that you actually held appeared wrong?

- A. The cash that was held what was physically (inaudible) declared correctly.
- A Q. Yes.
- A. And that is what (inaudible).
- B Q. So you checked all the figures, you reconciled all the figures back to the primary documentation?
- B A. Yes.
- Q. And they seemed to be right?
- A. Yes. The totals for (inaudible) things you would normally check (inaudible) giro bank totals, they appeared to be correct at that time.
- C Q. You state in paragraph 12 of your statement on page 632 that Mr Castleton made good the loss from his own pocket to make the system balance. Can you remember who made the cash declaration on that Wednesday in Week 42?
- D A. No (inaudible).
- Q. Can you remember whether you saw Mr Castleton make good the loss?
- E A. (Inaudible).
- Q. Did you see him make it good?
- A. Yes.
- Q. Can you remember seeing him make it good?
- F A. Yes.
- Q. Can you remember what he did to make it good?
- A. He took the £1100 --
- G Q. You remember seeing him put the £1100 in to make it good?
- A. Yes.
- Q. Was it notes or was it coins; he had £1100 worth of 50p pieces he told me?
- H A. I presume it would be notes.

A Q. Can I take you to Bundle 9 and divider 42 and look at page 2610. Can you help the court by telling us whose handwriting this is or if it is a mix which is yours and which is Mr Castleton's?

A. (Inaudible).

B Q. Could you tell us which is definitely yours please?

A. (Inaudible) £50 notes, twenties, ten (inaudible).

Q. So all of it is yours?

A. It looks like it, yes.

C Q. Am I right in thinking that you would have likely prepared this on the Wednesday evening?

A. (Inaudible).

D Q. Would you have then given that to Mr Castleton for him to enter on to the Horizon system?

A. Either one of us would do it.

E Q. Could you keep that open please and could you take Bundle 10 which is behind you and turn to divider G and look at the first page behind divider G, page 3087?

A. (Inaudible).

F Q. You have there a page headed Thursday or Thur?

A. Yes.

Q. (Inaudible)?

A. Yes.

G Q. Can you tell the court is that your handwriting again?

A. Yes, it looks like it.

JUDGE HAVERY: (Inaudible)?

H A. Yes.

A MR MORGAN: Mrs Train, could you keep that open and go back to Bundle 9 which you have open at page 2610 and turn over two pages to 2612, do you see there in the top left hand panel the declared cash on 15th January 2004. That is the Thursday you are balancing for Week 42?

B A. Yes.

B Q. Am I right in thinking if Mr Castleton had made good the losses using notes they would have been shown in the denominations (inaudible) notes?

C A. Quite possibly, it just could have been added on (inaudible) added on on a different line, but the total of £1100 was still definitely in.

Q. So your evidence is it does not matter how he enters it up?

D A. He could just have been (inaudible) that space on the panel or if you have not time (inaudible) still comes to the same.

Q. So it is your evidence, as I understand it, that Mr Castleton put in no notes to make up this £1100?

E JUDGE HAVERY: I think you said you presumed it was notes, is that right?

A. Yes.

JUDGE HAVERY: (Inaudible).

F MR MORGAN: My Lord, yes. You presumed it was notes?

A. Yes.

Q. Can you think of any reason why Mr Castleton would have entered it up as 50p pieces?

G A. Could have just been to make sure (inaudible) before running over on to the following week.

Q. Mrs Train --

H JUDGE HAVERY: (Inaudible) figures that are meant to be accurate accounts of money in the safe?

A. They are, yes.

A JUDGE HAVERY: So --

A. (Inaudible) Thursday morning when that would have been entered to finish the roll-over because we have to wait until Thursday morning to enter the lottery as well (inaudible) need to have that done before you can open up.

B JUDGE HAVERY: So you need to put in the right (inaudible)?

A. It should be, but ultimately because of the time we spent on this it could have just been an oversight as rushing for time (inaudible) next day.

C MR MORGAN: Mrs Train, do you not think it is inherently unlikely that you would bother to do the calculation in 50p pieces if you were rushing for time?

A. If that straight amount is just tagged on.

D Q. Could you turn on to page 2627 behind divider 43 and here we have the cash on hand declaration for ten hours later and it corresponds to the document in Bundle 10 3087 except for the declaration for 20p pieces. Can you explain how or why that discrepancy might have arisen?

E A. I can't remember.

F JUDGE HAVERY: It looks like a typing error the 20p ones because the total on page 3087 is £254.60, if you take that from me, and yet it is down here as £2654.60.

F That looks like a typing error. Do you agree with that?

A. It is quite possibly it caught an extra figure.

JUDGE HAVERY: Go on Mr Morgan.

G MR MORGAN: Mrs Train, do you also see that the amount of 50p coins now reflects a more realistic number at £84.50. Does that not suggest that those 50p coins were ever put in.

H JUDGE HAVERY: I think that question is ambiguous.

A MR MORGAN: Does that not suggest that the entry in the morning for 50p coins was not
reflective of the coins that were actually present?

A. It could be that that is the way it was entered just by mistake, but the correct amount
(inaudible).

B Q. Mrs Train, can I just ask you, did you enter up these Horizon figures?

A. (Inaudible).

Q. Sorry on the -- where is your user name?

A. On the cash declarations.

C JUDGE HAVERY: Is that some code (inaudible)?

A. Yes.

JUDGE HAVERY: Which was that then?

D A. Directly under where it says cash on hand user.

JUDGE HAVERY: CTR 001 that is you, is it?

A. Yes.

E MR MORGAN: We are not able to tell -- on page 2612 user LCA 001, can you tell us
who that is?

A. Yes, that is Lee.

F Q. Whilst we are in Bundle 9 could you turn on please to tab 47 and looking at page 2695.

Can you help me with the handwriting on these three separate cash accounts?

A. Yes, that's mine.

G Q. Can you tell me please what are the numbers written in manuscript meant to be or
represent?

A. That was what the system was showing in the difference at the end of the day on
balance (inaudible) to the cash-in-hand.

H

A Q. So am I right in thinking if you look at the Friday cash declaration on top right that you had £7,032 more than the balance snapshot suggested you should have?

A. That was the difference as to what it was shown on that day.

B Q. So that amount of cash was held, but as far as reconciling or looking at the balance snapshot to see what you thought you should hold it was, you had a surplus of £7,032.64?

A. The cash that is declared is what was physically there.

Q. Yes.

C A. That is what (inaudible) balance snapshot, that is the difference between the two to what the system was saying.

Q. Similarly, on the Saturday you had £10,603?

D A. Yes (inaudible).

Q. And over the page, on the Monday, can you say why you wrote initially £10,984 or £7.00 and five pence?

E A. I have no idea, I can't remember (inaudible).

Q. You were still in surplus on Monday and Tuesday, is that correct?

A. That is what it was saying.

F Q. The declared cash on Wednesday in top right-hand side, at that stage the system was back in balance as far as you were concerned, is that correct?

A. (Inaudible).

JUDGE HAVERY: I am sorry, what are you talking about.

G MR MORGAN: Page 2696 --

JUDGE HAVERY: That is not Wednesday, is it, that is Thursday.

H MR MORGAN: It is, but it is the 07.38 declaration, so the last declaration for the cash account.

A JUDGE HAVERY: It is actually 07.38 on the Thursday. You are putting that to the
Wednesday that that must be the same as it was on the previous night.

MR MORGAN: My Lord, no, it is not what -- sorry, on the Wednesday evening there are
some trial balances produced. On the Thursday morning the lottery money is
brought in and added into the total cash figure.

B JUDGE HAVERY: I am only concerned because you seem to be suggesting to the
witness that these are Wednesday's figures on the top right at page 2696 whereas, in
fact, I think they are Thursday's figures in the morning.

C MR MORGAN: My Lord, they are figures produced on the Thursday morning that record
the closing position on the Wednesday.

JUDGE HAVERY: Do you agree with that?

D A. It will be different to the Wednesday night because the sales of the lottery have been
added on Thursday morning.

E JUDGE HAVERY: Really it is a Thursday morning figure, before you open the post
office, is that right?

A. That is the last declaration for that cash account period for that Week 47. After the
lottery is added on the first thing Thursday morning we then finish what they call to
roll-over into the following week.

F JUDGE HAVERY: Yes.

A. So by 9 o'clock when we are ready to open we have rolled the office into Week 48.

G MR MORGAN: Mrs Train, I think there might be a misunderstanding by myself and the
learned judge. I hope you will be able to correct me. As I understand it, the figures
on the top right-hand panel of page 2696 represent all -- include all the cash for
trading up to the close of the lottery terminal on the Wednesday evening?

H A. If that was the last cash declaration, then that would be the final (inaudible).

A Q. So they include all cash up to Wednesday night but no cash for Thursday, no transactions on Thursday?

A. No, because you are still -- the only transaction to be entered on Thursday is the lottery.

Q. So it reflects the cash position for all business done up to midnight on Wednesday?

A. No, you have your cash declaration on Wednesday minus the lottery.

B JUDGE HAVERY: I think you will find that counsel's (inaudible) the lottery closes at 7 o'clock pm, although you do not count the money until the next day the business is finished until 7 o'clock. I think that is your (inaudible).

C MR MORGAN: My Lord, yes.

A. So yes, there is just the lottery. At 7.38 in the morning (inaudible).

D Q. Of course. I hope I am not trying to mislead you at all. All I am trying to say is these figures represent the last, all the trading for the week up to and including the 18th February 2004?

A. To include the --

E Q. To include the National Lottery. Although there is a cash declaration dated the Thursday, in fact it is a historical position of all the trading including the Wednesday trading?

A. Yes.

F Q. Thank you.

A. Sorry, the way you say it --

Q. I am sorry.

G A. It should have been the same as (inaudible).

Q. No, I certainly do not say it should be the same as what you would have declared on the Wednesday evening because you had not added the lottery figures in?

H A. No.

A Q. By that stage the figures reconcile. By Thursday morning you check through everything again on the final balance and there is no surplus showing at that stage, is that correct?

A. (Inaudible) trial balance was on the Wednesday night.

B Q. The trial balance -- oh, on the Wednesday night, sorry, yes. The final balance on the Thursday morning on page 2692 and that shows the amount being moved from -- sorry, there is no net discrepancy that week because (inaudible) account and does that explain why you have your manuscript entries on the bottom of those (inaudible) pages?

C A. I have no idea why they came up different amounts (inaudible) problems with the system all the time and these are coming up something different. It was possibly a night to tell the help line when we rang, but I can't honestly remember exactly.

D JUDGE HAVERY: Page 2695 it looks to me in different handwriting, it may not be, but the figure of £1,119.67, is that your writing as well or not?

E A. It looks like it, yes.

JUDGE HAVERY: It is, right. Are these all surpluses, in other words that you have more cash than the computer would give you to expect, is that what you are saying?

F A. The cash declared was what was physically in the office and at the end of the day the balanced snapshot tells you what the system thinks it should have and these were the differences.

G JUDGE HAVERY: When you say the differences, they represent an excess, do they, of what you had and what the system thinks you should have or is it the other way around?

H A. I don't know which way around it was, but that was the difference at the end of the day; we just make a note when we next rang the help line again.

A MR MORGAN: I think you can put those away. If you can find your own witness statement again and look at paragraph 14. At the end of paragraph 14 on page 632 you refer to checking everything over and over?

A. Yes.

B Q. So can you confirm that the computer records conformed with the underlying fiscal documents?

C A. There are things that you can check (inaudible) going to be, things like Giro Bank, National Savings Bank, those (inaudible) the things you cannot check, you know, if you need individual sales of stock, but certainly what we had at the end of the day I know because I check at least twice before they leave the office, things like that the Giro Bank deposits, National Savings Bank would all be correct.

D Q. In paragraph 16 you say the only possible option was the Horizon system was the source of problems, however you could not actually discount the possibility that there was a genuine deficiency, could you?

E A. The only other way it would have been a deficiency is if we had made an operator error to which we would have gone back to show that.

F Q. So if there had been, can I suggest to you there are two ways in which there could have been a genuine deficiency. One is that there had been what you call operator error in this and I take that to be where the cashier inadvertently pays out too much money?

A. If there was something input into the system you would create an error notice.

G Q. Or for instance -- please do not get me wrong I am absolutely not accusing you of anything -- if somebody had taken the money that would cause --

A. There has never been anybody in that office capable of it.

H

A Q. No, I am not putting that allegation to you, but if that had happened that would have meant there was a real deficiency?

A. If somebody took it.

B Q. In paragraph 27 of your witness statement on page 637 you refer to the time you say Mrs Simpson left as being 7 o'clock. Are you sure it was 7 o'clock?

A. It was certainly a lot later than we would have expected.

Q. Her recollection is she left at 6.30. Do you think that is accurate?

A. (Inaudible).

C Q. You also seemed to complain about the fact that she was on the telephone a lot, is that correct?

A. Certainly expected her to finish a lot earlier.

D Q. You suggest this was indicative of a problem balancing?

A. Yes.

Q. Do you have any evidence other than this that she had a problem balancing?

E A. We know that the system did have (inaudible) a lot and there was certainly the point where it was unusual for (inaudible) it could have been the system (inaudible).

Q. Do you actually know that it was unusable for hours?

A. Yes.

F Q. Was the sub post office closed?

A. She was working manually.

G Q. Mrs Simpson's position, as I understand it, is that she was on the telephone a lot to her husband; she had not expected to be (inaudible) that day. Do you have any evidence to contradict that?

A. No.

H Q. Am I right in thinking that you do not like Mrs Simpson?

A. I never said that.

A Q. In paragraph 28 you assert that you believe that a full download took place on 1st April 2004. Do you maintain that position?

A. Yes.

B Q. Could you look in Bundle 8 please, page 2379, behind divider 76. This is a post office document which is a spreadsheet of software updates. Do you see any evidence there to suggest that there was a software update on 1st April?

A. I am not a computer expert (inaudible).

C Q. Of course not. Do you still maintain the machine was receiving a download on 1st April?

A. On 1st April is (inaudible) I wouldn't know.

D Q. So upon what evidence do you base your allegation the machine was receiving a download on 1st April?

A. By the length of time it was off, it was unusable.

E Q. Mrs Simpson's position as I understand it is that there was a computer crash, but it was possible to reboot. Would you accept that?

A. She did not use the system until very late in the morning.

F Q. Mrs Train, in paragraph 32 of your statement, page 639, so during the time that Mr Booth was (inaudible) visited the office and took all the paperwork covering the period of misbalances. How do you know that?

A. Because she went into the office and left with a big bundle of paperwork.

G Q. So you did not inspect the paperwork which she took away, did you?

A. She did not offer it to us, no.

Q. So you are unable to say exactly what paperwork she did or did not take?

H A. There was cash accounts, giro bank (inaudible).

Q. How do you know that?

A. Well, I know about working in the office so I know what paperwork is left.

Q. I suggest to you you do not know what she took and that she did not take all the paperwork as you suggest?

A. I know what she took (inaudible) cash accounts, the daily figures.

Q. Mrs Train, if you look please at paragraph 40 you refer to some documents. Do you remember seeing those documents?

A. Yes.

Q. Do you remember telling Mrs Castleton about those documents?

A. Yes.

Q. Where are those documents now?

A. In the office.

Q. Can you get those documents?

A. If they are still there.

Q. Do you see the typeface on this page differs from the typeface on the preceding page and am I right in thinking that is because this page was typed up by you or Mr Castleton and the preceding page was typed up by Mr Castleton's former solicitors?

A. (Inaudible) by ourself and the other one was from the solicitor.

Q. I do not want you to tell me what you told the solicitors, but I would like to know whether this is a new paragraph, paragraph 40 is a new paragraph?

A. No.

Q. Is it your evidence that Mr Castleton's solicitors were aware of this for some time?

A. I can't remember when they were told it.

Q. Do you know why copies of these documents have not been disclosed to my clients?

A. Was that for the lottery?

Q. Yes?

A. It has been mentioned lots of times.

Q. You say it has been mentioned lots of times, by whom has it been mentioned?

A. Because that created an error notice because the lottery tickets for that date were incorrectly entered which created an error notice.

Q. You say were incorrectly entered?

A. Well, not entered sorry, which created an error notice.

Q. So you accept that there was no lottery notice entered by Mrs Simpson for the day preceding her taking up the appointment for 23rd March?

A. No, she should have entered on the Thursday, no Wednesday morning.

Q. Why should she have entered it?

A. Because she was (inaudible).

Q. How would she know that she should have entered it?

A. As a postmistress that would be part of her job.

Q. Do you have any evidence that she received it on 24th March?

A. (Inaudible) given one on the 24th.

Q. By you?

A. (Inaudible) given them.

Q. She would have been given them, not she was given them?

A. Those are printed off first thing in the morning when you sign (inaudible) lottery machine, it is just standard.

Q. Did you print them off that morning?

A. I do not know what time (inaudible), but she definitely had them.

MR MORGAN: Mrs Train, thank you for your time.

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JUDGE HAVERY: I will ask you first Mr Morgan what I would ask the witness is necessary in relation to (inaudible) worked this £8,000 and so on, how that ties in with the documents we have been looking at in File 3 at tab 63. There are some differences between the document at page 5972 to 598 which is a snapshot and another as snapshot four minutes later at 5992 to 600.

MR MORGAN: My Lord, yes.

JUDGE HAVERY: I just do not know whether (inaudible)?

A. The thing will be 500 from that week because it should show on the final balance, but it didn't actually work that week.

JUDGE HAVERY: I see. It is in the balance, I am looking at paragraph 18 half way down:

"The balancing of the Horizon ... (Reading to the words)... in the way that it should."

(Inaudible)?

A. (Inaudible).

MR MORGAN: Mrs Train, balancing with Horizon, Bundle 6 -- you say it is one of those you just had?

A. That would show an example --

Q. Mrs Train, when you say it is one of those you just had?

A. That is just to show an example of --

Q. Was that a common, one of those you just had with Mr Castleton?

A. No, what I said when you look at how the final balance looks with the 8,200.

Q. So when you say it was one of those you just had (inaudible) just now?

A. (Inaudible) I was just saying the example to show how it should look.

JUDGE HAVERY: Can you help us (inaudible).

A MR MORGAN: The manual balancing of Horizon is at the back of Bundle 6B, page 1469. I think balancing expense accounts period 1531. I don't recall any pictures in that part of the manual?

A. 1540.

B MR MORGAN: My Lord, I hesitate to interrupt, but Mr Castleton is personally inconvenienced and would like to depart for one or two moments. It is because of the medication.

C JUDGE HAVERY: I will rise then for five minutes. You must not talk about your evidence --

A. No.

D (The Court adjourned for a short time)

CHRISTINE TRAIN (continued)

E MR MORGAN: Your Lordship will actually hear evidence from Elisabeth Morgan, the auditor, tab 55, Bundle 3 at page 402.

JUDGE HAVERY: Yes.

F MR MORGAN: It might explain to some extent the confusion. It is no criticism in any way of Mrs Train. It seems to have been a problem identified by a number of sub-postmasters.

JUDGE HAVERY: I see. So that really answers it, does it?

MR MORGAN: That is my case. If Mrs Train has any evidence to the contrary then ...

G JUDGE HAVERY: Yes. Do you have any comments you want to make at this paragraph 7, page 402. Do you have it?

MR MORGAN: I think she better have it?

H A. Yes.

JUDGE HAVERY: Any questions (inaudible)?

A A. It was moved into the suspense account and it does not show on the line where it
certainly should have done according to that (inaudible).

JUDGE HAVERY: Yes, somewhere on the thing we were looking at also Bundle 3, tab
63, page 597, did one see it on a printout like this (inaudible)?

B A. (Inaudible) discrepancy what is the shortage what is already there.

JUDGE HAVERY: (Inaudible)?

A. At the top --

C JUDGE HAVERY: Yes, discrepancy short, yes?

A. When it's transferred into the suspension account it should appear as a (inaudible) to
balance the (inaudible) to get rid of that amount.

D JUDGE HAVERY: I see. (Inaudible) another document which also shows that --

MR MORGAN: My Lord, that was Week 42. Perhaps the best example in Bundle 9,
divider 49, page 2724. You have a final balance for Week 49. There you have the
next discrepancy for that week of (inaudible). Over the page at 3725 -- I am afraid
it is quite a difficult thing to pick out.

JUDGE HAVERY: Yes.

F MR MORGAN: (Inaudible) giro withdrawals Inland Revenue ... (Reading to the words)...
savings stamps redeemed other payments" then unclaimed payments. That
unclaimed payments of £3,509.68 is the transfer to (inaudible) account shown in
there. If your Lordship then looks back at 2714 your Lordship sees the
G discrepancies for that week are £3,512.76, which is a figure that appears on page
2724.

H JUDGE HAVERY: Yes.

A MR MORGAN: And the Table 2A suspense account £11,522.28, item 46 and that is because on 2714 -- 224 shows the discrepancy.

JUDGE HAVERY: 2714.

MR MORGAN: Your Lordship sees the discrepancy is in the bottom 3,512.

B JUDGE HAVERY: Yes.

C MR MORGAN: On 2725 the figure of 3,509.68 which is still shown in the payments column is a figure that is going into the suspense account and indeed does go in back on page 2714 to the figure in the left-hand column with the manuscript. That makes up part of the £117,352.78. Your Lordship gets that and I am sorry to (inaudible).

JUDGE HAVERY: The previous one.

D MR MORGAN: The previous one, page 2698.

JUDGE HAVERY: I remember it is a shortage of 8,000-odd.

E MR MORGAN: Then you have the 3,509.18, which is still shown in the figures, is not shown as moved up until cash account final is produced the following week.

JUDGE HAVERY: Yes, I see.

MR MORGAN: So it continues to be shown for the week until it is moved into the suspense account at the end of the week.

F JUDGE HAVERY: Yes, I follow.

MR MORGAN: Sorry, it is heavy technical --

JUDGE HAVERY: Yes. You say it does not appear to do it?

G A. It should appear on the games line as well to even itself (inaudible) to nil.

JUDGE HAVERY: I see. Are you saying 2724 itself is wrong in some way?

H A. You would expect it on the discrepancy over line at the very top and then that should make the net discrepancy back to nil.

JUDGE HAVERY: (Inaudible) so the discrepancy is £2.00-odd.

A MR MORGAN: My Lord, the Post Office's evidence is that net discrepancy is the trading discrepancy for the week and that the figure in the unpaid payments entry on page 2725 is what is brought forward from the previous week.

B JUDGE HAVERY: So it is coincidental.

MR MORGAN: Confusing. Coincidental.

JUDGE HAVERY: This witness is saying she (inaudible). You are saying it does not appear -- (inaudible) but it does eventually appear in the cash account.

C MR MORGAN: It does eventually appear in the cash account.

JUDGE HAVERY: I see. ?

MR MORGAN: It does not get taken out until you balance out the following week.

D JUDGE HAVERY: I see. Do you now agree with that or not? Do you say it is just wrong what has just been said?

A. It should still show it as being a discrepancy over.

E JUDGE HAVERY: It should do, you say at the time?

A. To even it out.

JUDGE HAVERY: Not just in the next week?

A. That is how the money (inaudible).

F JUDGE HAVERY: I see. Thank you.

(The witness withdrew)

G

H